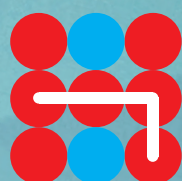


Hybrid CoE Trend Report 2

MARCH 2020

Western Balkans

HANNA SMITH AND CRISTINA JUOLA (EDS.)



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Hybrid CoE Trend Reports are an outcome of expert pool meetings on a given theme. They highlight the main trends of the theme, provide multiple perspectives on current challenges as well as academic discourse on the topic, and serve as background material for policymakers. They aim to distinguish between what really constitutes a threat, what appears to be a threat but is not necessarily one, and what has the potential to become one. Hybrid CoE's Research and Analysis engages expert pools on relevant themes in the landscape of hybrid threats.

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Hybrid CoE is an international hub for practitioners and experts, building participating states' and institutions' capabilities and enhancing EU-NATO cooperation in countering hybrid threats located in Helsinki, Finland.

The responsibility for the views expressed ultimately rests with the authors.

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Foreword

The European security environment is becoming increasingly hybrid in nature. In addition to the traditional military domain, security threats are trickling down to all aspects of social life as democratic states encounter threats from actors who are willing and more able than ever before to attack domains not perceived to belong to the core field of security with multiple tools in a creative combination to achieve their goals and push their strategic interests in unacceptable ways. Analyzing emerging trends related to security and highlighting long-term undercurrents will help us to understand the changing security environment and be better prepared to respond to potential hybrid threats in the future. Being able to read trends allows us to place current events into context, and helps us to distinguish between what is a threat, what looks like a threat but is not necessarily one, and what has the potential to become a threat in the future.

The European Centre of Excellence for Countering Hybrid Threats operates expert pools to support its participating states and the activities of the Centre's Communities of Interest. The expert pools work as a channel for exchanging information,

building connections and gaining a comprehensive understanding of the trends under a specific theme. These trends are then linked through Hybrid CoE to potential hybrid threats. The expert pools are an ongoing process and provide content for the Centre's work.

Engaging with the expert pools and the activity relating to them is in line with Hybrid CoE's founding memorandum of understanding, which states that Hybrid CoE is to act as a hub of expertise, to offer collective expertise and to encourage strategic-level dialogue. This activity should adopt a multidisciplinary and academic-based approach. Hence, the purpose of engaging with the expert pools is not to pursue a single truth, but rather to provide multiple perspectives on current challenges, to provide perspectives on the academic discourse on the topic, and to serve as a background for policymakers. The added value of this work is that it examines the subject from a hybrid threat perspective. Each participating state, the EU and NATO can then consider which facets of knowledge will be most useful for them from their own perspective.

Introduction:

The Western Balkans in today's security environment

This report is an outcome of the first Hybrid CoE Balkans Expert Pool meeting held in October 2018 at the European Centre of Excellence for Countering Hybrid Threats in Helsinki, Finland, and the second meeting in December 2019 in Wiener Neustadt, Austria in cooperation with the Austrian Ministry of Defence and participants from the Balkan region: Montenegro, North Macedonia and Serbia. Eleven participating states were represented by academic experts who assembled to discuss trends related to the Western Balkans.¹ They were asked to identify key trends in the region in order to **assess potential threats, vulnerabilities and opportunities that could be exploited by hostile actors to destabilize the region and challenge the EU**. In the first meeting, the experts were asked to identify trends that were of importance for the EU's six flagship projects,² as well as to identify outside hostile activity in the region, and the role of the EU and NATO in countering hostile influence. The second meeting concentrated on identifying implications of the previously identified trends and considering policy recommendations.

As a result of the first workshop, Hybrid CoE Research and Strategic Analysis team identified the following aspects as the main trends: Attraction–Rejection, Healing–Pain, and Stability–Instability. The analysis is based on the written contributions of experts and the workshop's roundtable discussions held between experts and practitioners. The report is a product of Hybrid CoE and hence does not necessarily represent the views of any expert or practitioner that contributed to the content and attended the workshop.

The Western Balkan region has historically been a battlefield of power politics. Great powers have been competing for territory and influence, aiming to promote their values, influence the course of events, gain the loyalty of the populations, and establish a foothold in the region. The region comprises a “patchwork” in the sense that different religions and empires have left their mark on its history, which is reflected in a very heterogeneous population both within and between states. With its rich mix of Orthodox and Catholic Churches and Islamic religions, the region as a whole remains European. Today, a struggle for influence is being waged between the West, namely the EU, the US and NATO, Russia, and increasingly China and some Gulf States, all of which have different strategies and objectives in the region. It is important to note that Turkey has its own strategic interest in the Balkans and is an increasingly important player there.

Western multilateral institutions have incrementally increased their presence in the Western Balkan region after the disintegration of the Socialist Federal Republic of Yugoslavia. The US has steadily expanded its military foothold in the region since the 1990s, manifested in the NATO membership of Albania and Montenegro in 2009 and 2017, and the accession talks with North Macedonia. The EU has been more active since the early 2000s through its promotion of economic cooperation and democratic values, good governance and human rights. The EU aims to assist states in the region to democratize state institutions, strengthen the rule of law and contribute to regional stability and peace. The public opinion in

¹ In the context of this report, the term 'Western Balkans' is used for those six states that are not currently members of the EU but are subject to the European Union's enlargement policy: Albania, Bosnia and Herzegovina, Kosovo*, North Macedonia (FYROM), Montenegro, and Serbia. * This designation is without prejudice to positions on status and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

² Initiative to Strengthen the Rule of Law, Initiative to Reinforce Engagement on Security and Migration, Initiative to Enhance Support for Socio-Economic Development, Initiative to Increase Connectivity, Initiative for a Digital Agenda for the Western Balkans, Initiative to Support Reconciliation and Good Neighbourly Relations.

most of the countries in the region is strongly in favour of closer cooperation with both the EU and NATO. The strongest indication that the EU is serious about the integration of the Balkan countries is that the Union has offered the prospect of membership to six countries in the region. Accession talks have been opened only with Serbia and Montenegro. The EU's decision not to extend accession talks to North Macedonia and Albania for the time being was seen in the region to be at odds with the overall strategic declarations. It also paved the way for Russia to announce that both countries were welcome to join the Eurasian Economic Union.

Russia has long had a strong presence in the region (especially in Serbia) through cultural affinities and religious ties. Russia exercises influence by fostering close ties with political elites, maintaining diplomatic, economic and military relations, engaging in public diplomacy, and supporting the Serbian Orthodox Church and nationalist or anti-Western networks in the region. Russia has significantly influenced the policy choices of Serbia, which relies on Moscow's support to oppose Kosovo's independence, complicating the alignment of Serbia's foreign policy with the EU. However, Russia's hold on the region has, according to some claims, steadily declined – or at least changed its form, as other actors have increased their levels of engagement. Russia views the military presence of the US (including the expansion of NATO), and more recently the enlargement of the EU, as a threat to its strategic interests and therefore aims to hamper US and EU activities and influence in the region. Even if the level of impact relating to Russian involvement in the region can sometimes be questioned, it is clear that Russia has an ability to cause confrontation and questionable polarization, which sometimes prevents rule of law developments and healing processes.

Turkey also views the region as its natural sphere of influence, due to historical, cultural and religious ties. President Erdogan shares close ties with the political elites of several states in the region, including but not limited to those with a Muslim majority.³ Turkey is influential in Serbia through construction contracts, FDI and trade.

Turkey also maintains a positive perception among the Orthodox Macedonians and Montenegrins. Apart from Republika Srpska in Bosnia and Herzegovina, Turkey's presence is generally well-perceived (meanwhile, Russia is negatively perceived by Albanians and Bosniaks and its economic presence in the regions inhabited by them is very limited). In the past few years, Turkish investments towards non-traditional partners have increased and have been mainly driven by private investors. Turkey has also increased its engagement in the region at the diplomatic level with specific initiatives aimed at enhancing regional cooperation, and at the political influence level with its fight against Gülenist movements in the Western Balkans. Turkish influence in the region conflicts more often than not with that of the EU.

After the 1990s, China, which shares no similar heritage with the region as the above-mentioned actors, has strengthened its economic foothold mainly through state-to-state loans and other forms of economic cooperation. Business deals are mostly negotiated with political and economic elites, which makes the process non-transparent and runs the risk of exacerbating corruption. China has actively invested in infrastructure projects in the region and cultivated good political ties on the side. Negotiated deals often produce immediate and tangible results but contradict the EU's standards of transparency. Despite the rhetoric of "business only", critics have voiced concerns over China's potential to use economic leverage for political purposes in the future.

When examining the Balkans through the hybrid threat lens, the region looks particularly vulnerable to activity relating to hybrid threats. Hybrid threat activity targets democratic states and those states where the democratization process is ongoing. A hybrid threat is a Western concept depicting the threat that democratic states face in the 21st century. The activity seeks to exploit the systemic vulnerabilities of democratic systems. This means that countries in the process of democratizing are especially vulnerable. Furthermore, hybrid threats also appear in places where there

³ Albania, Bosnia and Herzegovina, Kosovo.

is geopolitical competition and strategic interests fostered by actors that oppose each other.

In the following section, three trends will be described: Attraction–Rejection (external relations), Healing–Pain (regional and internal), and Stability–Instability (security concerns). All three trends include two opposing lines that run parallel. This aptly depicts the complex situation in the

Balkan region. Different dichotomies are always used by those behind hybrid threat activity. These trends highlight the very vulnerable seams of the societies in the Balkan region. When the status competition and economic interests of outside actors are added to the mix, the Balkan region becomes a target highly prone to hybrid threat activity.

ATTRACTION–REJECTION:

External relations

The EU model based on an open free-market economy and liberal democracy is viewed with increased scepticism in comparison to the early 2000s. A trend has surfaced whereby an authoritarian state model is seen as a more effective system than the democratic state system, and where traditional bilateral relationships are seen as more credible alternatives for delivering what the states in the region are seeking than international institutions. The EU's position and activity in the region is hampered by political affinity between local elites and authoritarian leaders of outside powers, economic support from authoritarian states, as well as the local population's growing disappointment with the EU.

The EU has experienced challenges in the Western Balkan region, which have affected its policy there. Hopes of a “quick fix”, including the EU’s initial engagement at the beginning of the 2000s and the assumption that democratization and “Europeanization” would be implemented smoothly, were too optimistic considering the complexity of the challenges in the region. In this regard, the region has many similarities to the former East-European and post-Soviet countries. Many of the Western Balkan states are still experiencing internal or inter-state conflicts, and the regional economies and institutions are not reaching EU standards. Such factors, as well as the lack of funds to support the required reforms, constrain integration and create a feeling of rejection towards the EU.

The social and economic development in the Balkan societies has not lived up to the aspirations of the local population, and neither has the EU. After the collapse of communism, the EU model was seen as an attractive alternative due to the incentives of economic cooperation, socioeconomic well-being and the values of justice, democracy, equality, the rule of law, as well as the historical heritage of the region as a part of European history. Hopes of “reintegration with Europe” were high in many

Western Balkan states. However, hopes of quickly reaching EU living standards, attaining justice in relation to past events, and institutional convergence with the West proved to be too high. Jean-Claude Juncker’s opening speech in 2014, where he stated that there would be no further enlargement during his mandate as President of the Commission, was a disappointment catalyzer for many in the Western Balkan region. The perceived failure of the EU to fulfill people’s hopes of a better future has led to a perception of the region being “swallowed but not digested”: bilateral issues have been left unresolved, and states have been requested to quickly reach EU standards despite insufficient support. Reforms are seen as being imposed from above and as failing to deliver on their promises. These factors have only increased the feelings of resentment and disappointment towards the EU.

Today, chances of completing the integration progress are seen as very weak by the population. Past experience does not instil much hope from the region’s perspective. Regional state economies are still lagging far behind the EU-28 GDP per capita. Many people feel that following liberal values promoted by the Washington consensus does not result in institutional convergence that would promote human rights, equality, rising living standards and democratization. The 2008 financial crisis gave rise to negative examples of measures that the EU could impose on its member states, while other external pressures, such as the immigrant crisis, have also challenged the EU’s political integrity. The EU process is seen as a cold technical process burdened with bureaucracy, which has not delivered the promised results in the expected time span, resulting in scepticism about future progress. This leads to the conclusion that the EU has not been particularly successful in winning over the hearts and minds of the population in the region, also meaning that the rejection trend has taken the upper hand.

Meanwhile, authoritarian states are challenging the EU's values and operational environment in the region. Authoritarian regimes have enabled opportunistic actors (both internal and external) to advance personal gains to the detriment of regional and even national unity. External actors that aim to block NATO and EU expansion in the region, most notably Russia, further provoke anti-EU sentiments within the population. Russia has spread fake news and engaged in (dis)information campaigns that highlight Western inadequacies and support the pro-Russian narrative, as well as attempts to limit NATO's and the EU's objectives. Furthermore, Russian actions support existing corrupt state institutions, which impedes the EU's objectives of democratization and the establishment of the rule of law. For example, Russia has consistently blocked Kosovo's independence on Serbia's behalf to enhance Serbia's allegiance to Russia. Through this action, Russia is helping the Serbian political elite to remain in power, as well as keeping alive Serbian hopes of returning Kosovo to Serbian rule. This in turn limits Serbia's possibilities to deepen cooperation with the West, and creates regional mistrust. Russia's activity, coupled with that of a growing number of other non-democratic investor states, has led to a backslide towards authoritarianism and restrictions on media freedom in the Western Balkan region.

Turkey and China have increased their investment in the region in recent years. Often, their investments mainly benefit state elites and allow them to gain popular support by delivering on short-term promises. China has expanded its economic presence through the 16+1 mechanism as part of the Belt and Road Initiative. Serbia has received huge Chinese investments to finance the building of transport and energy infrastructure, a visible example of which is the Chinese purchase of a steel plant in Smederevo for 46 million euros, the largest single FDI in Serbia in 2016. In 2018, the two states signed a long-awaited deal to build the Belgrade-Budapest high-speed railway, with a contribution of 1 billion euros by the Chinese side. This means that geopolitical competition between Russia and China in the Balkans is possible. This is a good illustration of how the region functions as a playground for great powers, where Balkan states are not treated as equal partners in a bilateral deal.

The opportunities of authoritarian states to exert influence have thus increased due to their growing economic and political presence in the region. While the EU was handling the economic crisis, China continued to expand financially and extended its global reach to the Balkans through providing state-to-state loans, increasing diplomatic dialogue and investing in infrastructure. Turkey and Saudi Arabia also maintained national economic development and economic expansion into the region. The business models offered have provided an easy alternative for political elites as opposed to the EU's financial support and economic cooperation, which often require institutional reforms and the elimination of corrupt practices.

The increasing rejection trend towards the EU combined with the increasing attraction trend towards the authoritarian state models will complicate the democratization process of the states in the region, structure the economy towards "clan" ownership and state control, and deepen the geopolitical competition in the region.

Issues and indicators for trend monitoring

- **Development of attitudes towards the EU and NATO: is the EU perceived as having a negative or a positive impact, if any?**
 - **Which social groups support EU cooperation and which groups are more susceptible to dislike or even oppose EU projects in the region, and for what reasons?**
 - **How are state media narratives about the EU and NATO developing? Who has ownership over the media – is it the state or are media outlets acquired by foreign agencies?**
- **Funding channels for anti-Western groups: what are the different forms of support by outside actors for groups with anti-Western attitudes? Are these attitudes being exacerbated, how and by whom?**
- **Development of political ties between state elites and the leaders of authoritarian regimes, including Russia and China.**
- **How are different dependencies developing in the region?**
- **Economic developments and ownership structures.**

HEALING-PAIN:

Inter-regional and internal developments

The Western Balkan region still struggles with healing from the pain inflicted on the population by past events. Reconciliation is instrumental for achieving regional peace and national development, but there is no coherent policy on how to proceed. The process of transitional justice has not been finalized, and ethnic and regional tensions remain an issue. Furthermore, the reconciliation process has been misused in some cases by the elite and some external actors. Since the psychological elements and local-level conditions are central in different types of hybrid threat activity, this “Healing-Pain” trend should be taken very seriously. Past “pain” may well be instrumentalized for political purposes.

The Western Balkan region suffered greatly as a result of the atrocities perpetrated during the breakup of the Socialist Federal Republic of Yugoslavia, and which are etched in the memory of the people. Reconciliation between populations and ethnic minorities is a critical issue for regaining regional trust and social stability. These two aspects, trust and social stability, are also instrumental when building resilience against hybrid threats. The most notable factors impeding reconciliation include existing local and cross-border tensions between ethnic minorities, strong national narratives and populist politics, and the lack of political will for reconciliation. There is no clear approach from the international community or the states involved as to what reconciliation actually amounts to and how to achieve it, while the rhetoric related to reconciliation or the lack thereof continues to be used by elites and external actors for their own purposes. Such complexities decrease the population's trust in the process and the institutions involved, and have in the worst cases even created further resentment and new divisions. In many of the region's states, the fear of renewed ethnic conflicts still exists. This is clearly a topic to which greater attention should be paid.

A noteworthy aspect is that the degree and seriousness of ethnic tension is a somewhat disputed issue. Some consider that ethnic tensions might not be as serious as they are portrayed were it not for the continually circulated narratives highlighting the problem. Others point out that tensions under the surface are high and constant mediation is needed. A case in point concerns Kosovo, where ethnic minority communities do not realize – due to 20 years of threatening propaganda and ethnic conflict narratives spun by political leaders – that Kosovo is a state. The building of national identity as a part of social identity will take place over a generation without political agitation. It should be noted that many Kosovars in Kosovo would not define themselves ethnically as Kosovars, but as Albanian. This provides an opportunity for outside actors such as the Russian regime to foment conflicts between the different social identities via Belgrade.

National narratives that glorify war criminals, victimize the nation and denounce minorities or other nationalities linger in many Western Balkan states. Such national approaches have resulted in the persecution of ethnic minorities at all levels of society, even in schools by teachers, affecting younger generations' perceptions of the past and of other nationalities. As a result, the coherence of societies suffers and a shared, regional narrative identity is difficult to create. The homegrown polarization of societies and the region is detrimental to regional stability and hinders national development, as mutual distrust between states and different nationalities only grows. These sentiments have been used by outside actors. In Bosnia and Herzegovina, Russian efforts have focused on supporting the Serbian population and pro-Russian narratives. President Putin has fostered close ties with the Republika Sprska leader, Milorad Dodik, whose ultimate goal is secession from Bosnia and Herzegovina. This type of support keeps the

historical memories relating to the 1990s alive, but also those extending further back in history. Turkey, on the other hand, has maintained good ties with the Muslim Bosniak leaders, bolstering support for the Muslim community. Even this action exacerbates the pain aspect rather than healing the existing divisions.

Both the EU⁴ and NATO support reconciliation, and the institutions have established regional policies that are in line with the objective. The international community has also promoted cross-border grassroots cooperation. The WB6 and the EU's Berlin process both aim to support regional cooperation to encourage regional collective action and strengthen inter-ethnic relations at the grassroots level. The purpose is to positively contribute to reconciliation efforts and the rebuilding of regional trust by connecting states with a common goal, and shifting the focus away from inter-ethnic and state-to-state competition towards cooperation and the values of community and solidarity.⁵ In this context, it is good to note that the local population understand the importance of reconciliation in itself, and not only as a gateway to achieving EU membership.

Methods to propel the reconciliation process have not been coordinated and have only been partially successful. There are overlaps between different international institutions (the OSCE, UN, EU, and NATO) in supporting reconciliation. There is no clear definition or common understanding of what constitutes reconciliation in the EU, NATO or in the Western Balkans, which makes it difficult to agree on milestones and evaluate progress. More often than not, the approach becomes technocratic, and reconciliation is equated with cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY) in transferring indictments and evidence or ending territorial disputes. A well-coordinated joint strategy with a clear definition would be essential in order to achieve progress and avoid the danger of this trend turning negative.

There is no coherence in the regional policy approach when it comes to how past atrocities should be dealt with. Thus far, the process of

transitional justice has been the main pillar for advancing reconciliation. Yet the prosecution of war criminals by the ICTY and the International Court of Justice (ICJ) has not been sufficient to account for old war crimes, as victims are still fighting for resolution and compensation. Victims that fail to achieve justice are left disappointed and wounded and have become the targets of outside actors that seek to exploit the regional tensions and prolong regional instability. Populist politicians also exploit these sentiments in order to win popular support. Such narratives seek to apportion blame, and international institutions and organizations bear the brunt of the blame for their failure to deliver justice. This is an interesting aspect since it diverts attention away from local and state responsibilities, and also enables the political use of nationalistic narratives. It should be noted that the increase in nationalistic narratives reveals that the "pain" trend is dominant.

In the "healing" process to counter the growing "pain", media freedom and the establishment of a common regional narrative are critical for achieving reconciliation and coping with the polarization of society. The media environment in the Balkan region is suffering and local news in local languages can even be difficult to find. The economic situation also has a negative impact on the media sphere. Newspapers are disappearing and independent media and news produced by local journalists is diminishing. This provides an opportunity for others to "conquer" the information space. The reaction to this has not been a strengthening of the free media, but rather to have tougher restrictions on freedom of speech. Media outlets are used as mouthpieces by the ruling elite and portray a one-sided narrative. This means that there is also leeway for outside actors to use the media space for their own strategic purposes, aggravating the healing process. Russia has consistently made efforts to ensure a positive narrative about itself through control of the media. The Russian state-sponsored media outlets, Sputnik and RT, maintain a large following both in Russian and local languages. President Putin, President Erdogan and the Chinese

4 EU Commission: "Initiative to support reconciliation and good neighbourly relations".

5 The EU's Strategy of Enlargement as a whole could be more pronounced in promoting cooperation over competition among the Western Balkan states.

political elites also consistently provide high-level political recognition for many leaders of the Western Balkan states to bolster their self-image in the region.

Connectivity and internet access can be seen as the key to ensuring the availability of a wide range of information. However, efforts will only have a limited impact if the population's understanding of who produces what kind of information and from which perspective remains at a low level, and if the news provided in the native language remains one-sided. It should also be noted that social media in this case could play an important role by providing real-life stories and counter-arguments to the restricted and one-sided information provided by the state or other interest groups.

The pain part of this duality has been growing in recent years even if the expectation has been that the healing part of this dual trend would strengthen its position. The implications of this may be very severe.

Issues and indicators for trend monitoring

Development of populist attitudes & national narratives.

- **Development of cross-border tensions between ethnic minorities: are they getting worse or are there signs of reconciliation? Who/what is behind the driving attitudes and narratives?**
- **What are the legal loopholes in state policies that provide an opportunity for hostile actors to influence minorities (e.g. funding opportunities, suppression and fear, buying up media, sports clubs etc.)?**
- **Is religion used as a tool of influence by hostile actors and how?**
- **Are there inconsistencies in the EU's narrative and support for reconciliation that could be highlighted by an aggressor to undermine the credibility of the EU in the region?**
- **Is the stratcom on transitional justice effective vs the populist narratives? What issues are linked to the persecution of criminals by populist leaders and for what purpose?**
- **Development of minority rights, treatment of ethnic minorities, national narratives that are taught in schools.**
- **Social media debates – these often reveal the mood among the population.**

STABILITY-INSTABILITY:

Security concerns

Inter-state disputes, the weak socio-economic situation, and organized crime are all sources of instability in the region. Societies with instability of this sort are highly prone to outside influencing, with external actors exploiting these instability factors to further their own agenda in the region. This also explains why the region cannot claim to have achieved stability, and hence why security concerns should be high on the agenda.

Border disputes and disputes over the legal status of certain territories are a continuing source of regional instability. This means that the potential for a security threat to emerge from the region exists, even for the EU and NATO. Although inter-state or civil war is currently seen as unlikely, socially, politically, ethnically, and religiously motivated unrest (potentially initiated or supported by external actors) occurs on a regular basis. Unresolved issues relating to borders will also hinder national and state identity-building in many countries in the region. This feeds into the Healing-Pain trend. Without national and state identity, resilience against outside influence is difficult to achieve and unhealthy nationalism can be fomented. Since the EU and NATO have established a precondition for ending border disputes before being able to attain membership, the border issues have also become a wider political issue, as subjects of geopolitics, and even rivalry. From the hybrid threat perspective, this provides an incentive for a hostile outside actor to see to it that border disputes will not be resolved.

Border agreements imposed from above are weak if they are not supported by the population upon whom they are imposed, and will only aggravate hostilities. In this way, external actors can exacerbate tensions in local disputes to halt regional development, keeping the region under control and unstable. Russia exercises its leverage in the United Nations Security Council (UNSC) on Serbia's behalf to prevent Kosovo from achieving

independence, which in turn helps to maintain Serbia's close ties to and dependence on Moscow. Another case blocking integration was the North Macedonian name issue, which restricted the country's chances of joining the EU or NATO. Efforts to settle the issue were a source of instability for a long time. Russia has been accused of various acts, including bribery and propaganda to spur the opposition to try to prevent the two states, Greece and North Macedonia, from ratifying the Prespa Agreement, a deal finally reached by the two sides on 17 June 2018.

The socio-economic aspect is a major factor of instability. A significant vulnerability of the Balkan countries, as well as whole region, is the poor state of their national economies and growing public debt. The national economies do not have the funds to implement the long-term changes that would improve the situation, and which are demanded by the EU, while the financial support provided by the EU for that purpose is inadequate. Governments are indebted and weak. With the EU's decreased capability to engage in the region, other economic state actors with authoritarian regimes become attractive alternatives, as they provide quick and easy investments with seemingly no immediate strings attached.

Poor living standards and a bleak assessment of future prospects in the region have resulted in massive migration to neighbouring EU countries. Unemployment is high and well-educated workers with the opportunity to emigrate have done so in the hope of achieving a better education, employment opportunities and a higher living standard. Young people are also seeking jobs outside of the region. This also means that the potential for a healthy democratization process suffers. Up to 25% of the population in the region have emigrated to more developed economies, including Turkey and the neighbouring EU states. Russia is not a popular destination despite cultural and linguistic

ties to the country. The emigrants are composed of young adults and the most productive sector of the labour force, which leaves the region facing an ageing population and a growing inequality gap, as the middle-class move away. This means that the wealth is ending up in the hands of the few, and corruption will weaken the countries' own ability to become resilient against harmful outside influences. This type of development usually breeds instability and discontent among the population and can lead to unexpected events, making poor socio-economic performance coupled with the democratization process a security risk.

One of the weaknesses connected to the economic structures is the corruption to which state institutions are prone, and which constrains the development of a functioning rule of law system and culture. Corruption is endemic in most states in the region. It has benefited the elites and is an integral part of the socioeconomic situation in the area. All of the Balkan countries rank between 80 and 100 in the Corruption Perceptions Index out of a total of 180 countries worldwide. Corruption becomes a part of life wherever the socio-economic level is low, no jobs are available, and public administration is inefficient. Hence, corruption is enabling instability factors.

The dire socio-economic situation and high levels of corruption have also resulted in organized crime becoming a valid alternative for those on the lower rungs of society. Organized crime continues to be an issue both at a national and at a transnational level in the region. Criminal networks are often linked to state elites and are involved in the security business, smuggling and money laundering. Organized crime groups are dynamic, adaptable to change, adept at using non-criminal infrastructure, experts and networks in their criminal activities, and operate across national borders, which makes them an integral part of society – not a group outside of it. Due to their close affiliation with politicians or certain political or ethnic groups, they have also been quite influential in past conflicts between different groups. Organized crime remains a major hindrance to regional stability, and politicians engaged in the fight against it are also often accused of being involved in it. The judiciary is likewise influenced by organized crime

networks and politicians. This means that in the Balkan region there are not only state actors but strong non-state actors that use different hybrid threat-related activity to maintain their power and safeguard their interests. Serbia's central position in the region puts the country in a position where it could affect the state of affairs; however, their security agencies for combating organized crime remain unreformed and without proper state supervision.

Border disputes, the dire socio-economic situation, and organized crime are the three factors that pose a high security risk for stability. This means that this trend leans towards instability.

Issues and indicators for trend monitoring

- **How are border disputes exploited by hostile actors, and what are the continuities, similarities and differences in the activities of different hostile actors?**
- **How are the relationships between state elites and authoritarian leaders evolving? Has there been horse-trading between the elites of authoritarian states and local politicians, and are local elites trading national interest for personal gains?**
- **How is the politics against corruption evolving – is corruption decreasing or increasing? Are any measures in place to fight corruption? Have the legal loopholes that allow corruption been identified and dealt with?**
- **Is the level of employment improving or deteriorating, and how is that reflected in the dynamics of the black market?**
- **How are the countries developing their own solutions to counter instability?**
- **Trends regarding public debt and FDI: what is the proportion funded by EU-affiliated institutions vs. that of authoritarian regimes? Does FDI concern critical infrastructure (CI) or ownership of natural resources? Are investments made transparently? Is there dependence on one investor state or is there an adequate balance to maintain independence and secure CI? Are debts and projects planned sustainably?**

CONCLUSION:

The Western Balkans – haunted by dichotomies

In terms of the **Attraction–Rejection: External relations** trend, it can be considered that the EU model has lost some of its initial appeal, and that bilateral relations with other states have taken precedence. Widespread disappointment with the EU has increased the attractiveness of alternatives provided by authoritarian regimes in particular. Yet notwithstanding the challenges and disappointments, the EU has been a positive force and still provides a valid alternative model for the Balkan states. Public opinion supports this view. Croatia has joined the EU, and other states continue to make efforts to do the same, despite the likelihood of accession in the near future being slim. The EU's economic leverage in the region is still very strong. It remains the Balkan region's biggest trading partner (80% of all external trade), despite growing investments from other outside actors. The EU also remains the number one destination for Balkan emigrants – not Russia or Turkey, despite their cultural and religious ties to the region. Security cooperation between the Balkan countries and the West is also strengthened and institutionalized through Croatia, Montenegro and Albania, which are all members of NATO. While one could say that attraction and rejection are in balance in this trend, the geopolitical competition has increased and will affect the region significantly in the near future. This means that activity relating to hybrid threats could also intensify in the coming years, in that several state actors will try to shift the balance towards the rejection of both the EU and NATO as Western institutions. In this way, it is vital for the EU, NATO and their member states to pay attention to the region. Even if open conflict is a rather distant prospect, hybrid threat activity in the Balkan region could also challenge the EU and NATO.

The balance in the **Healing–Pain: Inter-regional and internal developments** trend is affected by multiple factors. Ending ethnic

tensions, as well as finalizing the process of transitional justice remain key issues in achieving healing in the region. The healing will reduce the ethnic tensions that still exist, albeit more under the surface than out in the open. The ethnic tension aspect needs to be taken seriously since the Balkan wars in the 1990s are fresh in the memory of all generations. The main responsibility for preventing this trend from moving towards 'pain' lies within the region and at the national level, even among the people. Without the will to bring about 'healing', this will be very difficult to achieve. A concept that is closely related to hybrid threats is resilience.

The **Instability–Stability: Security concerns** trend should be monitored very carefully. The border disputes in the region have the potential to cause drastic instability in the region, with serious security implications. The socio-economic situation is also a security risk. As seen in the cases of South America or Ukraine, a poor socio-economic situation and corruption can lead to deep societal discontent and, in the worst case, to violent outbursts. Organized criminal networks, especially from the hybrid threat point of view, are a prime example of how outside actors can also penetrate the internal space of nations. Indeed, there may also be spill-over effects into the EU.

While the situation in the Balkan region looks unfavourable, especially from the strong normative point of view, and all three trends lean towards the negative side, there is always 'the other side of the coin', so to speak. If integration processes receive sufficient support both from within the countries and by the EU and NATO, if the healing process gains the upper hand over the pain, and if factors that cause instability are tackled by the respective countries, the outlook will not be all that bleak. These outcomes would duly feed into the Attraction–Rejection trend by supporting the attraction of a democratic state system, the EU and NATO. We need to bear in mind that there is strong

popular support for EU and NATO membership and that this is a powerful tool as far as the attraction of a democratic system, healing and stability are concerned. If disappointment can be converted into renewed realistic hope, if history can be seen in the light of belonging to a common European

heritage where different religions and ethnicities manage to pursue common interests instead of sowing discord, and if the socio-economic aspects start providing opportunities, then the potential for hostile interference and influence will be reduced.

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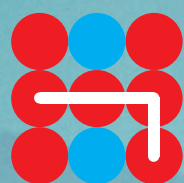
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Hybrid CoE