

Balkans Battlegrounds: external influences and internal divisions

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In the multi-faceted geopolitical landscape of the Balkans, the unresolved sovereignty dispute between Serbia and Kosovo - coupled with Bosnia's internal disagreements - pose substantial risks for multinational corporations.



Kosovo's recent actions to close border crossings in response to protests and new Serbian legislation, emphasise the on-going volatility in the region. These events reflect deep-seated nationalist and ethnic tensions that could disrupt regional stability and business operations.

EU expansion efforts in the region have stalled, complicating dialogue assisted by the EU aimed at steadying relations between Serbia and Kosovo. Political manoeuvring, along with the influence of external forces such as Russia, the EU, the USA, and China, complicates matters further. All have vested interests in the region and Russia and China often act in opposition to Western efforts, creating a divide in international alignments that businesses need to remain aware of.

Bosnia and Herzegovina: political impasse and ethnic divides

In Bosnia and Herzegovina, the inner workings of governance are hampered by deep-rooted political divisions which throttle the country's progress towards EU integration and regional stability. The 1992-1995 Bosnian War was halted by a negotiating process managed by foreign powers, namely the USA and NATO. The resulting 1995 Dayton Agreement successfully ended the active conflict and formed a single sovereign state.

Today's Bosnia and Herzegovina therefore consists of three autonomous entities, the Federation of Bosnia and Herzegovina, inhabited mostly by Bosniaks and Croats, the small Brčko District, and the majority-Serb Republika Srpska. However, the Dayton Agreement is not without its critics; while it was necessary to end the violence, the framework it established has also exacerbated ethnic divisions, creating a political landscape where effective governance can be hostage to ethno-nationalist agendas.

The governmental structures instituted by the Dayton Agreement, which seeks to regulate the sharing of power along ethno-national lines, known as consociationalism, have also embedded ethnic divisions in governance, and arguably throughout Bosnian society. This has led to a divergent, often inefficient political system that is frequently restrained by nationalist agendas, complicating domestic policymaking. This structure shackles not only internal administration but also international relations and, some argue, economic development, posing difficult challenges for corporations assessing risk.

Central to this dysfunction is the position of political leaders in the Republika Srpska who seek to challenge central government and advocate for greater autonomy or, frequently, for complete secession. Plainly this undermines efforts towards preserving the unity of the Bosnian state. These internal obstacles to reform complicate compliance with international standards and obstruct the path to EU and NATO membership – particularly, in the areas of judicial independence, corruption control, and the establishment of a functional market economy.

Moreover, the lack of a unified national strategy for NATO and EU membership reflects the divergent priorities among the ethno-political groups. While the Bosniak and Croat populations generally favour integration into these international structures, Republika Srpska's leadership leans towards maintaining strong ties with Russia and openly opposes NATO membership. These disputes disrupt united policymaking and prolong the EU and NATO accession processes.

Furthermore, the on-going influence of Russia and China intensifies Bosnia's vulnerability. Russia's enthusiastic support for Serbian nationalist sentiments in Republika Srpska, and China's economic in-roads through infrastructure projects under the Belt and Road initiative, both present challenges. These influences not only test Western interests and impact upon Bosnia's EU and NATO aspirations but also reflect broader geopolitical strategies that may make the region a more precarious environment.

Serbia and Kosovo: persistent sovereignty challenges

The Balkan region remains a hotspot of unresolved disputes, delaying the EU's expansion efforts. Since Kosovo's declaration of independence in 2008, Serbia has refused to recognise its former province as a sovereign state. This fundamental disagreement fuels frequent political and sometimes violent confrontations, underlining a significant barrier to regional stability and EU integration.

In Northern Kosovo, local governance issues, along with the loyalty of security forces, further complicate matters for foreign businesses operating in the region. The region of Mitrovica, predominantly inhabited by ethnic Serbs, has been a flashpoint for tensions. Here, the recent closure of border crossings as a response to increased protests and unilateral actions by Kosovan authorities, highlights the volatile situation facing business.

The allegiance of local police forces in these areas is often split between the Kosovan government and Serbian authorities, complicating the security and operational planning of companies. The presence of Serbian institutions, despite Kosovo's independence, continues to fuel uncertainties, making it of vital importance for businesses to have up-to-date intelligence to effectively manage risks associated with these geopolitical exchanges.

Again, the involvement of Russia – in this case providing political backing to Serbian positions – adds another layer of complexity. Russian influence not only challenges Western efforts to stabilise the region but also introduces risks that can impact business. This is particularly noteworthy as the EU's stagnation on expansion keeps the region in limbo, which is fueling tensions and prolonging uncertainty.

Kosovan accession to the EU, while still some way off, is further complicated by recognition of its status. Not only do some 90 countries around the globe not recognise Kosovo as an independent sovereign state, but this includes 5 EU member states – Spain, Romania, Slovakia, Cyprus and Greece. These countries' stance will pose a serious additional obstacle in the future.

Conclusion

The geopolitical situation in the Balkans, particularly the unresolved issues involving Serbia, Kosovo, and Bosnia and Herzegovina, represent a list of historical grievances, ethnic tensions and international power plays. The influence of Russia and China introduces additional layers of complexity, potentially altering the balance of power and affecting parts of the region's alignment with Western interests and relationships with Western institutions.

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