

Western Balkans

2030 Trends



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Introduction

Over the last two decades, the Western Balkans region has become an indispensable part of the European Union agenda. Promised the perspective of membership, the countries from the region move towards joining the block at an uneven and uneasy pace.

The Union's experience with the Western Balkans is an ambiguous one. On the one hand, the European Union plays a crucial role in the reconstruction, support and reconciliation of these countries, promotes regionalism and local ownership of cross-border initiatives, provides for security and promotes western values. On the other hand, the sluggish enlargement paths with unexpected stops and detours, an endless brain-drain, flirting with local autocrats and a growing gap between the Union and the candidate-states trigger frustration and exasperation.

While this love-hate relationship endures, other players leave their footprint on the region. The limits of the Union's soft power are cyclically tested by Russia. China, Turkey and Saudi are making inroads while the United States' approach to the Western Balkans is reduced to piecemeal efforts and inconsistencies. These external factors reach the ground of a region locked between nostalgia for the past and uncertainty for the future. At a time when demographic trends are discouraging and the

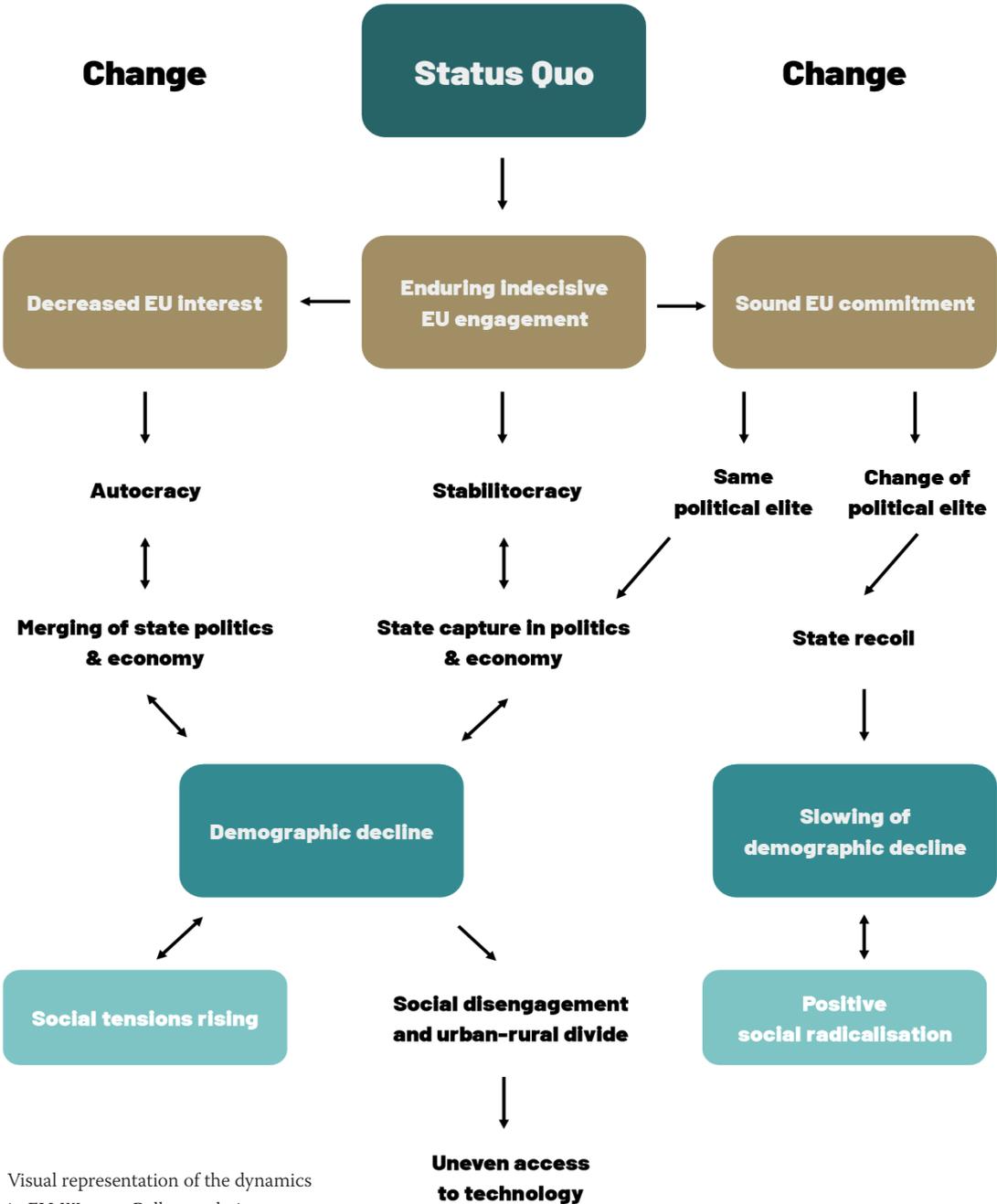
European Green Deal as well as the quest for innovation clash with the daily challenges of the ordinary people, there is a need to map the key triggers that in various combinations can steer the region in different directions.

The point of reference for this report is the future of European Union relations with the countries that are now locked in the politically convenient term Western Balkans. The main conceptual difficulty lies in the fact that both the Union and the countries from the region are dynamic political entities. Despite the fact that they develop with a different pace, they are exposed to a wide variety of internal and external factors which can create a myriad of alternative constellations with an impact on mutual relations until 2030.

Hence, we decided to follow a different pattern. In order to identify the trends and triggers that have the potential to impact the region's European perspective, we decided to explore the existing reality in search of dominant patterns and existing trends. Grounded in the contributions of experts from the region that not only know but also 'sense' the region, we seek to identify possible confluences. At the same time, we do not exclude the possibility that these trends can lead to Nassim Taleb's 'black swans' which can also have an impact on European Union relations with the non-Member States from the region.

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The Grid



Visual representation of the dynamics in EU-Western Balkans relations.

Politics, Democracy & Security

The growing intertwinement of the EU and the so-called Western Balkans has become commonplace. Not only was the regional denominator given in the course of the EU integration process, but the EU has held an active and ever so changing role in the political, economic and societal stability and prosperity of the region in the last decades. This is and certainly has not been a uniform process: the six countries, with all their democratic deficits, are vulnerable to wider, transnational illiberal tendencies. Following on from the Berlin process and the most recent bilateral breakthroughs in the region, the EU should act as a greater pull factor for these countries in the future.

The Western Balkans is a political rather than geographical concept that refers to the region encompassed by the European Union's

(EU) Stabilisation and Association Process, including Albania, Bosnia and Herzegovina, Croatia, Kosovo, Montenegro, North Macedonia, and Serbia. After Croatia became an EU Member State in 2013, the rest of the region has been frequently called the "WBS-6" (which will be abbreviated as WB throughout the text).

Except for Albania, these countries came out of the dissolution of the Socialist Federal Republic of Yugoslavia (SFRY), as they previously were its federal units (republics), while Kosovo was one of the two Serbia's autonomous provinces. Yugoslavia's violent dissolution has conditioned the European Union's approach towards the region in terms of its primer orientation towards stabilisation, which remained in the EU's focus until today.

At the end of the 1990s and early 2000s, stabilisation predominantly meant actions to maintain the absence of violent conflict. Nowadays, it has changed to denote political stability in these countries, meaning among other

things, a pro-EU government in power. This position of the EU has considerably influenced the **politics** and political processes in the Western Balkans. Declaratively pro-EU, but at the same time, authoritarian political leaders and their parties have been ruling these countries, sometimes openly supported by the EU and its Member States that was being labelled as a "stabilitocracy".

Although violent conflicts are not a major concern of the EU's stabilisation politics in the region, there are still bilateral disputes that remain to be resolved between some of the WB countries. The WB countries are far from the old nationalisms present during the 1990s. But some nationalistic undertones occasionally occur in the correspondence between the national political leaders, and these are only to warn that the old nationalisms might resurface if the right conditions were met.

Contrary to the EU's politics of non-involvement in the so-called frozen conflicts in the Eastern Partnership countries, the EU plays in the WB one of the major roles in their resolution. The EU not only sets the resolution of these conflicts as key priorities of the region's enlargement process, but it has been actively engaged as a mediator in some of them.

With this understanding, it could be expected that the EU will try to beat the other powers' influence and maintain its leading role in the WB by moving in two directions. First, increasing its communication activities to make its investments in the region and trading benefits more visible to the ordinary people. Second, and more importantly, it is expected that the EU would enhance its actual activities to boost economic investments, financial help and regional economic integration. This does not mean that the political aspects of the regional stabilisation would disappear. Political conditionality would undoubtedly remain an important element of the EU's policy towards the region.

Instead, the economic criteria and development of the region, with a view of catching-up with the EU's average, might move up slightly on the EU's list of priorities since it has been neglected in the previous decade.

The European Commission has been trying to keep the enlargement agenda alive by

introducing the narrative of the Union's "strategic interest" or "geopolitical interest" in the WB.

This closer or accelerated integration could trigger a new trend – a differentiated integration of non-members from the WB. Even though this might be viewed as a positive trend because this could be an excellent opportunity for candidate countries to participate in the EU's policies and better prepare for the full membership before it occurs, there might be a danger coming with this kind of relationship. Differentiated or flexible integration might end-up in remaining a permanent status or at least a very lengthy one. Following the new methodology, the EU would be able to either halt or reverse the negotiations process in some chapters or suspend it entirely if it finds that a country is not making progress in the fundamental reforms.

When observed in combination with the EU's newly-found commitment to focus on the region's economic recovery and transformation, the new enlargement methodology might be positioning EU-WB relations as a new version of an enhanced or privileged partnership. This partnership would be covering predominantly economic integration, allowing access to the EU's Single Market but postponing the full membership status for an indefinite time.

The EU insists that the political and the rule of law conditionalities remain key priorities in the WB association or accession processes. The lack of progress on the so-called 'fundamentals' might be used to halt a candidate country's accession negotiations. These remain the first issues to open and the last to be closed in the negotiations process. The threat that these kinds of conditionalities might be used to postpone enlargement indefinitely is more than realistic because any of the 27 EU Member States might raise its objections towards the state of political and legal reforms. Moreover, all WB countries have similar, not very positive trends in the fields of democracy and the rule of law.

One reason is that the influence of the European Union on the developments of the Western Balkans has notably faded over the last couple of years. The Berlin Process, in-

initiated in 2014, is likely to run out of steam following the personal and political changes happening within the EU. With the poor implementation record of the ongoing projects, but also the internal hardships the EU has been facing due to Brexit and the pandemic, the EU presence in the Western Balkans will have to be increased in order for any substantial changes to be made. The formal process with North Macedonia began in March 2020, with no chapters opened at the moment. In other countries, such as Montenegro, the negotiations seem to have stalled with respect to chapters 23 and 24 (related to the rule of law), but the next decade may finally lead to a conclusion of negotiations.

However, the recent decade has shown the outcome of these processes is not only dependent on the progress the candidate-states make, but more fundamentally on the political will of the EU. After Brexit and in the shadow of the refugee crisis and COVID-19 pandemic, the integration process is at a crossroads and its future will have a direct impact on the region.

EU-enlargement fatigue has been also induced by the ambiguous presence of the US in the region. Although the Trump administration has brokered the hastily framed economic normalisation deal, for almost decade the region was deprioritised by the Obama and Trump administrations. A continuation of this trend by the future administration of President-elect Joseph Biden will encourage the assertiveness of other players like China, Turkey and Russia. Although it is clear that this involvement will not be comparable to the extent of some of the previous (Clinton, Bush) administrations, determination of the US in the region will have a tangible effect on the nearest future. Through its Belt and Road Initiative, China has greatly expanded its presence and influence in The Western Balkans, most often through capital and hi-tech investments (e.g. highway in Montenegro, which has increased the country's national debt or the 5G network. This may also affect the geopolitical considerations and security debates in the region. After the accession of North Macedonia, signed in February 2019; Serbia, Bosnia and Herzegovina and Kosovo are the remaining countries

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in the region which have not become part of NATO.

Out of these three countries, the position of Serbia will be particularly important, given the attempts of its current leadership to navigate between its 'Western' allies and other important actors – most notably Russia. Regardless of the (limited) potential for democratic change in Serbia, this is hardly going to affect the question of NATO membership over the next decade, as the status quo is likely to persist in the next ten years. Serbia's negative attitude towards NATO can be compensated only by swift integration into EU structures.

Illiberal trends became commonplace in the Western Balkans. Even if **democracy** is defined in a minimalist fashion, as a procedural democracy (not democracy in substantial terms), it remains questionable whether it was ever adequately established in most WB countries.

All of the WB countries have established formally democratic institutions, elections, and mostly the relevant legal frameworks have been set up to support them, although improvements have been necessary for many of these. However, constant abuses of the defined procedures, the institutions' usurpations, and even human and minority rights violations have made nonsense out of these institutional and procedural frameworks. Non-implementation and the lack of enforcement have been a continual phenomenon even nowadays.

Country/Jurisdiction	Regional Rank	Overall Score*	Global Rank	Change in Overall Score*	Change in Global Rank†						
Georgia	1/14	0.60	42	-0.01	1 ▼	Serbia	8/14	0.50	75	0.00	5 ▲
Kosovo	2/14	0.54	54		-	Albania	9/14	0.50	78	-0.01	4 ▼
North Macedonia	3/14	0.53	58	-0.01	1 ▼	Moldova	10/14	0.50	82	0.01	3 ▲
Kazakhstan	4/14	0.52	62	0.00	4 ▲	Kyrgyz Republic	11/14	0.48	87	0.01	0
Bosnia and Herzegovina	5/14	0.52	64	-0.01	2 ▼	Uzbekistan	12/14	0.47	92	0.01	4 ▲
Belarus	6/14	0.51	68	0.00	1 ▼	Russian Federation	13/14	0.47	94	-0.01	4 ▼
Ukraine	7/14	0.51	72	0.00	6 ▲	Turkey	14/14	0.43	107	0.00	3 ▲

Most WB countries have been suffering from deep political and societal divisions and, consequently, from a lack of dialogue. These tendencies have reflected on the work of national parliaments, transforming them into the governments' voting machines, which ended up with opposition parties boycotting the parliaments in WB countries in various periods (for example, in Serbia during 2019-20, in Montenegro in 2017 and 2019, in North Macedonia in 2011 and 2014, in Albania in 2019, in Bosnia and Herzegovina in 2015 and 2017).

Authoritarianism, populism, state capture, media control and corruption scandals have triggered the boycotting of elections in the WB as well as massive protests in the streets. Systems of democratic elections are not trusted; their results are often disputed. Access to media, vote-buying (in its many forms of which 'Bulgarian carousel' is the most popular), misuse of public resources and unreliable vote registers are some of the common issues of elections in the WB countries. The foreign mediators (mostly the EU) are a common feature of pre-election periods speaking of immature political systems in place.

The media picture complements the overall picture of the highly politicised public sphere. Relevant recent indices and analyses report on the regress of the freedom of expression in the region. Media are often controlled directly by political actors and are treated as a mere instrument of political rule. Editors and journalists are often threatened and not rarely assaulted. Media independence is undermined through advertising since the most prominent advertisers are state-owned enterprises and private companies close to ruling political elites or directly owned by politicians. The es-

tablishment of strong public broadcasters and regulation of beneficial ownership of media would probably improve the state of affairs in areas of freedom of expression and right to information in the region.

Overall, the media freedom has declined in the region. Media has been captured by either the outright political majorities or by a combination of commercial interest and political influences. Market pressures have favoured a tabloid-style print, focusing on controversial, inaccurate, exaggerated and sensationalist reporting often drum-beating to the tune of nationalism and right-wing extremism.

This, in turn, has significantly affected the quality of democracy and also increased social polarisation. The few resisting points are a couple of regional media platforms whose credibility is always under attack from politicians because their operating model is funded by international donors.

The fact that such negative phenomena are becoming more palpable worldwide and observed in some of the EU Member States, such as Hungary, makes efforts against them more vulnerable.

Going forward, the pressures against conventional media are bound to rise and the ever intertwined interest of business owners (so-called 'oligarchs' who often are media owners) and politicians do not spell a very optimistic scenario. However, there exists also the potential of online media, independent media content producers (supported by the civil society) can become a counterweight and a point of reference especially for the young public.

Related to this, a political grip over the economy is visible in a still massive public sector with major public enterprises ruled by po-

Perception of corruption: categories of the economy affected by corruption, respondent agreement/share of total, %
(source: Balkan Barometer 2019, Regional Cooperation Council)

	Albania	Bosnia and Herzegovina	Kosovo*	Montenegro	Republic of North Macedonia	Serbia
Military	38	53	32	40	39	28
Religious bodies	27	59	40	33	56	41
NGOs	44	58	42	49	46	48
Business/private sector	54	76	56	59	58	61
Education system	76	75	61	58	64	60
Media	60	69	57	65	75	72
Parliament	85	79	68	55	73	57
Public officials /civil servants	75	81	60	67	70	64
Police	73	80	58	67	74	68
Customs	79	74	64	66	71	69
Judiciary	85	81	67	65	79	69
Medical and health services	86	81	68	72	77	77
Political parties	87	85	69	69	80	74

litical elites. Major state-owned enterprises are treated as political parties' prizes, resulting in severe public funds leakages to private pockets. Such state-owned enterprises' position delays their corporatisation and overall transition of countries' economies toward full-fledged market economies. Regional integration with the EU's support in some sectors such as the Energy Community of Southeast Europe has set the integration pattern enabling acceleration of reforms. However, incentives for preserving the status quo are still prevailing with the ruling political elites. The ability to oil ruling parties' machinery and deploy parties' cadre to public positions is an essential source of their power. It will persist in obstructing public sector reforms in the region.

One watermark of the democratisation process is the introduction of decentralisation, as an antipode to the former highly centralised socialist states. Ranging from political to fiscal, decentralisation has been a long and time-consuming process, which calls for concessions from the central government in favour of lower tiers of government. Many of the WB countries have already done much in this regard, albeit results vary. One should expect

that further decentralisation is needed, as well as capacity-building in the lower tiers of local government, especially in terms of absorption of funds and expansion of competencies.

WB countries will need to invest more in fiscal and financial decentralisation, as well as in anti-corruption practices on the local level. Empowering the levels of government which are closer to the citizens aims at challenging the process of silent power concentration that develops in stabilitocracy. In this regard, networking and twinning between cities and municipalities in Central and Eastern Europe (e.g. Poland) and those from the WB can additionally contribute to improving the capacities of the latter.

Another trend in regional democracy concerns entangled histories and the national institutionalisation of history-related issues. History is usually considered as a tool for stirring unease and conflict in WB countries. It is evident that political elites in the region still cannot fully understand the meaning of the word reconciliation and base many of their political actions on nationalism and self-centred political perspectives. The examples of North Macedonia's difficulties with its neighbours on

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the way to the EU show that a new approach to integration (putting bilateral issues aside) is more than needed. In the near future, WB countries, as well as the EU Member States will need to change the approach to dealing with historical interpretation and nationalism in the region. Exacerbated nationalism can often result in right-wing mobilisation and radicalisation leading to violent extremism. This can be expected more in multiethnic societies such as North Macedonia, Bosnia and Herzegovina and Kosovo.

Widespread corruption and organised crime are common features when discussing the **security** situation of the region. Countries have a proven track record of failures in combating organised crime, flourishing since the post-Yugoslav territorial conflicts. The region is at the crossroad for heroin trafficking and trafficking in human beings from the Middle East and North Africa. As the demand for narcotics grows in Western Europe and the migration pressure from the East and South increases, it might be expected that trafficking will be on the rise in the WB region. Such trends, paired with endemic corruption in the region, might further destabilise WB countries and undermine sustainable development.

The Western Balkans are the base of some powerful mafia groups controlling a significant portion of the cocaine smuggling from Latin America to Western Europe. Although those groups are dominantly operating outside of the Western Balkans, their operations bring substantial reputational risks for the Western Balkans countries, causing a slowdown of the EU integration process.

The region is known for being a money-laundering destination as well. The efforts are made to align the legislation with the EU law, but implementation and enforcement are significantly lagging as in many other areas. Corruption-torn institutions are enabling these practices primarily through the construction sector and public contracting. Weak and politically controlled judiciary and police in all countries are coping with petty corruption while the grand corrupting remains mostly intact.

The region is also not immune to radicalisation. The existence of former foreign fighters presents a continuous challenge for national intelligence and counterintelligence agencies. What is also becoming problematic in relation to the issue are the prospects of re-integration of radicalised individuals.

The prolonged tension in relation to the recognition of Kosovo, ethnic-related issues in North Macedonia, Bosnia and Herzegovina and Montenegro can easily uphold such claims. However, it is also important to understand that most of these developments should be situated in the broader trends. For instance, right-wing radicalisation is enhanced by international developments such as the electoral successes of radical-right parties across the world, much like the terrorist organisations that claim to act on religious precepts. Radical-right terrorism is unlikely to develop over the next ten years, although the number of radical-right political organisations (parties and movements) will continue to rise in the next decade.

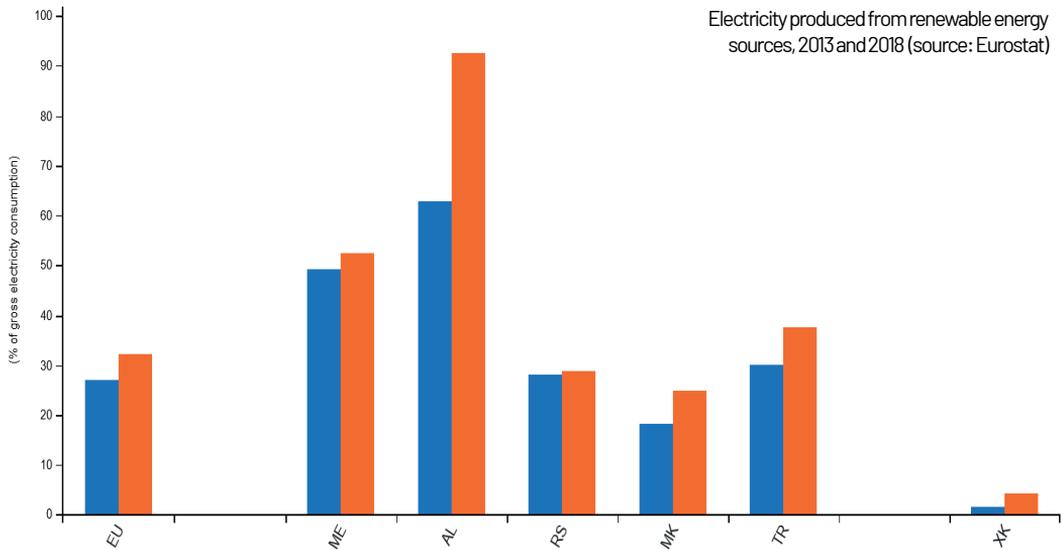
Energy, Environment & Economy

Major challenges in the energy and environment sectors of the Western Balkans are mirroring larger trends, trajectories and developments in Europe. Critical shortcomings can be found in areas such as air quality and waste management. The region is still to catch up with regard to its infrastructure, energy efficiency and climate targets, while investments should comply with the EU's ambitious policies and positions. The COVID-19 pandemic opened up some latent issues in the region and points to a need for decisive action on the economic recovery and the investment agenda.

Investments in the domains of energy and environment have been dependent on broader economic trends. The growth of gross domestic product (GDP), generally higher than that of the EU average, is interrupted by dis-

ruptions occurring generally every other year (2012, 2014, 2017, 2019, and most likely 2020). Even though Montenegro and Kosovo have long been the fastest-growing economies, by 2019 Serbia took over. Obviously, GDP is not the only (perhaps not even a sufficient) measure to portray the complexities of economic development in the WB over the last decade. In addition, as scholars have pointed out, the level of the national savings in the region is not sufficient to finance transformative changes. Thus, external sources, such as foreign direct investment and official development assistance, are perceived as prerequisites for economic development, likely to define the future pathways with regard to the energy transition.

The countries of the WB region account for approximately one-quarter of the total consumption in the **energy** community. In 2020, the coal still remains fundamental to the energy sector, accounting 70 per cent of electricity produced in the region. The WB's significant



potential for an energy transition towards low carbon economies has remained somewhat underdeveloped in light of both the economic situation and the lack of commitment of the relevant stakeholders. While resource availability in the individual countries of the region is significant, the renewable energy mix almost exclusively consists of biomass and hydropower. Albania is the regional leader in producing energy from renewable energy sources, with more than 90 per cent of its gross energy consumption produced by hydropower. Compared with the EU, the contribution of renewable sources to electricity consumption was higher in 2018 in two countries of the region (Albania and Montenegro).

However, the prolonged use of thermo-electric plants is a question that remains to be addressed – possibly also in the forthcoming decade. Likewise, the situation is rather distressing in terms of energy poverty and energy efficiency. The outdated rail network, with more than 30 per cent of the Trans-European Transport Core Network and approximately 50 per cent of the Comprehensive Networks not electrified, signals the need for major transitions in this domain, outlined also in the EU Green Agenda for the Western Balkans (envisaged by the European Green Deal).

In a similar vein, air pollution reporting in the WB countries has been perceived as unsatisfactory by the European Commission. However, a positive finding is that the WB countries are generally less dependent on ener-

gy imports, as compared to the EU countries. The solar and wind potentials of the region are vastly underdeveloped (with Serbia and Montenegro being the regional exceptions for the latter), a trend which is going to be difficult to change given the investments needed in the pandemic-defined era. The efforts of the EU in the domain of promoting the circular economy, partially through sustainable food systems, could be one (among many ways) in which the WB countries will attempt to address these interconnected and salient issues.

Issues concerning the **environment** are arguably one of today's most salient challenges. Consequently, the role of the EU in developing green policies in the WB is gradually increasing, as their implementation is often a financial burden. The WB, much like the surrounding regions, is heavily reliant on fossil fuels, a trend which will undoubtedly continue until 2030.

As a consequence, the energy transition is likely to become a serious political issue in most of the WB countries. While this is generally recognised as a salient issue – something which all political actors agree with, this may change due to the importance of the topic paired with the costs such a transition induces. This bears major implications for environmental politics in the region since the political parties and movements willing to implement 'green' policies will face serious competition from populist parties opposing such policies in the name of 'the people' and because of the cost such a transition entails.

The issue of energy poverty paired with the insufficient or malfunctioning infrastructure are acknowledged as not only environmental but also as major health issues. Likewise, the electricity consumption per household continues to be almost 50 per cent greater than the EU average: a trend which has to be seriously addressed in the upcoming decade.

What is also missing is greater regional coherence with regard to environmental policies and climate targets – amid obvious contextual differences, this may also increase the international credibility of the WB countries in environmental politics. Support for an ecological modernisation logic, epitomised by carbon taxes and an unfettered belief in technological solutions to environmental changes (signalling a more profound understanding of the problems behind all human influence on the environment) seems to be missing among stakeholders and decision-makers.

As waste management is considered as an important infrastructural issue, it is likely that projects related to this will also gain traction. This is all the more important in countries such as Montenegro, which is heavily dependent on tourism and brands itself as an ecological destination and state. While a push for privatisation may have an impact on the speed of these changes, the upcoming decade has the potential to introduce some important processes and improvements with respect to this.

All the above issues are, in their own ways, signalling also the need for greater investments in technology as well as the overall **economy** of the WB countries. These are likely to happen in the upcoming years, although the scale of investments is probably going to be impacted by the current pandemic. The reducing gap in digital literacy and the wave of digitalisation induced by COVID-19 will foster regional integration and cooperation in this field. However, there are considerable obstacles preventing this from happening at this moment: restricted access to e-services is becoming an issue that does not seem easily solved in individual countries. Digitalisation is also a very important challenge for the school system, as the pandemic has shown. Another significant

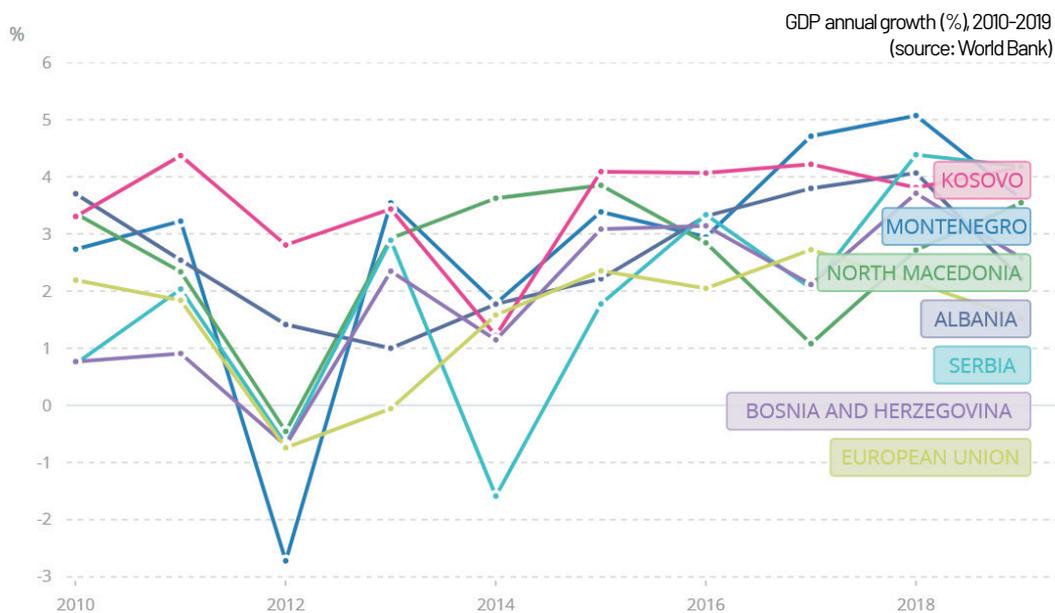
The issue of energy poverty paired with the insufficient or malfunctioning infrastructure are acknowledged as not only environmental but also as major health issues.



and potentially challenging improvement is the electoral system, which once again shows how technology devoid of democratic accountability is not going to bring about substantial change.

As a developing region, the countries belonging to it do not have the luxury to refuse or avoid foreign actors' investments, including from those that the European Union, as a major trading partner for the region, is uneasy with, i.e. Russia, China and Turkey. Apart from economic interests, some of the WB countries also seek political support from these countries to uphold their interests within the international fora. Russia is also an essential provider of weapons and military equipment in some region's countries (i.e. Serbia). These multiple ties preclude the WB countries from aligning with the EU's policies and positions, especially its foreign and security policy.

The COVID-19 pandemic might be the new trigger working actually in the direction of finding a more tangible EU's strategic interest in an economic sense. The pandemic revealed that the Union is dependent on its long and hardly accessible supply chains running through China, India, and elsewhere in Asia. The COVID-19 crisis brought the realisation



that the supply chains should be diversified and moved to closer and more reliable regions; the WB might be just that region, contributing in the long run to the EU's strategic autonomy.

This understanding might prompt the EU to invest more in the region and focus more on transforming and boosting the region's economy in the next decade alongside working on its rule of law reforms. Some steps in this regard have already been taken. First, the EU's "Economic and Investment Plan for the Western Balkans", proposed by the Commission in October 2020, affirms exactly the region's support to the EU's strategic autonomy rationale as an inspiration for the proposal. The plan relies on new funding for the next seven-year period. Estimated at 9 billion euros, the funding should be capable of supporting economic convergence with the EU primarily through investments and support for competitiveness, inclusive growth and sustainable connectivity as well as the twin green and digital transitions. The plan also envisages a new Guarantee Facility for the Western Balkans with the ambition of attracting up to 20 billion euros of investments in the region in the next decade.

Second, the new initiative agreed in November 2020 within the Berlin process framework aims to create a regional common market aligned with the EU *acquis communautaire*, which should also attract investment.

The regional common market is seen as a 'stepping stone' for the region towards the EU's Single Market.

Although these new initiatives seem promising, at first sight, they carry some deficiencies and threats. First, they set a very ambitious economic recovery and investment agenda, which is not followed by a substantial amount of money. The proposed funding is not considerably higher than the one available through the previous programmes, and the effectiveness is still to be proven. Second, the shift towards regional economic integration imposes the question of whether the EU is moving its focus away from the enlargement narrative and whether the regional integration should be an alternative to the EU membership.

These concerns seem particularly relevant if observed in conjunction with the new enlargement methodology proposed by France and developed by the Commission in 2020. The new methodology's major innovation was to introduce the clustering of negotiating chapters. This means that the accession negotiations will not proceed through the individual chapters anymore but rather through the groups of similar chapters that would be opened for negotiations one after another.

Demography & Society

Low fertility rates and emigration are responsible for the region's continued demographic decline. The democratic transition and consolidation in the last three decades has not lowered unemployment rates and, instead, widened the social equality gap, which cross-cuts the ethnic, religious and minority lines in the region. Even so, the countries of the Western Balkans are pushing policies which target youth unemployment and gender empowerment, although a substantial step forward is yet to be made. The history of violence is still present in the public sphere – as promoted by certain socio-political actors – even when cross-border reconciliatory initiatives are aiming to close societal gaps.

Demographic decline is one of the most burning policy issues in the Western Balkans. Recent trends regarding **demography** can be

broken down into two important categories: a low fertility rate and substantial emigration. The low fertility rate is a problem which expands beyond the WB, but in the region, the figures are critical. For example, in 2019, Bosnia and Herzegovina (BiH) had a fertility rate of just 1.26. On the other hand, emigration rates are also staggering. In the 2010s, BiH has lost 20 per cent of its population, Albania 18 per cent, while North Macedonia around 12 per cent. Furthermore, an even greater problem is the lack of precise and reliable data. Sometimes countries tend to hide or tweak the official numbers, while in other cases, like North Macedonia, the country simply has not conducted a census for nearly two decades. In terms of the European integration of the region, a positive impetus might stall the decline of the fertility rate, but it will also likely trigger further emigration from the region.

Emigration means also a brain-drain, depriving societies of their most educated and

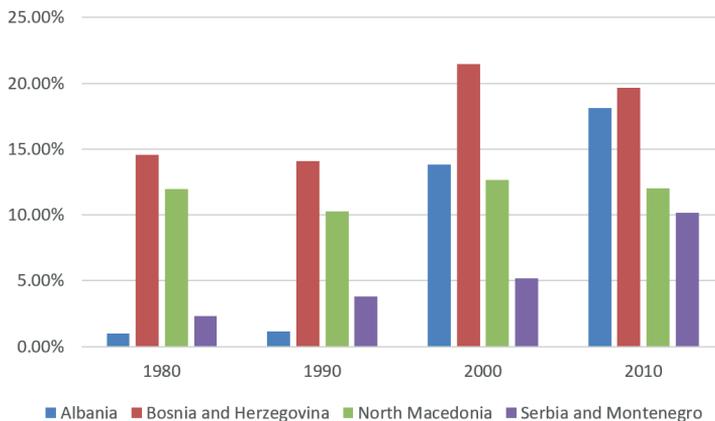
skilled citizens. This is another policy issue with significant implications for fields such as healthcare, engineering and education, which requires a coordinated approach in order to be halted. Since there is no greater capital than human capital, the impoverished countries of the WB have become weaker and poorer while providing skilled human capital to more developed countries at no cost. According to a recent study produced by the World Economic Forum, on the scale from 1 to 7 (where 1 is when all talented people leave the country, while 7 is when all talented people remain in the country), BiH ranked 1.76, North Macedonia 2.13, and Serbia 2.31. This depicts the urgency and the need for a structured policy approach in order to put brain-drain under control. Regarding the demographic decline, the WB's integration in the EU cannot do much to keep the best people in the region, although it might provide better opportunities for at least some of them.

The relatively high unemployment rate in the WB countries is just one of the major push factors that contribute to worrying levels of demographic decline and the brain-drain. There is a clear correlation between these issues. The problem of unemployment is even more exacerbated when young people are at stake. Data coming from the Balkan Barometer conducted in 2019 shows that a significant portion of the working force between 15 and 24 in the WB is unemployed. For example, the unemployment figure stands at more than 55 per cent in Kosovo, almost 40 per cent in BiH, and slightly below 40 per cent in North Macedonia for this age category. This contributes

to further disillusionment and apathy of young people in the region that are expected to be the engine of the region's faster integration in the EU. In this regard, continuous worrying policy trends in this field can fundamentally hamper the EU integration process of the WB countries.

In addition to emigration and unemployment, there is also a multi-faceted urbanisation trend that needs to be considered. On the one hand, in weak economies, job opportunities and perspectives are available in the bigger urban centres but, on the other hand, villages become more and more depopulated, which diminishes opportunities for agriculture, rural development and alternative tourism. It is fair to expect that this trend will remain steady in the following decade unless WB states introduce some dramatic interventions in order to break this trend. In regard to the prospect of the WB joining the EU, governments need to draw on positive practices from Central and Eastern Europe, especially practices in Poland of dealing with the development of rural areas and sustainable economic growth.

Stemming from the protracted economic, democratic and social transition of the recent decades, social inequality in the WB countries is a key side effect that requires thorough consideration when it pertains to **society**. Generations which are currently in their late thirties witnessed how a vast majority of their peers rapidly drowned in poverty, while an insignificant minority became wealthy overnight. The GINI inequality-coefficient is high for the WB countries and social inequality is to be considered as an impediment for



Emigration rates, 1980, 1990, 2000, 2010
(source: Institute for Employment Research)

accession to the EU.

While social inequality has already been underlined as one of the gravest policy priorities for all six WB countries, this does not mean that the countries are ready to step in and deal profoundly with this issue. The trending is not very promising, but certain countries try to adopt and implement policies which could shrink the inequality gap. Working with youth, especially in terms of tackling youth unemployment is one of the main tools in order to counter rising social inequalities.

One element of social inequality links with the marginalisation of social, ethnic and religious groups, a well-known characteristic of the Western Balkans region. Marginalisation mainly stems from the turbulent and violent recent past, which was marked by several inter-ethnic and inter-confessional conflicts. Yet, in many aspects, substantial efforts have been made both by governments and non-governmental actors as well. For example, policies favouring affirmative action towards smaller communities, as well as linguistic rights going beyond the internationally prescribed and recognised norms recently adopted in North Macedonia, show that a favourable eco-system for marginalised groups can be developed. Many protective mechanisms also exist in Bosnia and Herzegovina and Kosovo, but their implementation should inevitably improve on the path to European integration. The region needs to, and probably will do much more in terms of protection of marginalised groups, primarily because this is clearly stipulated in the fundamentals of the EU *acquis communautaire* and therefore not up for negotiation.

Additionally, female empowerment and gender equality should be policy priorities of WB governments in the next several years, taking into consideration that women are largely underrepresented on many, if not most decision-making levels. Achievements in terms of female representation in politics vary across countries, but, in general, all six WB countries need to do much more in terms of empowerment, equality and engagement of women. Gender-responsive budgeting is a topic that has attracted greater prominence in some countries, for example, in North Macedonia. With regard to the region's EU integration,

women will most likely be heavily engaged in the process, both within and outside the negotiation structures, which will additionally contribute toward greater empowerment. Some positive examples can be already drawn from the accession negotiations of Serbia and Montenegro.

A more general societal issue is the divisive public discourse since the dissolution of the Socialist Federal Republic of Yugoslavia. One will rarely find politicians that are prepared to discuss openly, with empathy and based on historical facts among each other in the region. In fact, politicians often have made political careers because they previously climbed the military ranks. Kosovo and North Macedonia are vivid examples where paramilitary commanders became prominent political leaders by continuously reviving the memory of the war in Kosovo and conflict in North Macedonia. These examples also remind us that the societies of the WB are far from prepared to reach a consensus on these issues. Each of the parties participating in the conflicts had, has and will continue to have its own version of truth regarding the events. In this regard, this trend will continue to shape the region's future, at least for a decade or more, and has the potential to undermine economic and cultural cooperation, experience sharing and similar positive impulses.

However, a more positive trend in the region concerns cross-border reconciliation initiatives, led by civil society, which tend to act as counter-narratives to the revamping of war-related discourses. With regard to the WB, an initiative called the Regional Commission for the Establishment of the Facts about the War Crimes and other Violations of Human Rights Committed in the Territory of the Former Yugoslavia (RECOM) has gained prominence. It is rather positive that such a regional initiative can be brought forward by non-state actors, which adds elements of authenticity, activism and sincerity. In terms of the Europeanisation of the WB, the RECOM cross-border initiative strengthens tolerance, acceptance and memory, European values which need to and probably will be strengthened in the future.

Digital & Information

The region is characterised by low digital literacy rates. With the COVID-19 pandemic acting as a facilitator, this shows the urgent need for substantial work in this area. Reforms in the digital sphere should not only reduce the divides, but also work in favor of combating corruption, improving the rule of law, facilitating online commerce and raising awareness over the multilayered challenges of disinformation and social radicalisation.

The Western Balkans region and especially its considerable youthful population have embraced the technological and **digital** upheaval of the last decade while still struggling with a digital divide comprising issues of access, quality of infrastructure and development of necessary skills to transform opportunities into concrete benefits.

Because of the COVID-19 pandemic, online education, remote work and e-commerce have been brought to the forefront of daily life and governance but access to these is also likely to have an impact on future generations of citizens. The digital divide in the region is not only in comparison to the European Union but has also many internal variations. There is a contrast of Internet access between urban and rural areas and a skills discrepan-

cy between generations. To some degree, the socio-economic status of families also creates gaps in access to the digital and online world. Projects to provide schools and families in rural areas and in marginalised communities with the necessary hardware and software have been either very limited in their reach or, even worse, vulnerable from the point of view of corruptive deals.

The COVID-19 pandemic stresses the necessity for the Western Balkans to narrow the digital divide. The process of digitising services and providing online platforms for an array of administrative tasks came to the forefront of the public attention once citizens were asked to stay home. In this regard, there is a new opportunity for countries to invest in efficient and transparent platforms that can provide documents, fulfil request procedures and other pertinent services of central and local administrations.

This opportunity has the potential to reduce corruption and improve the rule of law in the long run since it reduces contact with officials therefore incentives on both sides and eliminates futile administrative costs. However, this requires investments in high quality, user friendly, transparent platforms as well as political will and decisive actions with active civic participation.

Online commerce in our region did not increase in levels seen in Western Europe and

the United States, where sites such as Amazon saw their traffic explode. However, at a smaller and more local scale, online trade saw a significant development with small and medium businesses exploring whatever possibility that the online world offered in order to overcome their risk of bankruptcy. This trend can be strengthened by assisting businesses to be digital-savvy in the context of assistance given to SMEs for the pandemic situation and the results can be beneficial in the long term.

The raising of media and digital literacy overall is an urgent necessity in the WB region, which has no tradition of promoting critical thinking. The past legacy of communist regimes has created a dramatic dichotomy of either refusing information as propaganda or admitting it without any questions. So far there are attempts by civil society, media development regional organisations to tackle this issue, however, a more systemic intervention in school curricula is necessary since the disinformation wars are becoming more prominent and detrimental at a global scale.

This lack of access or limited IT skills is very important when we consider education, both in the conditions of the pandemic, when its need was more eminent, but also in the long term when e-learning is becoming a crucial part of lifelong formal and informal education. People that have limited or no opportunities to take advantage of this trend will feel disenfranchised, leading to more discontent in the social sphere.

The importance of access and skills pertinent to the digital world goes beyond the necessities dictated by the pandemic. The real potential of employability of people with good degrees and skills in these fields makes the issue a Gordian knot: on the one side it assists the economic development of the region and on the other speeds up youth migration outwards. Perhaps the Western Balkans can transform themselves into something like the Indian or, even closer, the Belarussian example, providing services in the digital field at low cost. On the other hand, the high demand for these skills in the EU makes young people invest in acquiring this expertise and then emigrate to Germany and the other EU Member States.

Moving forward, the region's govern-

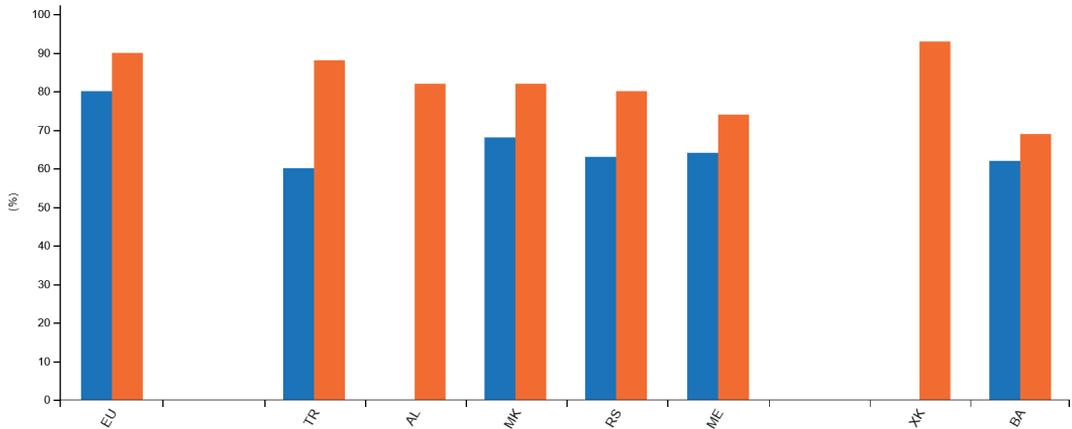
ments but also businesses will need to agree on a plan to keep valuable expertise at home, beyond offering a better salary. People with digital skills manage to get higher-paying jobs but still prefer to emigrate for the sake of having better living standards and access to adequate education and healthcare for their families.

Next, the pandemic has also exposed the vulnerabilities of the countries in the region to disinformation campaigns. Access to reliable **information** is crucial but disinformation and its related hybrid threats are slowly but definitely becoming a security issue, recognised even by the intelligence services. Therefore, international cooperation in the framework of security alliances will be necessary to be able to face its full force in the future. During 2020, the pandemic has created an ideal ecosystem for disinformation, conspiracy theories and fake news to thrive. Disinformation campaigns were oriented towards dismantling trust in institutions, both medical and security ones. As a result of these campaigns, there has been a reduction in the number of people following public health guidelines and even some small scale protests against the government issued mandatory rules.

Even prior to the pandemic there have been signs that certain countries are becoming hubs of engagement for the disinformation industry. An example was the thriving of bots and trolls in North Macedonia, which engaged in the US presidential campaign in 2016 and in the dynamic related to the name change referendum (this was widely denounced in several media). North Macedonia serves as an example of hybrid threats where 'computation propaganda' has done plenty of damage to the objective of Euro-Atlantic integration and risked to upset the country's overall stability as well.

Going forward and considering the potential introduction of digital systems in political processes such as electronic voting and counting, security concerns come to the forefront. Proponents of the introduction of digital systems believe it will eliminate manipulations and unfair incumbent advantages whereas opponents are worried about the weak points this might provide for outside actors to meddle.

Social harmony within societies is an-



other field where disinformation and fake news and the use of online tools for recruitment are very damaging: radicalisation and violent extremism have been on the rise in the region and have been fuelled by the world of fake news, conspiracy theories and online hate speech propaganda.

At the political level, the Western Balkans have agreed in cooperation with the European Union on a joint digital agenda and plans to improve broadband infrastructure all across the region over the medium term. In 2002, the EU earmarked significant funds for what it identifies as a digital infrastructure flagship project. This entails expanding and improving broadband access, increasing safety and positive impact in education, development and situation of minorities.

At the Sofia Summit of the Berlin Process, this year, the region's leaders discussed and adopted the plans for a Common Regional Market, whose objective is also to create a regional digital area and to integrate the WB region into the European digital market.

The region sees real potential in using the opportunities offered by technology and data. For this, it is important to make use not only of the EU funds but first and foremost of the EU's expertise and experience. In this field, the best practices and lessons learned from the Visegrad Group countries can be of specific

benefit to all the countries in the region.

Finally, digital infrastructure and development are not beyond geostrategic rivalries when it comes to the region. The debate surrounding the 5G technology and who gets to develop it in certain countries in the region was very prominent during this year. Giving access to China through companies such as Huawei was a matter of contention between countries with different positions. The deteriorating relations between the US and China has been the key factor in this controversial item in the political and public debate.

On one side countries such as Albania, Serbia and Kosovo participate in the initiative Clean Network, made up by countries which have chosen to include in their 5G infrastructure selected vendors based on the EU 5G toolbox.

However, opportunities for collaboration with China have not been excluded entirely. In Serbia, Huawei collaborates with the municipality of Belgrade to install 1000 CCTV cameras and increase safety in the city, a move that has been widely commented on as a potential risk.

EU & the Western Balkans

The future trends in the relations between the EU and the Western Balkans will depend on the attitudes of both sides (see The Grid).

The EU as a trigger

Regional enlargement with a sound EU commitment would mean a substantial redefinition of the current country-by-country model. Although this would be difficult due to the differentiated relations of countries with the EU, such an approach can be triggered through the achievement of a joint position among the EU Member States concerning the importance of enlargement and the separation of the economic and stabilisation demands.

This development could be triggered by the EU's perception of a 'malignant' influence of other global actors in the WB region. It would take a unanimous political decision by the Member States, which seems to be an impossible mission. In economic terms, the incorporation of some 18 million inhabitants is not an obstacle, but the tricky part is that the region is still economically weak, and that EU membership would mean six more voices in the Council.

Even if this scenario would be realistic, this would be a milder form of a **differentiated membership** because it would probably involve considerable and maybe lengthy transition periods for different WB countries in terms of their participation in various EU policies.

Individual enlargement with a sound EU commitment seems to be the most efficient one, but carries many traps. A piecemeal enlargement becomes an easy victim of regional tensions because states compete rather than cooperate. An ambiguous membership perspective would be demotivating, and the national political elites

will endure in the stabilitocracy type of relationship with the EU. This approach prescribes future problems since the membership of some and not of others can lead to repetition of the Greek-North Macedonian dead end, making the EU enlargement a prisoner of regional animosities.

This scenario carries the most significant geostrategic risks for the EU's interests. It would leave the laggards open to the unwanted influence of other global actors.

Remaining in an **endless enlargement process** for everybody is a possible outcome of the individual enlargement trend because it has the potential to turn into a repetition of the EU's experience with Turkey. The endless addition of criteria, resulting from the EU's internal disagreements, will lead to a further consolidation of the stabilitocracy. National political elites will use the EU enlargement both as a source of economic support and as a threat against which they stand. The EU, led by short term priorities, will postpone the perspective of enlargement beyond the point of no return. The social disappointment will be contrasted by active government demands for financial support, which will remain the sole tangible proof of EU-WB cooperation. The relationship with the EU will silently be supplanted by the growing presence of other regional players, thus weakening the EU's leverage over the WB.

Differentiated integration without membership or an attempt to reduce relations to the Eastern Partnership formula is not a realistic option for enlargement. In such a scenario, the countries from the region are offered comprehensive free trade agreements and access to EU programmes, based on bilateral agreements. Internal factors would largely determine the nature of the relationship with the EU, but the disappearance of the membership perspective would

substantially weaken EU conditionality and lead to a withdrawal from the region. The negative demographic processes would continue, and the countries might abandon regional rapprochement since there will be no longer a perspective of a shared future.

If membership would be no option, relations with the EU could be also regulated through **bilateral agreements** or a multilateral trade agreement. However, such a model will harm the WB states, due to their economic underdevelopment, which will determine their continuous trade deficits with the EU. There certainly exists the threat of disenchantment or disappointment among the region's populations. Depending on the incentives given in the agreements, the arrangement could perhaps work in the direction of boosting regional development and stability. Additionally, the WB countries would have to implement EU law without the possibility of having a voice in the legislative process.

Triggers in the Western Balkans

Despite the intensive relations over the last decade, the WB continue to circulate in the EU's orbit. However, keeping the process going on has become a goal in itself. The lengthy and bumpy road to the EU is now a constant part of the political landscape in the WB states. Despite its central role, it is overshadowed by internal realities. From the vast variety of potential triggers identified in this report, three seem to be of particular importance.

Increasing **inequality** has far-reaching economic, social and political implications. In a former socialist environment growing inequality triggers bitter disillusionment and search for individual solutions. The pursuit of better perspectives in a more predictable environment leads to adjustment to dominant political practices or demographic decline. The persistent popular protests across the region are voices of discontent with the existing political order. Their potential for change, although largely disregarded by the governments, should not be underestimated. On the other hand, growing inequality fuels tensions and animosities that can easily be channelled into ethnic or religious conflicts.

Social tensions can also be easily instrumentalised as a source of substitutive narratives that will divert public attention from the EU

expectations to more down to earth and local conflicts. Such a steered management of conflict would allow national political elites to postpone eternally the implementation of EU policies.

Last but not least, there is a growing demand for **positive social radicalisation** that will return the sense of ownership of the political and economic reality in the countries from the region. The EU should concentrate its efforts on the further promotion of grass-root civil activities and local ownership. While circumventing central stabilitocratic authorities, the EU should encourage interstate reconciliation by reinvigorating self-government initiatives.

Conclusions

The EU needs a clear vision of the enlargement perspective for the Western Balkans. Despite a new methodology and tangible financial commitments, the EU lacks a sound and consistently pursued policy towards the region. Entangled between its internal problems, enlargement fatigue and interactions with nominally pro-EU political elites and dependent on the goodwill of its all 27 member states, the EU is unable and unwilling to make a decisive step towards the region.

The regional weaknesses are well known to politicians, diplomats and experts. A frank debate is necessary to establish a more tangible and most importantly reachable membership perspective that will reinvigorate local communities and strengthen pro-EU activists. The perspective of another decade of negotiations and adoption of EU requirements will lead in the best case to the maintaining of the current stabilitocratic status quo and the worst case will push the countries into the abyss of further autocratic consolidation with all its consequences for the countries, the region and the EU.

There is a demand for internal regional empowerment beyond the executive-dominant relations between the EU and the Western Balkans. A civic awakening paired with decentralisation has the potential to defuse regional tensions, weaken external players narratives and undermine captured states. Importantly, it can also provide some lessons for the EU's own internal clashes and the stumbles on the pathway to democratisation as part of the European integration process.

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