The Balkans remain an arena of East-West geopolitical rivalry, as they have been for centuries. Today’s instruments of rivalry are not armies, but rather economic-political forces: control of energy pipelines and production; the use of that control for political more than purely economic objectives; and the attraction of competing political models, i.e., the liberal, internationalist, and post-nationalist European Union (EU) model or the Putinist model of authoritarian statism and criminalized elite rule buttressed by state if not popular nationalism. Thus, a Macedonian newspaper observed that the Balkans’ current geostrategic importance is due to its being the heartland of the confrontation between rival energy pipelines: Russia’s South Stream pipeline that opened on December 7, 2012, and the competing Western pipeline schemes such as the Trans-Anatolian pipeline (TANAP) originating in Azerbaijan or the EU’s Nabucco pipeline. Therefore, each Balkan state does its utmost to ensure that pipelines traverse its territory.1

Thus, the current struggle for the Balkans is part of the larger East-West geoeconomic and geopolitical rivalry founded on control of energy supplies and routes. If anything, that rivalry could intensify now that the South Stream project has begun its work. Milan Simurdic duly observes that,

Russian energy policy in the Balkans could be viewed as part of the competition for access, control, and influence over the oil and gas business, especially in the Caspian basin and in Central Asia. The Balkans represent the final stage of oil and gas delivery from that region towards, in the case of gas and gas pipelines – the European markets,

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1 Mersel Bilalli, “Utter Isolation,” Skopje, Dnevnik, in Macedonian, October 16-17, 2010 Open Source Center, Foreign Broadcast Information Service, Central Eurasia, (Henceforth FBIS SOV), October 17, 2010
and, in the case of oil to sea ports – transporting oil further to the world market. More and more, the Balkan region is being connected to the “New Great Game,” i.e., the modern re-run of the struggle between Imperial Britain and Imperial Russia of the XIX century for influence in Central Asia.  

Therefore, decisions to rely mainly on the South Stream gas pipeline or upon the Nabucco project or the TANAP are geopolitical decisions with geopolitical outcomes rather than purely economic ones. At stake in pipeline decisions is not just energy supplies, but decisive leverage over economic-political affairs in Balkan governments. Consequently, any future enlargement of the EU, Russia’s proposed Eurasian Union, or associated integration schemes possess as much geopolitical as domestic economic content and repercussions.

The Western Balkans’ experience demonstrates that integration with Europe through the EU, if not NATO, and the general process of europeanization are necessary and effective means of preventing further ethnopolitical conflicts. But this region’s importance goes beyond that demonstration effect. In 2011, Italian Foreign Minister Franco Frattini strongly argued that the democratic integration of the Balkans into Europe is not only a test of the EU’s vitality going forward, but also that failure would reverse the progress towards democracy and conflict resolution, and possibly open the way to renewed conflicts.

Similarly, Corina Stratulat has argued that despite the EU’s present crisis, the process of enlargement into the Western Balkans has steadily advanced to embrace Serbia, Croatia, Macedonia, Albania, and even Bosnia-Herzegovina. Stratulat also argues that leaving the Balkans in a limbo of a semi-peripheral relationship to the EU will erode the West’s hard-won achievements in democratic governance and conflict resolution regarding, peace, stability, and democracy, “and will open up the space for other ambitious actors (like Russia, Turkey, or China) to compete with the EU’s influence and vision in Europe.”

Likewise, Dimitar Bechev recently wrote:

However, accepting stagnation in the Western Balkans would be an admission of failure by Europe. The Western Balkans are low-hanging fruit – an area in which EU policy has

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6 Corina Stratulat, “EU Enlargement ot the Balkans: the Show Must go On,” EPC Commentary, European Policy Centre, October 11, 2012
made a real difference in terms of stability and, at least until 2008, growth. If the EU cannot deliver transformation in the Western Balkans – a region that many see as its backyard – how can it expect other global players to see it as a credible actor in the Middle East, the post-Soviet space, or East Asia? Putting enlargement on hold allows other actors to seize on business opportunities, score political points, and carve out niches of influence – in part, free riding on the tremendous investment into stability already made by the EU. The United States still plays a decisive role in Kosovo and often has greater leverage over the government there than the EU. But ambitious powers such as Russia, Turkey, and China are also beginning to fill the gaps.⁷

Indeed, Moscow aims at freezing or even reversing an incomplete European integration project. The London-based Centre for European Reform found that Russia not only sought to undermine efforts to build a viable Bosnia, but that its overall behavior in the Balkans was generally “fundamentally opportunistic” and had as its goal “to weaken the authority” of NATO, the European Union, and the United States. The Balkans duly served as “a convenient platform for this broader goal.”⁸ Moscow utilizes every opportunity to keep Kosovo in a state of Serbian non-recognition of its “finality.” Moscow’s larger geopolitical prospect is to forestall and prevent the integration of Europe and of component parts like the Western Balkans into a single democratic model. It regards such trends as a mortal geostrategic and political blow to the modus operandi of mature Putinism as well as to its geopolitical ambitions of restoring some form of neo-imperial suasion in the former Soviet Union and bloc. In this struggle, energy resources and the confrontation of rival political models are its weapons of choice.

As major governance problems that obstruct integration still exist across the region, integration cannot be a panacea. Neither is it clear whether or not the ethnic animosities that exploded in the 1990s have fully subsided.⁹ There is also no doubt that the severity of the present economic crisis has caused the European Union’s stock to fall throughout the Western Balkans and raised serious doubts among local governments about the advisability of joining the EU, even though many of them are already in the middle of that process. Indeed, a disintegrating EU, which is now a real possibility, would not export its institutional values to the Western Balkans but rather its instability.¹⁰ And Russia clearly exploits this opportunity due to the EU’s failure to master its current crisis.

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⁸ “Is Russia a Partner to the EU in Bosnia,?” Center for European Reform, www.cer.org.uk, March 10, 2009
General Principles of Russian Policy

Ironically, Moscow’s policies confirm that every Balkan crisis since 1815, if not earlier, has eventually generated a fundamental crisis of the European state system. Moscow’s ambition to frustrate or at least hollow out to the point of insignificance the drive towards European integration around a democratic project is at its height in the Balkans, underscoring the link between Moscow’s regional or sub-regional policies here and its larger approach to Europe’s overall security agenda. In that context, Russian policy here aims at undoing the substance, if not the form, of the European settlement of 1989-99, a major component of which was the resolution of the Yugoslavian wars of the 1990s. This is one key reason why Moscow does all it can to block a resolution on the Bosnian and Kosovo issues and exploits ethnic animosities whenever it can.

Russia’s effort to roll back or at least mitigate the consequences of that conflict resolution process are integral parts of its European policy to forestall any further advances in European integration and to create a sphere of Russian influence dominated by governments whose makeup, policies, and structures resemble those of Russia. To the extent that the Western Balkans remain unintegrated into Europe, European security in both its external manifestations and in the domestic governance of many Balkan states – and not only those emerging out of the former Yugoslavia – will remain incomplete.

At the same time, Moscow’s activities in the region eschew multilateralism and reflect its ambivalence towards this principle which lies at the heart of the EU’s overall project. It will pursue its own course, one that is inherently suspicious of multilateral European integration projects. In the Balkans, it emulates its larger relationship to the EU as a whole in that its preference is to deal bilaterally with key members and smaller states.11

Already a decade ago we could see an alternative Russian model opposed to that of the liberal values inherent in the EU and Westernization project taking shape. By 2003, European scholars observed a process of conflict resolution for the “near abroad” that they called “Russification.”12 Although they were discussing Transnistria and Abkhazia, the process can be applied as well throughout the Balkans. By Russification they meant not only the integration of targeted areas’ domestic structures with those of the Russian Federation, but also a process aiming to stall, if not reverse, the movement towards democratic governance, the genuine self-determination of the people as an active political subject, and the rule of law. Mature Putinism, the contemporary crystallized version of this model, is a regime that is authoritarian, wholly corrupted, disdainful of checks and balances, increasingly willing to use repressive force to stay in power, criminalized, and driven by informal deals and understandings among elites. Consequently, these experts already saw in 2003 the rivalry between East and West as leading to a stalemate that has now fully crystallized.13

Indeed, some Russian analysts, if not the government, actually openly say that the NATO-Russia

12 Coppieters, et al, p. 12
13 Ibid., pp. 12-13
divisions of the Cold War remain and have not been overcome.\textsuperscript{14} Sergei Karaganov, director of the semi-official Council on Foreign and Defense Policy, wrote in 2009 that not only had the Cold War not ended, it never really finished.\textsuperscript{15} Under the circumstances, Russian policy in the Balkans aims to preserve, insofar as possible, a suspended and incomplete resolution of the European and Balkan status quo. Although Russian officials claim they merely oppose NATO enlargement and seek a partnership with NATO, the idea that there could be indeterminate political spaces or so-called gray areas in Europe between Russia and NATO whose status depends not on the decision of the local governments but on agreements over their heads by the great powers, clearly signals the continuing lure of spheres of influence thinking.\textsuperscript{16} Indeed, the myth that the Balkans, primarily Serbia and Montenegro, still "belong" to Russia and that the Russian Federation is a superpower still lives on.\textsuperscript{17} Simurdic also cites this myth, observing that, "The Balkans have long had the image of being a special sphere of Russian interests, and they will hardly get rid of this image in the near future." He reads this as a Russian wish to create a counterbalance to the Balkan states’ tendency towards NATO and the EU."\textsuperscript{18}

Thus, even if some of these states are members of the European Union or NATO, or in the middle of one or both of these membership processes, Moscow aims to stall or even reverse the process and/or hollow out the substantive integrationist impulses of these organizations. Its emphasis on bilateral understandings with key EU members fits right into that objective of undermining the actual, as opposed to nominal, cohesion of the EU and, if possible, NATO. The avoidance of multilateralism thus does not only reflect suspicion of multilateral venues generally, but it is also an instrument to prevent the real, rather than the nominal, integration of the Balkans into a larger European project. By doing so, Moscow hopes to achieve a situation whereby Eastern European countries like the Balkans are effectively subordinated to the larger goals of Russian foreign policy that aims to make deals with the West about the East. As Gerhard Mangott has written, Moscow's chief aim is converting or convincing Central and East European countries to accept a subordinate role as catalysts for Russia’s dealing with individual Western European powers above their head.\textsuperscript{19} In this framework, "Russia is most interested in keeping regional cooperation, let alone integration, at a very low level. Historically, Russia has always profited from intra-regional divisions, rivalries, and disputes."\textsuperscript{20} Towards these ends, Russia is prepared to exploit all the fissures in the Balkans region. These fissures include ethno-nationalist tensions connected with the collapse of the former Yugoslavia, such as Greece’s refusal to allow

\textsuperscript{16} Edina Becirevic, Nerzuk Curak, and Vlado Azinovic, “Russia Is Not Against NATO; We Are Against Its Expansion,” A Conversation with Alexander Botsson-Kharchenko, Russian Ambassador to Bosnia and Herzegovina, Democracy and Security in Southeastern Europe: Russia and the Western Balkans, Sarajevo: Atlantic Initiative, I, NO. 4-5, 2010, pp. 6-13
\textsuperscript{17} Sergey Romanenko, “Some Problems and Characteristics of Russian Politics in the Western Balkans in the Early 21\textsuperscript{st} Century,” Ibid, p. 15
\textsuperscript{18} Simurdic
\textsuperscript{20} Ibid., p. 49
Macedonia to use its name in its formal designation and to instead insist it use the clumsy phrase Former Yugoslavian Republic of Macedonia (FYROM). The other main sources of ethnic tensions include the unresolved situation of Kosovo, the continuing tensions between Serbia and Kosovo and its Albanian population, and the three-sided Serb-Croat-Bosnian tensions in Bosnia-Herzegovina.

**Energy as a Weapon**

Energy exports, particularly of natural gas, are Russia’s principal foreign policy instrument. Russia uses energy exports as a multi-purpose security instrument, much like a Swiss Army knife that cuts in all directions. Moscow seeks to control pipelines from Eurasia to Russia and then Europe, and thus set the price of gas to its clients. It then tries to tie Balkan and other states into long-range contracts that restrict these states’ ability to buy gas freely at real market prices. These take-or-pay clauses are vital to the Russian enterprise as a whole.

Essentially, Russia’s control of the pipelines, and ultimately gas prices, in the Balkans and the Commonwealth of Independent States (CIS) has allowed Moscow to behave as a monopolist and tell gas suppliers in the CIS and consumers in the Balkans: either you accept our prices or you freeze. Russia can also offer to reduce prices provided that the targeted state does not embrace the EU’s Second and Third Energy Packages, renounces integration with the EU, and does not switch suppliers. It thereby offers subsidies to exclude political as well as economic competitors.

The instruments of this attempted domination have been pipeline projects, the enforcement of monopoly at both the supply and consuming end, and the persistent Russian efforts to transmit economic leverage into strategic and enduring economic-political influence. Using the revenues acquired from gas and oil sales abroad, Russia has also eagerly sought to buy up downstream assets in Europe to gain control over gas distribution networks and other “commanding heights” of European economies, e.g., oil companies and industries in other key sectors that are in the process of being privatized, thereby transmuting economic clout into lasting political leverage. The objective of such investments is not just profit, but clearly establishing beachheads for the extension and perpetuation of economic-political leverage and influence over local governments as well as sites from which it becomes possible to corrupt public institutions and political leaders in these countries.

Thus, we see a conscious policy of state support for monopolizing gas flows, in particular into the Balkans; acquiring downstream assets there and in the rest of Europe, and then branching out into

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other industries; and the acquisition of economic-political influence over these states. In the Balkans, Gazprom and its oil subsidiary Gazpromneft are busy looking to set up Balkan subsidiaries. Moscow’s goal is to use energy as a weapon to rebuild Russia economically and militarily, while also using it to hollow out European membership in NATO and the EU so that these institutions become shells that are in fact incapable of extending security or managing it beyond their present frontiers. Meanwhile, Russia duly gains a free hand in its own self-appointed sphere of influence and can leverage developments throughout Europe and with the United States.

At the same time, Moscow incites Balkan countries against each other to stimulate their competition to offer Moscow the best terms for shipping gas to them through Russian-dominated pipelines, in particular the anticipated South Stream pipeline. Russian diplomacy typically promises to virtually everyone that if it joins with Russian energy plans, it will become a hub or a major player and rack up hefty revenues from the energy trade. Russia has done this earlier with both Greece and Turkey, for example. Greek Prime Minister Konsantin Karamanlis publicly embraced the idea that the Burgas-Alexandropoulos oil pipeline and South Stream gas pipeline will turn Greece into an energy hub. Russia made the same pitch about becoming an energy hub to Bulgaria and Serbia. Such sales pitches naturally play to the egoism of the states involved which love to hear or may actually believe that they will be energy hubs.

Of course, should Bulgaria (or anyone else for that matter) opt to choose other non-Russian alternatives – and this is quite unlikely given its near total current dependence on Russian energy – Russian Ambassador to Bulgaria, Yuri Isakov, reminded Sofia that “Russia has other ways of implementing its energy interests.” Likewise, Moscow has told Greece and Bulgaria that it has alternatives to either or both of them.

Moscow has also frequently raised the possibility of having Romania join South Stream, a possibility that incites Serbia to join it lest it be left out. In Serbia, such advocacy has met with at least partial success. Of course, if every Balkan state is a hub, none of them are, and the initiative rests solely with Russia. Thus, behind the seductive appeal of Russian gas stands an ever-present threat, indicating that Russia uses its energy assets for what are primarily geopolitical and strategic, not commercial

25 The Future of the Natural Gas Market in Southeast Europe, passim. ; Open Source Center, Report: East Europe: Overview of Energy issues, Dependence on Russia, FBIS SOV, May 16, 2007; Open Source Center, Analysis: Russian Oil Companies Expand Influence in Balkans With Kremlin’s Support, FBIS SOV, August 7, 2009, accessed on October 9, 2009
28 Moscow, ITAR-TASS, in English, September 28, 2009, FBIS SOV, September 28, 2009
31 Lyubomir Mikhaylov, “Interview With Russian Ambassador to Bulgaria, Yuri Isakov,” Sofia, Standardrt News Online, in Bulgarian, September 18, 2009, FBIS SOV September 18, 2009
32 “Serbia Seen as Hub for Russian Gas in Europe,” www.cbsnews.com, October 22, 2009
objectives. Although Romania has now apparently definitively rejected participation in South Stream, Moscow’s strategy is not just to divide and conquer in Southeastern Europe. It seeks to actively incite rivalries among Balkan states to make them each feel they will be energy hubs or simply left out of the game while their alleged rivals gain at their expense. In reality, Russia is merely cutting up the same pie, which will probably be insufficient to meet Europe’s future demands.33

The Western Balkans is hardly a sideshow. Instead, they are a key area of geopolitical competition which we cannot afford to neglect. For it is not only nature, but Moscow that abhors a vacuum. And if Moscow fills the vacuum with its power and values, the West will have squandered a hard-won and not easily retrievable opportunity to advance the democratic integration that alone has provided peace, security, and prosperity to Europe.