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Balkan futures
Three scenarios for 2025

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147

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Contents

Executive summary

What will the Western Balkans[1] look like in 2025? Will we witness Republika Srpska declare independence, a worsening of relations between Kosovo[*] and Serbia, and the rise of ethnic tensions across the region – or will we celebrate Montenegro and Serbia joining the EU, with good reason to hope that the rest of the region will soon follow? This *Chaillot Paper* presents three contrasting scenarios for the horizon of 2025 – best-case, medium-case, and worst-case. Each scenario takes account of the impact of underlying megatrends (trends that are unlikely to change by 2025) on the future trajectory of the region: the scenarios do not just spell out what 2025 could look like, they also explain how decisions with far-reaching consequences taken at critical junctures (called game-changers) will shape this future between today and then. They therefore serve not merely as a description, but also as a roadmap outlining the different options available.

Scenario 1 – The hour of Europe

The scenario entitled 'The hour of Europe' presents a positive and optimistic vision of the future evolution of the Western Balkans. Its starting point is the resolution of the 'name issue' between Greece and the former Yugoslav Republic of Macedonia,[2] which has precipitated a snowball effect of positive change across the region. In the wake of this, Kosovo and Serbia have managed to normalise relations, allowing them to move forward in the accession process. Robust economic growth in the Western Balkan states has resulted in the reduction of unemployment and an increase in domestic labour demand. In 2025, Montenegro and Serbia become members of the European Union, while the remaining Balkan countries have made irreversible progress towards European integration. The region has become a credible partner for the EU by initiating sustainable reforms and achieving positive results in key areas: (i) making progress in rule-of-law reform, and the fight against corruption and organised crime; (ii) resolving bilateral disputes between Western Balkan countries and those with neighbouring EU member states; (iii) boosting digitalisation, innovation, connectivity, and thus economic growth and employment; and finally, (iv) fostering resilience against potentially negative external influences.

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1. For the purpose of this paper, the Western Balkans consists of Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Montenegro, Kosovo* and Serbia.

2. At the time of writing of this paper, the agreement about the 'name issue' between Greece and the former Yugoslav Republic of Macedonia has been reached, but not ratified.

*   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.

Scenario 2 – The Balkans in limbo

In 'The Balkans in limbo' scenario, Balkan countries are still on the path to EU integration, but are making slow progress in implementing reforms due to a lack of political will. The normative framework has been improved in numerous areas that are the subjects of the negotiating chapters with the EU, but all too often the commitments signed up to by the states are not translated into concrete action. The political elites in the region, many of whom have been in power for more than a decade, use the prolonged EU integration process as an opportunity to present themselves as reform-oriented and pro-EU, but at the same time they still engage in populist rhetoric and occasionally even orchestrate crises in order to divert attention from the lack of tangible progress in undertaking reforms.

Corruption is still prevalent in many areas in all Western Balkan countries, while political power lies with individual politicians and office-holders, rather than within the institutions. Some of the bilateral disputes that have plagued the region have been successfully resolved, but the dialogue between Kosovo and Serbia is still ongoing and the full normalisation of relations between the two parties is far from being achieved. Ethnocentric thinking remains the foundation of political life, which is reflected not only in the Serbia-Kosovo dispute, but also in secessionist tendencies in Republika Srpska. Regional security is fragile, and occasional outbursts of ethnic nationalism keep the threat of new armed conflicts alive, while deficiencies in the rule of law impede the effective functioning of the security sector. The external actors (other than the EU) involved in the region – such as Russia – remain potential drivers of instability. Slow GDP growth, coupled with the lack of foreign direct investment (FDI) and high unemployment rates in all Western Balkan countries remain serious problems and render economic transformation difficult.

Scenario 3 – The ghosts of the past

In the third scenario, the Western Balkans are haunted by the 'ghosts of the past'. The EU integration process has slowly slipped off the political agenda, while geopolitics and violent conflicts are resurgent. The dialogue between Serbia and Kosovo has resulted in the division of Kosovo, triggering the secession of Republika Srpska from Bosnia and Herzegovina, and giving impetus to the secessionist aspirations of other ethnic minorities across the region. The redrawing of borders in the Balkans has not taken place without bloodshed this time either – armed clashes around the newly-demarcated borders, as well as violent incidents in the areas populated by ethnic minorities, are almost a daily occurrence. While in Montenegro and Albania the corrupt governments collude with the criminal clans involved in human trafficking and the drugs trade, in Serbia the new far-right movement – which includes figures from previous governments and elements of the 'deep state' – has won the elections and shifted the country's foreign policy entirely towards Russia. The former Yugoslav Republic of Macedonia's nationalist government has returned to power and started aligning the country with Serbia and Russia. At the same time Kosovo is facing continuous unrest, triggered by a drastic deterioration in living standards and by

human rights violations. Russian influence in the Balkan countries has increased – primarily in terms of military presence – while the terrorist threat has materialised on several occasions over the past few years. Since 2018 unemployment in the region has risen by 10%, while the average GDP growth rate has been less than 1%. In these inauspicious circumstances, the countries of the Western Balkans remain as disconnected and fragmented as they were in the 1990s.

Introduction

'The hour of Europe'[1] is back in the Western Balkans. It is a different hour than in 1991, when Luxembourg's foreign minister Jacques Poos voiced the hope that the intervention of the European Union would prevent conflict from erupting as Yugoslavia teetered on the brink of disintegration. Now, a quarter of a century later, the states in the region have a credible prospect of EU accession in the near future – if all goes well. Earlier this year, the European Commission presented a communication on 'A credible enlargement perspective for and enhanced EU engagement with the Western Balkans', opening the door for enlargement in 2025.[2] At the time of writing, Montenegro and Serbia were negotiating membership, and the European Council in late June 2018 decided to conditionally open negotiations with Albania and the former Yugoslav Republic of Macedonia in June 2019. The EU and the Balkans are 'bound together culturally, politically and socio-economically', as well as historically, with a shared past and a hope for a better future.[3]

However, relying on hope is not the best approach to take when anticipating the future. Instead, creative thinking about the ways in which the future might unfold may reduce strategic surprise, flag up potential obstacles and help steer matters in the desired direction. This is not to say that this analysis describes definitive futures, or provides a complete roadmap to the future of the Balkans looking ahead to the horizon of 2025; but it spells out three scenarios whose materialisation will heavily depend on policymakers' decisions.

This *Chaillot Paper* is the result of a series of workshops that convened EU officials, experts, representatives of civil society, government officials, members of the diplomatic corps, and journalists from the Balkans between January and April 2018 and is a continuation of the 'futures' series produced by the EUISS. The workshops were held in Belgrade, Brussels, Sarajevo, Skopje and Tirana to diversify the inputs. While the core group of experts travelled to each of the aforementioned capitals, the consultation process itself included close to two hundred individuals. This publication is therefore the outcome of a collaborative endeavour, and aims to present the region and the challenges it currently faces. Furthermore, the paper uses a wide array of already established projections formulated by a number of international organisations and incorporates available data to the highest possible degree, in order to reduce the element of speculation to a minimum.

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1. In 1991, on the eve of Yugoslavia's disintegration, the former Luxembourg foreign minister Jacques Poos famously declared that 'the hour of Europe' had come, and that the then 12-member European Community would use its influence and powers to prevent the upcoming conflict.

2. European Commission, "A Credible Enlargement Perspective for and Enhanced EU Engagement with the Western Balkans," COM(2018) 65 final, February 6, 2018, https://ec.europa.eu/commission/sites/beta-political/files/communication-credible-enlargement-perspective-western-balkans_en.pdf.

3. European Fund for the Balkans (EFB), "Declaration of a European Balkans Partnership," http://balkans-declaration.eu/#letter-link.

Methodologically, in order to summarise current trends and identify variable policy decisions and outcomes, the paper identifies relative certainties, or trends that are unlikely to substantially change by 2025, called **megatrends,** and six **game-changers**, i.e. less predictable factors that will influence policymaking and thus have an impact on how the future unfolds. Depending on the choices made by policymakers, and their outcomes, three probable and plausible scenarios are outlined – the first being a best-case scenario, the second a moderate scenario, and the third being a worst-case scenario.

These scenarios were extrapolated not only to serve as alternative futures, but also to demonstrate how (not) to get there. Furthermore, it is important to note that all three scenarios may equally happen. Intimating that one or another is more probable would lead to a positive or negative bias. While regional experts and civil society representatives generally tend to have a negative perception of the future of the region, it is often the case that government officials tend to have a rather positive one, which in turn could delay the implementation of urgent reforms as they remain unconvinced that things need to change.

Moreover, the three scenarios in question – 'The hour of Europe', 'The Balkans in limbo', and 'Ghosts of the past' – were elaborated on the basis of the current situation in 2018 and take into account the timeline of enlargement outlined by Jean-Claude Juncker, President of the European Commission, who has indicated that 2025 is the horizon for the next phase of enlargement of the Union.

In summary, the scenarios present three alternative versions of the future looking ahead to 2025. While the scenarios describe a fictional situation, this is not merely a product of the authors' imagination, but reflects the interplay of megatrends and game-changers, construed using the cause and effect model. In the second section, the story of the causes is told, explaining game-changers, and describing the consequences of (not) acting in a particular manner, while still offering a future perspective. Moreover, boxes presenting 'wildcards' – events that are highly unlikely to happen, but not inconceivable – are placed throughout the text to give an additional dimension to the analysis. Finally, the scenarios serve not only to visualise alternative futures but to reflect on how we got there.

Chapter 1
Megatrends in the Western Balkans

In order to be able to anticipate possible futures, it is crucial to first examine the underlying contemporary trends in the region: developments that are unlikely to substantially change in the given timeframe are called megatrends and they define the 'possibility-space' of the future we are trying to imagine. This study identifies six megatrends, processes that have been happening and that will, it can be surmised with a high degree of certainty, continue to be present in 2025 in the Western Balkans: (i) population decline; (ii) high unemployment and high public debt; (iii) underperforming institutions; (iv) ethnocentrism and contested statehood; (v) an outdated and deficient education system; and (vi) globalisation trends (internet penetration and urbanisation).

Almost all Western Balkan states will experience **population decline** in the next decade. Fertility rates are low at less than 1.5 children per couple everywhere except in Kosovo, where the rate is 2.1.[1] The former Yugoslav Republic of Macedonia, Montenegro, and Serbia can expect an approximate 10% decline in population. This trend has been present since the beginning of the Yugoslav wars in 1991 and is projected to continue.[2] It is worth noting that this is a trend that the countries of the Western Balkans share with the rest of Europe; but in addition to declining birth rates, the region suffers from emigration caused by conflict and economic hardship. Most emigration is oriented towards the EU countries. In 2015 alone, more than 130,000 irregular migrants from Kosovo, Albania, and Serbia were asylum seekers in the EU, with Germany being their main destination.[3]

1. United Nations, Department of Economic and Social Affairs Population Division, "World Population Prospects - The 2017 Revision," 2017, https://esa.un.org/unpd/wpp/Publications/Files/WPP2017_KeyFindings.pdf

2. Ibid.

3. Valbona Zeneli, "Migration, Brain Drain and the Western Balkans," *The Globalist*, January 10, 2018, https://www.theglobalist.com/european-union-migration-brain-drain-and-the-western-balkans/.

FIGURE 1 | Projected megatrends

Western Balkan States
population: ~17,9 M
surface area: ~207,000 km²
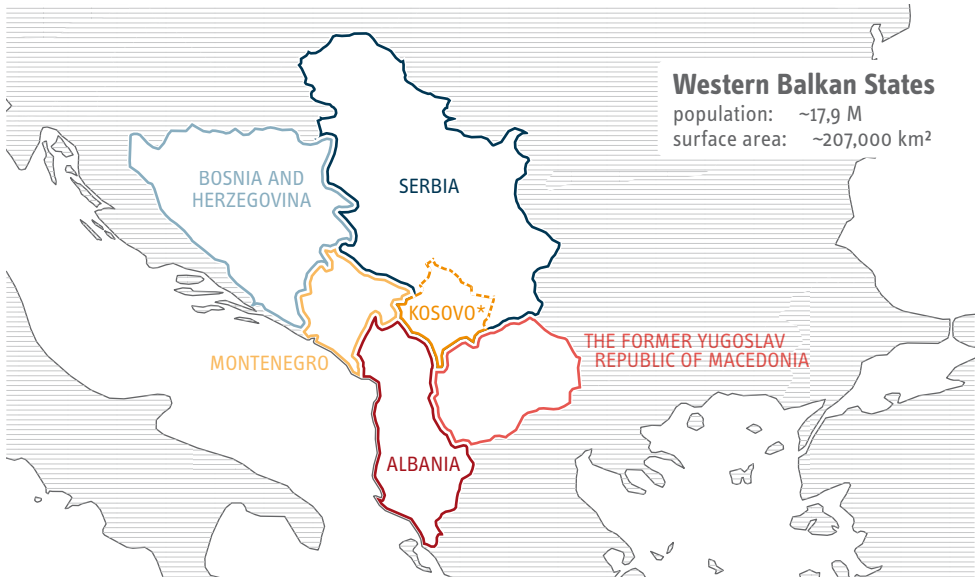
Map data: Natural Earth, 2018.

* 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.

Population decline

Almost all Western Balkan states will experience population decline in the next decade, except for Kosovo and Bosnia and Herzegovina. The former Yugoslav Republic of Macedonia, Montenegro, and Serbia can expect an approximate 10% decline in population.

High unemployment and high public debt

The region will continue to display high levels of public debt and high unemployment. Even though both can improve, they are the result of entrenched structural problems. Pushing unemployment levels below 21% (regional average) and debt below 60% of GDP therefore will take longer than seven years.

Underperforming institutions

State institutions in Western Balkan countries have been consistently underperforming by international standards. In addition, several capacity- and institution-building efforts have taken longer to implement than expected. Consequently, underperformance will remain a feature of state institutions in the region in the coming years, notwithstanding some improvements.

Ethnocentrism and contested statehood

Politics in the Western Balkans since the end of the wars of the 1990s has been dominated by ethno-nationalist parties who propagate divisive political agendas, thereby hindering the emergence of multi-cultural societies in which different ethnic groups coexist in harmony and tolerance. Internal contestation of – and weak identification with – the state is a fact in several Western Balkan countries. While there has been some progress in dealing with these issues, the situation is unlikely to change fundamentally by 2025.

Outdated educational systems

The poor quality of education systems is unlikely to change in the next seven years. PISA testing suggests that Western Balkan states consistently perform worse than EU countries. Moreover, projections show that the region will not be able to meet the Horizon 2020 goals in terms of educational outcomes. Functional illiteracy remains a serious issue. While education systems can be reformed, the seven-year framework is too short for the impact of reforms to be felt.

Globalisation trends
Internet penetration and urbanisation

Access to broadband and mobile technology is expected to rise in the coming years. When it comes to migration, intrastate migration from rural areas to cities is a feature of all Western Balkan countries, and the trend is projected to continue.

Moreover, this phenomenon is likely to continue, especially when it comes to the younger and more educated parts of the population, thereby creating substantial 'brain drain' issues. The Organisation for Economic Co-operation and Development (OECD) estimates that Serbia alone will lose €9 billion as a direct result of brain drain in the innovation, technology and science sectors, while research published in 2017 by the Center for Research and Policy Making in Skopje shows that 69% of Macedonian university lecturers would leave the country if given the opportunity.[4] The exact consequences and effects of brain drain are unknown, as no major study has been conducted so far, and currently available research on the topic has yielded contradictory results.[5]

Emigration in the region is fuelled by the region's stagnating economies, particularly visible in rising public debt and **high unemployment** across labour markets in the Western Balkans. In most countries of the region, continued consolidation measures are necessary to rebuild fiscal buffers and reduce public debt levels which are especially high in Serbia (68.9% of GDP), Albania (66.9% of GDP), and Montenegro (61.8% of GDP).[6] Although Western Balkan states have managed to slightly reduce unemployment in the last six years (from 23% to 21%), the current rate of job creation is insufficient to address challenges in the regional labour market.[7] Moreover, while the region has managed to start recovering from the effects of the global financial crisis of 2008-2009, the impact of achieved growth rates on unemployment rates has been minimal. Among the unemployed, the most vulnerable cohorts are women, the undereducated, and young people. This suggests that the unemployment issues in the Western Balkans are structural and that economic growth on its own will not be able to completely address the challenges in labour markets across the region. According to the World Bank, a threshold GDP growth rate of almost 4% might be needed to keep the employment level stable across the Western Balkans. As this has not been the case since 2008, the region in 2025 can in the best-case scenario marginally lower unemployment from current 21% levels, or in the worst-case scenario in which a conflict occurs increase it significantly. Furthermore, high youth unemployment, at levels more than twice as high as general unemployment and amounting to 47%

4. Đuro Kutlača, "Strengthening the Capacities and Infrastructure of Innovation in Serbia," The Organisation for Economic Co-operation and Development (OECD), June 2-3, 2010, http://www.oecd.org/global-relations/45870834.pdf; Bashkim Bakiu, Anastas Vangjeli, and Nedzad Mehmetovic, "Developing Brain Gain Policies in Macedonia," Center for Research and Policy Making, April 2010, https://grupa484.org.rs/wp-content/uploads/2012/09/Brain.Gain_.Macedonia.Report.2010.pdf

5. Brain drain is sometimes interpreted in a positive light, with some commentators pointing out that it could serve to boost knowledge and technology transfers, remittance revenues, development opportunities, etc. See, for example: Alida Vracic, "The Way Back: Brain Drain and Prosperity in the Western Balkans," European Council on Foreign Relations (ECFR), May 9, 1970, http://www.ecfr.eu/publications/summary/the_way_back_brain_drain_and_prosperity_in_the_western_balkans.

6. European Commission, "EU Candidate Countries' & Potential Candidates' Economic Quarterly (CCEQ)," *European Economy Technical Paper* no. 20, October 2017, https://ec.europa.eu/info/sites/info/files/tp020_en.pdf

7. World Bank, "Western Balkans Labor Market Trends 2017," April 2017, http://www.worldbank.org/en/region/eca/publication/western-balkan-labor-market-report.

across the region, presents a security risk as well.[8] Studies have established a correlation between youth unemployment and social unrest, demonstrating that 80% of civil conflicts that occurred between 1970 and 1999 happened in countries where youth unemployment was higher than 30%.[9]

FIGURE 2 | Unemployment

regional unemployment average, 2012-2016
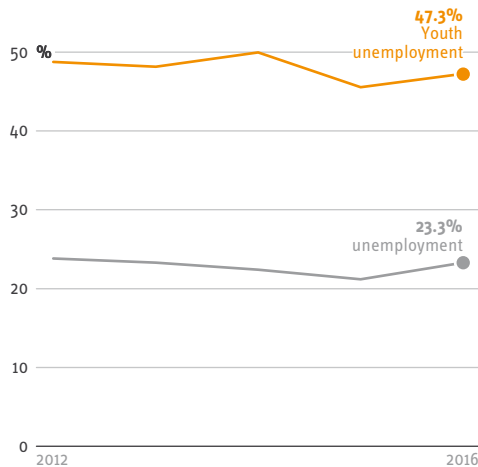
Data: World Bank, "Western Balkans Labor Market Trends: 2018", March 2018.

Regional labour markets remain strongly influenced by structural corruption. Numerous incidents have exposed this, highlighting the extent to which democracy has regressed since the economic crisis. Captured political systems, the suppression of independent institutions, political influence over the judiciary, and weak law enforcement are all features that accompany corruption. Taken together, they are symptomatic of **underperforming state institutions** which are jeopardising democratic consolidation. The latest Freedom House Nation in Transit report portrays Bosnia and Herzegovina, Kosovo and the former Yugoslav Republic of Macedonia as 'hybrid regimes', whereas Montenegro and Serbia are considered to be 'semi-consolidated democracies'.[10] Regional leaders often pledge their commitment to reforms, yet at the same time they tighten their grip on state institutions. Events that took place in the Serbian capital in May 2016 illustrate this trend towards repressive authoritarian rule. Overnight, a group of masked men with bulldozers demolished houses and businesses in Savamala, a historic neighbourhood in Belgrade, while the police failed to respond to complaints by citizens who witnessed the incident. Civil society organisations and anti-corruption bodies have linked the government to the demolition: the authorities are suspected of wanting to clear the area to make way for a government-backed construction project (funded by Gulf Arab investors). The official investigation is rather slow and the case has still not

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8.   Ibid.

9.   Florence Gaub and Alexandra Laban, «Arab Futures: Three Scenarios for 2025,» *Report* no. 22, European Union Institute for Security Studies (EUISS), February, 2015, https://www.iss.europa.eu/content/arab-futures-three-scenarios-2025.

10.   According to Freedom House's methodology, hybrid regimes are 'typically electoral democracies that meet only minimum standards for the selection of national leaders. Democratic institutions are fragile and substantial challenges to the protection of political rights and civil liberties exist.' Semi-consolidated democracies 'are electoral democracies that meet relatively high standards for the selection of national leaders but exhibit some weaknesses in their defense of political rights and civil liberties'. Freedom House, "Nations in transit 2018: confronting illiberalism," April 20, 2018, https://freedomhouse.org/report/nations-transit/nations-transit-2018.

been brought to court.[11] Public bodies in the region are also hampered by inadequate administrative capacities and suffer from a lack of transparency.[12] While it is possible to achieve progress in these areas, it will take more than seven years to eradicate these issues.

An additional problem for democracy in the region derives from **ethnocentrism** and **contested states,** a phenomenon frequently observed in post-conflict multiethnic societies. None of the Western Balkan states is ethnically homogenous: regions like the majority Muslim Sandžak in Serbia, the majority Serb enclave in northern Kosovo, Republika Srpska in Bosnia and Herzegovina, and the majority Albanian Preševo Valley serve as fertile ground for populism coupled with incendiary rhetoric. Even though multiethnicity does not inevitably lead to conflict (in fact, most states in the world have plural populations), the issue of identity continues to be manipulated for political purposes in the Balkans just as it was during the conflicts of the 1990s. As a result, minorities identify less with the state in which they live than do the majority population: a recent study showed that this was particularly the case in Serbia, Bosnia and Herzegovina, and Kosovo. Interestingly, the reverse was the case in the former Yugoslav Republic of Macedonia where the ethnic minority identified with the nation more than the ethnic majority did – proving once more that plural nations do not by default end up in state collapse.[13]

FIGURE 3 | Freedom of the press
Freedom House index, 2015-2017
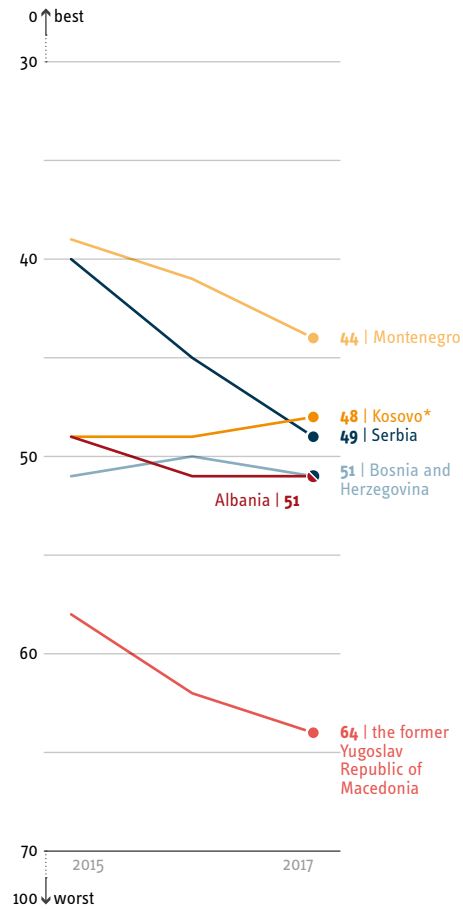
Data: Freedom House, "Freedom of the Press 2015", April 2015. Freedom House, "Freedom of the Press 2016", April 2016. Freedom House, "Freedom of the Press 2017", April 2017.

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11. Barbara Surk, "To Build Dubai of the Balkans, Serbia Deploys Bulldozers and Baseball Bats," *New York Times*, April 29, 2018, hhttps://www.nytimes.com/2018/04/29/world/europe/serbia-belgrade-waterfront-uae-aleksandar-vucic.html.

12. Naazneen H. Barma, Elisabeth Huybens and Lorena Viñuela, "Institutions Taking Root: Building State Capacity in Challenging Contexts," September 9, 2014, Draft paper for International Research Society for Public Management XVI Conference, Rome, https://openknowledge.worldbank.org/handle/10986/20030. http://siteresources.worldbank.org/EXTGOVANTICORR/Resources/3035863-1289428746337/ITR_Rome_paper.pdf

13. Felicia Pratto, Iris Zezelj, Edona Maloku, Vladimir Turjačanin and Marija Branković, *Shaping Social Identities after Violent Conflict: Youth in the Western Balkans* (Cham, Switzerland: Palgrave Macmillan, 2017), 159-88.

FIGURE 4 | Minority-majority areas
A map of areas where minorities in respective states represent a majority of the population

CROATIA

ROMANIA

Sandžak
SERBIA/
MONTENEGRO

Leposavić,
Zvečan,
Zubin potok
North Mitrovica
KOSOVO*

Republika
Srpska
BOSNIA AND
HERZEGOVINA

Bujanovac,
Medveđa,
Preševo
SERBIA

BULGARIA

Polog
THE FORMER YUGOSLAV
REPUBLIC OF MACEDONIA

* 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.

Data: House of Lords, Select Committee on International Relations, 2017; Natural Earth, 2018. DIVA-GIS, 2018.

However, most politicians in the region are not helping to resolve this issue; on the contrary, quite often they resort to ethno-nationalist rhetoric for electoral purposes. In addition, few have striven to foster cooperation among the different ethnic groups of their respective societies, and in schools the teaching of history in particular is not conducive to regional *rapprochement*, with textbooks reflecting ethnocentric interpretations of historical events, thus further fuelling prejudice and distrust.

Already contested from within by some elements of their population, Western Balkan states also struggle with defining themselves territorially; disputes and disagreements over administrative borders and border recognition create legitimacy problems for governments. Certain politicians tap into populist sentiment in the region and seek to exploit ethnic tensions to divert attention from domestic challenges and grievances, and nationalists thrive where government institutions are not perceived as fully legitimate.

One of the most decisive factors for forecasting future economic and development outcomes is **education** (quite apart from its value in being able to help heal the scars of conflict in a divided society). Education is a prerequisite for economic competitiveness, and one of the necessary attributes of a functioning market. Although the share of the population to have completed secondary education is on

average higher in the region than in the European Union, PISA testing results have shown that Western Balkan countries consistently perform worse than EU members in this domain, leading to the conclusion that the quality of education systems in the region is rather low overall.[14] At the time of writing, it seems certain that the region will not be able to meet Horizon 2020 goals in terms of educational outcomes as it significantly lags behind the EU average. Lastly, functional illiteracy remains a problem in almost all Western Balkan countries, with Albania having a rate of 60% functionally illiterate youth.[15] While it is important to note that it is possible to implement reforms of educational programmes in the region by 2025, it must be borne in mind that the impact of these changes will take longer to materialise.

FIGURE 5 | PISA results
2012 and 2015
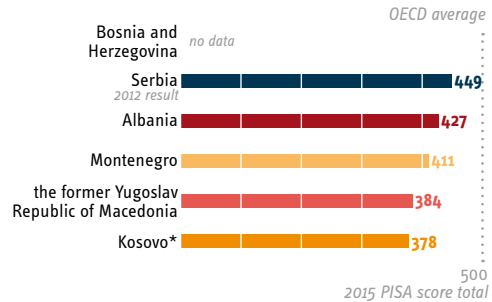
Data: OECD, "PISA 2015: Pisa Results in Focus", December 2016. OECD, "PISA 2012: Pisa Results in Focus", 2014 (for Serbia).

Globalisation trends, such as internet penetration and urbanisation, are noticeable in the region as well. **Internet penetration**, already not significantly lower than the EU average (ranging from 62% to 80%), is expected to increase, driven primarily by economic growth, coupled with the expanding share of communication and information exchange taking place principally on the internet and via social media and news portals. However, this increase might be slowed down by the fact that the Western Balkans lacks 'wide-ranging, high-speed broadband internet coverage due to the region's mountainous terrain, demographic patterns, and recent history of armed conflicts – which left the telecom infrastructure patchy.'[16] Most regional economies have not yet reached the level of broadband penetration in the EU,[17] thus creating an infrastructure gap.[18] Regardless of these challenges, the IT industry represents a major opportunity for economic development, as witnessed in the Baltic countries.[19]

Urbanisation came late to the Western Balkans and it is still below the European average. Measured as a percentage share of population living in urban areas, the

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14. Peter Sanfey, Jankov Milatović, and Ana Krešić, "How the Western Balkans Can Catch Up", European Bank for Reconstruction and Development (EBRD), January 2016, https://:www.ebrd.com/documents/oce/pdf-working-paper-186.pdf.

15. World Bank, "Albania: World Bank Group Partnership Program Snapshot," October 2015, http://pubdocs.worldbank.org/en/628841445980891015/Albania-Snapshot.pdf.

16. World Bank, "Balkans Digital Highway Initiative," May 9, 2017, http://www.worldbank.org/en/country/kosovo/brief/balkans-digital-highway-initiative.

17. "The Impact of Digital Transformation on the Western Balkans," *Digital WB6*, April 18, 2018, https://digitalsummitwb6.com/wp-content/uploads/2018/04/Layout-Study-final-.pdf

18. The digital infrastructure gap is measured by the international internet bandwidth per internet user indicator.

19. UNESCO, "Global Lessons from Estonia's Tech-savvy Government," July 11, 2017, https://en.unesco.org/courier/2017-april-june/global-lessons-estonia-s-tech-savvy-government.

Western Balkans has an average of 55.4%,[20] while the European average is 74%.[21] In part this is the result of low levels of urbanisation even before Yugoslavia existed; following the dissolution of the Yugoslav Federation, the newly-created nation states had to rapidly develop their capital cities and town networks, as they were vital to post-war reindustrialisation. Urban centres, particularly capitals, continue to grow despite declining demographics as citizens gravitate to urban areas in search of (better) jobs, educational opportunities, access to culture, better healthcare, and more developed infrastructure.

This pattern of intra-state rural to urban migration is expected to continue in the future, with 250,000 people moving from villages to cities annually in Serbia alone.[22] Rapid urbanisation in a weak legislative environment has led in some areas to the creation of entire urban districts without building permits, resulting in ecologically unsustainable settlements, which lack proper water and sanitation systems or refuse collection services – like in Kaluđerica, a settlement located in one of Belgrade's municipalities.[23] As urbanisation tends to equate with centralisation in the Western Balkans, cross-country linkages in the region are weak. Infrastructure developments tend to be concentrated around the capitals, to the detriment of smaller and medium-sized towns. For example, it takes three hours and forty minutes to drive from Neum, a Bosnian coastal town, to Sarajevo, even though the distance is just over 200km. This increases the disparities between highly urbanised and less developed, more peripheral regions within the Western Balkans even further.

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20. Zoltán Hajdú and Rácz Szilárd, "Urbanisation, State Formation Processes And New Capital Cities In The Western Balkans," *Acta Universitatis Palackianae Olomucensis – Geographica* 42, no. 2 (2011): 63-77.

21. EUROSTAT, "Urban Europe - Statistics on Cities, Towns and Suburbs - Executive Summary," April 2016, http://ec.europa.eu/eurostat/statistics-explained/index.php?title=Urban_Europe_-_statistics_on_cities,_towns_and_suburbs_-_executive_summary

22. "Unutrašnje Migracije Prijete Srbiji," *Al Jazeera Balkans*, May 4, 2017, http://balkans.aljazeera.net/vijesti/unutrasnje-migracije-prijete-srbiji.

23. Ognjen Zorić, "Dobrodošli U Kaluđericu, Najveće Nelegalno Naselje U Srbiji," Radio Slobodna Evropa, October 26, 2016, https://www.slobodnaevropa.org/a/kaludjerica-najvece-nelegalno-naselje-u-srbiji/28076508.html.

CHAPTER 2
Game-changers for the region

While the six megatrends outlined in the previous chapter are unlikely to substantially change by 2025, that does not mean that the region will remain the same. The future is neither predetermined nor predictable, as it is in large part influenced by choices made in the present – ideally, based on as much information as possible about the potential repercussions of such choices. In futures studies, game-changers refer to an event or set of circumstances that exerts a decisive influence on the future, requiring a decision to be made, which can have differing consequences depending on what choice is taken. Therefore, identifying and understanding game-changers helps focus choices on those areas where different decisions will lead to different strategic impacts. Because they involve a choice, game-changers are formulated as questions.

The **European Union** supports the democratic and economic transformation of Western Balkan societies, and is therefore an important game-changer. EU conditionality, combining pressure for reform and economic aid, has thus far helped the Western Balkans develop and remain on the reform path. The conditionality itself is twofold. On the one hand, positive conditionality – the financial incentive – is strong, as the Instrument for Pre-accession Assistance (IPA) dedicated nearly €4 billion among individual partners in the Western Balkans and an additional €3 billion in multi-country funds for the period 2014-2020.[1] On the other hand, negative conditionality, including threats to reduce or suspend received or future benefits, has often played a crucial role in pressuring political elites to deliver on some of the most difficult issues. The best example for this was the EU's requirement that the relevant states fully cooperate with the International Criminal Tribunal for the former Yugoslavia (ICTY), which was one of the main conditions for advancement of EU integration.

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1.   European Union External Action Service (EEAS), "Factsheet: EU Engagement in the Western Balkans," July
     11, 2017, https://eeas.europa.eu/sites/eeas/files/eu_engagement_in_western_balkans_factsheet.pdf

FIGURE 6 | Game-changers

EU accession

Potential EU accession is the driving force behind the democratic and economic transformation of Western Balkan societies. Will Western Balkan countries and their political elites remain committed to EU accession? Will the EU remain committed to enlargement and be able to advance reforms in the Western Balkans? How will EU conditionality evolve?

Disruptive external actors

Several other external actors are actively working against the goal of liberal reform in the region. Will the Western Balkan states be able to mitigate these potentially disruptive influences, represented mainly by Russia, China, Turkey, and the Gulf States?

Regional cooperation and bilateral disputes

There are several obstacles on the way to regional cooperation. Will the Western Balkan states be able to resolve regional and bilateral issues? Will the Belgrade-Pristina Dialogue lead to the normalisation of relations and how will it influence Bosnia and Herzegovina? Will the former Yugoslav Republic of Macedonia and Greece reach an agreement regarding the name dispute? How will the Berlin Process, the creation of the Transport Union, and other regional initiatives increase infrastructure investment and foster regional cooperation and connectivity, while respecting EU conditionality requirements?

Regional and national security

The region lacks a common security architecture, making it vulnerable to conflict and requiring the presence of external actors so far. Will the former Yugoslav Republic of Macedonia join NATO and what would this mean for the region? What form will the future engagement of NATO in Kosovo take? Will the EUFOR mission in Bosnia and Herzegovina continue its presence? Will the Western Balkan countries manage to keep radicalisation under control? Will organised crime decrease?

Good governance and rule of law

Although the region lags behind in several areas of good governance and the rule of law, the situation can improve or worsen depending on what decisions are taken. Will Western Balkan decision-makers implement the EU *acquis*, and strengthen their respective institutions? How will Western Balkan countries fight corruption and will their efforts have any effect?

Economic transformation

Several problems besetting the Balkan economies are structural in nature and it will inevitably take time to address these, but other aspects of the region's economies show potential for positive (and indeed negative) change. Will the Western Balkans manage to attract higher levels of FDI and create an investment-enhancing environment? Will they use digitalisation to achieve faster economic development and will the region seize the opportunity to connect and cooperate through physical and digital infrastructure development?

However, the accession process has created a new set of challenges. One study has shown that total EU financial flows towards the Western Balkans between 1991 and 2010 have favoured initiatives that supported stability.[2] Concern has been raised in a number of non-governmental reports, as well as in the British House of Lords report on the Western Balkans, about what is perceived as the EU's focus on preserving stability and security at any price in the wake of the migration crisis of 2015. Such

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2.   Sonja Grimm and Okka Lou Mathis, "Stability First, Development Second, Democracy Third: The European Union's Policy towards the Post-Conflict Western Balkans, 1991–2010," *Europe-Asia Studies* 67, no. 6 (2015): 916-47.

concern has also been voiced by local opposition leaders and independent experts. Paraphrasing the policy paper by the Balkans in Europe Policy Advisory Group which coined the term 'stabilitocracy',[3] in their view the Union and a number of its member states have, for various reasons, *de facto* tolerated this dynamic despite the fact that the *status quo* does not foster stability or guarantee reform-oriented, pro-European governments.[4] This, they claim, is happening despite Freedom House's worrying reports on democratic backsliding in these countries.[5] Therefore, the crucial question for the region's future remains: **will the EU remain committed to further reforms in the Western Balkans?** Moreover, the question of whether **the Western Balkan countries and their political elites remain committed to EU accession and reform** goes hand-in-hand with this**.**

FIGURE 7 | A path to the European Union
current state of EU accession for Western Balkan countries
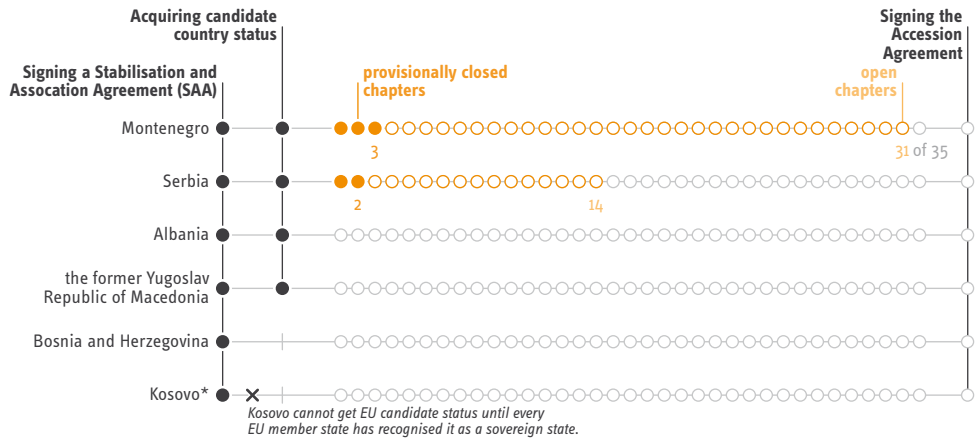
Data: European Commission, 2018.

At the same time, the Balkans, like other regions in the world, has become an arena where the EU is confronted with other geopolitical actors harbouring different intentions and agendas. **Russia** in particular, although lacking a coherent strategy

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3. A stabilitocracy is a regime in which those in power benefit from the overriding fear of instability and conflict to consolidate their grip on power and institutions, undermining democratic checks and balances. See, for example: Fredrik Wesslau, Francisco De Borja Lasheras and Vessela Tcherneva, "Return to Instability: How Migration and Great Power Politics Threaten the Western Balkans," European Council on Foreign Relations (ECFR), March 21, 2016, http://www.ecfr.eu/publications/summary/return_to_instability_6045.

4. Balkans in Europe Policy Advisory Group (BIEPAG), "The Crisis of Democracy in the Western Balkans," March 8, 2017, http://www.biepag.eu/publications/the-crisis-of-democracy-in-the-westernbalkans-authoritarianism-and-eu-stabilitocracy/; "Janković: Nepominjanje Savamale Budi Zebnju," *Dnevni List Danas*, November 15, 2016, https://www.danas.rs/drustvo/jankovic-nepominjanje-savamale-budi-zebnju/; European Western Balkans, "Srđan Cvijić: EU Is Ready to Trade Democracy for Stability in the Western Balkans?", April 5, 2017, https://europeanwesternbalkans.com/2017/04/05/srdan-cvijic-eu-is-ready-to-trade-democracy-for-stability-in-the-western-balkans/; Srđa Pavlović, "West Is Best: how 'Stabilitocracy' Undermines Democracy-Building in the Balkans," *LSE*, May 10, 2017, http://blogs.lse.ac.uk/europpblog/2017/05/05/west-is-best-how-stabilitocracy-undermines-democracy-building-in-the-balkans/#Author.

5. Aleks Eror, "How Aleksandar Vucic Became Europe's Favorite Autocrat," *Foreign Policy*, March 9, 2018, http://foreignpolicy.com/2018/03/09/how-aleksandar-vucic-became-europes-favorite-autocrat/.

towards the region, contributes to instability there. Western efforts to consolidate Bosnia and Herzegovina, for instance, are undermined by Russian support for Milorad Dodik, the President of Republika Srpska. Moreover, there are rumours that Russia helped orchestrate attempted *coups* in Montenegro in 2016 and in the former Yugoslav Republic of Macedonia in 2017.[6] Through strong political messaging, its funding of various news outlets and support of certain political parties, far-right movements and religious organisations, Russia is attempting to undercut the EU's influence in the region. Under the umbrella of *RT* (formerly *Russia Today*), the Sputnik news agency opened an office in Belgrade in 2014, flaunting the slogan: 'we say out loud what others want to keep quiet'.[7] In addition, the portal *Russia Beyond the Headlines* and the website *Ruska reč (ruskarec.ru)*, receive more than a quarter of a million visitors daily. More importantly, the Russian 'worldview' is quite pervasive in mainstream media, particularly in Serbia,[8] and strengthened through a number of pro-Russian political organisations such as Demokratska stranka Srbije, Zavetnici, Dveri, Srpska narodna partija, Naši, and the newly-founded Srpska desnica. In Montenegro, there are 14 daily newspapers in Russian, while 5 new pro-Russian outlets were registered in 2017 alone.[9]

However, Russia is not the only external actor involved in the Western Balkans. **China's** diplomatic influence is spreading through the region through its '16+1' initiative,[10] which has evolved into a complex diplomatic platform. Moreover, Western Balkan countries have been given a prominent role in China's Belt and Road Initiative, and several countries have availed of generous Chinese loans for infrastructure investment. Serbia stands out in this regard, having borrowed more than €1 billion from China to fund infrastructure projects. According to the Serbian Infrastructure Ministry, companies from China have obtained contracts in the region of €5.5 billion for the construction of highways and railways.[11] The Chinese Export-Import Bank provided €689 million for building a motorway from Kolašin to Podgorica in Montenegro, while in Albania, the Chinese company Geo-Jade Petroleum Corporation has bought the controlling rights to two Albanian oilfields for €442 million.[12] These investments are not in and of themselves necessarily problematic, but repayment of these loans

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6. According to the Montenegrin Special Prosecutor, a coup plot was allegedly planned for 16 October 2016, the day of the country's parliamentary election. For the former Yugoslav Republic of Macedonia, see: Luke Harding, "Russia Actively Stoking Discord in Macedonia since 2008, Intel Files Say," *The Guardian*, June 4, 2017, https://www.theguardian.com/world/2017/jun/04/russia-actively-stoking-discord-in-macedonia-since-2008-intel-files-say-leak-kremlin-balkan-nato-west-influence.

7. Helsinki Committee for Human Rights in Serbia, "Ruska meka moć u ekspanziji" [Russian Soft Power in Expansion], *Bilten*, vol. 120, September 2015, http://www.helsinki.org.rs/serbian/doc/HB-Br120.pdf

8. Ibid.

9. "Novi Medijski Blok U Crnoj Gori: Rusiji Sa Ljubavlju," http://www.vijesti.me/vijesti/novi-medijski-blok-u-crnoj-gori-rusiji-sa-ljubavlju-959222.

10. The 16+1 format is an initiative by the People's Republic of China aimed at intensifying and expanding cooperation with 11 EU member states and 5 Balkan countries (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, the former Yugoslav Republic of Macedonia, Montenegro, Poland, Romania, Serbia, Slovakia and Slovenia) in the fields of investment, transport, finance, science, education, and culture.

11. "Chinese Investment in Infrastructure Higher than 5.5 Billion Euro," Ministry of Infrastructure of Serbia, June 2017, http://www.mgsi.gov.rs/lat/aktuelnosti/mihajloviceva-za-cctv-kineske-investicije-u-infrastrukturu-srbije-vece-od-55-milijardi-0.

12. Plamen Tonchev, "China's Road: into the Western Balkans," *Brief* no. 3, EUISS, February 2017, https://www.iss.europa.eu/author/plamen-tonchev.

could represent a significant burden for the already strained budgets of the countries in the region. In addition, Chinese-financed infrastructure projects have in almost all cases been awarded directly by the governments and not through a competitive bidding process, often promulgating *ad hoc* legislation to accommodate these contracts, creating loopholes and exceptions in the legal system of the respective countries and thereby diminishing the region's convergence with EU norms.[13]

Ever since the Justice and Development Party (AKP) came to power in **Turkey**, it has intensified its presence in the region through a range of economic and diplomatic initiatives. Ahmet Davutoğlu, former Turkish minister of foreign affairs, points out in his book *Strategic Depth* that Turkey is positioned at the centre of a number of important 'geo-cultural basins', including the West, the Middle East, the Balkans and Central Asia, and should therefore strive to pursue a dynamic and proactive foreign policy within each of these regions.[14] In line with this reasoning, Turkey initiated a trilateral meeting framework between Bosnia and Herzegovina, Serbia and Turkey on the one hand, and Bosnia and Herzegovina, Croatia and Turkey, on the other. Furthermore, it lobbied NATO to grant Bosnia and Herzegovina admission to the Alliance's Membership Action Plan in April 2010, is a strong supporter of Kosovo's independence, and has encouraged NATO to invite the former Yugoslav Republic of Macedonia to join the alliance even without having the 'name issue' with Greece resolved.[15] Moreover, Turkey has successfully positioned itself as a rising soft power in the region, as attested by the fact that citizens in many Western Balkan countries, such as Kosovo, Albania, the former Yugoslav Republic of Macedonia, and Montenegro, have very positive attitudes towards Turkey, while even in Serbia, young people (aged 15-25) perceive Turkey as 'friendlier' than their older compatriots.[16]

The Gulf States are present in the region as well. Their influence is twofold – demonstrated by their increased economic presence, cemented by a number of lucrative business deals, but also reflected in the rise of Wahhabism in the region. This strain of conservative Islam was introduced to the Western Balkans after the disintegration of Yugoslavia, when preachers and activists from Saudi Arabia increased their political and religious presence. Money then flowed to the region to finance schools and mosques that propagate Wahhabism. For instance, close to 95% of the 614 mosques that were destroyed and 307 of those that were damaged during the war were rebuilt with Gulf financing.[17] As in Europe, the link between Wahhabism and radical Jihadism is not clearly established, but the rise of Gulf influence is credited with the emergence of a fledgling Balkan Islamist movement. Although small

13. Zoran Nechev and Michal Makocki, "Balkan Corruption: The China Connection," *Brief* no. 22, EUISS, July 18, 2017, https://www.iss.europa.eu/content/balkan-corruption-china-connection.

14. Vuk Vuksanovic, "How the Balkans Were Won: A Turkish Foreign Policy Success Story," *The National Interest*, October 17, 2017, http://nationalinterest.org/feature/how-the-balkans-were-won-turkish-foreign-policy-success-22771.

15. Alida Vračić, "Turkey's Role in the Western Balkans," German Institute for International and Security Affairs (SWP), December 2016, https://www.swp-berlin.org/fileadmin/contents/products/research_papers/2016RP11_vcc.pdf.

16. Oya Dursun-Özkanca, "Turkey and the European Union In the Balkans: Strategic Partners or Competitors?", Paper prepared for delivery at the 2015 European Union Studies Association Biennial Meeting, March 5-7, 2015, Boston, MA, USA.

17. William Racimora, "Salafist/Wahhabite Financial Support to Educational, Social and Religious Institutions," Directorate-General for External Policies of the Union, June 2013, http://www.europarl.europa.eu/RegData/etudes/etudes/join/2013/457136/EXPO-AFET_ET(2013)457136_EN.pdf.

(commanding a following among less than 3,000 people out of 1.4 million Muslims in Bosnia), its links with Daesh are a source of concern: approximately 1,000 fighters from the Western Balkans are estimated to have joined Daesh in Syria and Iraq.[18] On the financial front, economic relations are mostly facilitated by bilateral state agreements as exemplified by the cases of Air Serbia and the Belgrade Waterfront development project financed by Emirati investors. In the case of Air Serbia, the bilateral agreement between the United Arab Emirates (UAE) and Serbia allowed the UAE's national carrier Etihad to gain 49% ownership in Air Serbia through a loan of $40 million.[19] **Will Western Balkan states be able to mitigate the potentially disruptive influences of these actors?**

As well as being exposed to a number of potentially destabilising external influences, the Western Balkans is troubled by a number of regional and bilateral disputes – a problematic state of affairs given that regional cooperation and good neighbourly relations are one of the main requirements for enlargement. The disputes in question can roughly be divided into three categories: territorial disputes, disputes over minority rights, and quarrels pertaining to interstate politics. The resolution of these issues could lead to many positive developments, ranging from economic integration to faster EU accession; delay in resolving them will result in lost opportunities in economic terms, but also in a longer EU accession path. Hence, the question of whether **Western Balkan states will be able to resolve regional and bilateral issues** remains one of the more important game-changers. More concretely, **will the EU-facilitated Dialogue between Belgrade and Pristina lead to the normalisation of relations** between Serbia and Kosovo and how will it influence Bosnia and Herzegovina? Will the agreement between **Greece and the former Yugoslav Republic of Macedonia** regarding the latter's name be implemented, and will this finally allow it to start accession negotiations?

In terms of security, recent migratory flows have once again put the Western Balkans on the map. Moreover, the challenges posed by migration from the Middle East demonstrate that the main security concerns are no longer limited to the potential escalation of violence within the region, but that the region itself is tied into the wider security challenges faced by the EU. Border security, forced migration, radicalisation and anti-terrorism are just some of the common security challenges that will have to be addressed jointly. NATO is seen as the main security provider by the governments and civil society organisations in the Western Balkans, which seems at odds with NATO's own perception of its role in the region. After all, NATO has no provisions in place for conflict among its member states. Albania and Montenegro are already members, and the former Yugoslav Republic of Macedonia was waiting for the dispute with Greece to be resolved in order to join, while all other countries are part of the Partnership for Peace programme. The EU remains an active player in the security area as well, through the *Althea* operation in Bosnia and Herzegovina and EULEX in Kosovo. The questions that remain to be answered are when will **the former Yugoslav**

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18. Danijel Tadić, "Lack of Good Governance Contributes to Growth of Radical Islam in the Western Balkans," *Clingendael Spectator* 4 (vol. 71), October 24, 2017, https://spectator.clingendael.org/pub/2017/4/the-growth-of-radical-islam/. /

19. Slobodan Georgiev, "Otkrivanje Tajne Ministarskog Sefa" [Exposing the Secrets of a Ministerial Safe], *Javno*, August 2014, http://javno.rs/istrazivanja/otkrivanje-tajne-ministarskog-sefa

Republic of Macedonia join NATO and **what would that enlargement mean for the rest of the region**? Moreover, how will **NATO** and **the UN redefine their engagement in Kosovo?** Will **the EUFOR mission in Bosnia and Herzegovina continue its presence** and what will happen if it does not?

However, Balkan security has a domestic as well as a regional dimension. Domestic crime rates (as reflected in homicide or burglary statistics) are at a relatively low level in the region. According to a UN study, only 7-8% of the population in the Western Balkan falls in the category of people who are at the highest risk of being involved in common crime.[20] However, organised crime remains an issue of serious concern. The pervasive influence of organised crime on state structures, the cooperation between criminal organisations across the region and their collaboration with extremist groups constitutes one of the main risks to the stability of Western Balkan countries.[21] Although terrorism is not a concern at the moment, its convergence with organised crime could lead it to become one. **Will Western Balkan countries manage to curb organised crime, and keep radicalisation under control?**

Internal fragilities further complicate the situation in the Western Balkans. Populists and clientelist networks profit from weak governance and a weak rule of law. The 2017 Corruption Perception Index states that the overpowering influence of political figures and their close ties to business and organised crime remain worrying issues in the region. These connections endanger the rule of law and anti-corruption efforts. The term 'state-capture', described as the excessive grip on power by primarily political-government elites, which use political, social and economic means to extend their own influence and ensure their dominant position in these transitional political systems, is increasingly used to describe the situation prevailing in countries of the region.[22] When monitored long term, it is clear that the levels of perceived corruption in the region stagnated in the period 2012-2017, with a regional average of 39.5 in 2017, according to the Corruption Perception Index, (where 0 means 'highly corrupt' and 100 indicates 'free of corruption').[23] Perceptions of corruption are highest in the former Yugoslav Republic of Macedonia (35), and lowest in Montenegro (46). According to the Regional Cooperation Council's annual reports, the citizens of the Western Balkans rank corruption as the most serious problem facing their countries after unemployment and poverty: 73% of the region's population believe that their governments are ineffective in combating corruption, and slow to undertake reforms, thereby hindering the regional markets from performing at their full potential and accentuating inequalities.[24] Therefore, **will Western Balkan states focus on rule of law, democratic transformation, implementation of the EU** *acquis***, and**

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20. UN Office on Drugs and Crime, "Crime and Its Impact on the Balkans and Affected Countries," 2008, https://www.unodc.org/documents/data-and-analysis/Balkan_study.pdf.

21. Kolë Krasniqi, "Organized Crime in the Balkans," *European Scientific Journal* 12, no. 19 (July 2016), https://eujournal.org/index.php/esj/article/viewFile/7727/7448

22. Valery Perry and Keil Soeren,"The Business of State Capture in the Western Balkans: An Introduction," *Southeastern Europe* 42, no. 1 (2018): 1-14.

23. Transparency International - The Global Anti-Corruption Coalition, "Corruption Perceptions Index 2017," 2017, https://www.transparency.org/news/feature/corruption_perceptions_index_2017#table.

24. Regional Cooperation Council (RCC), "Balkan Barometer 2017 - Public Opinion Survey," October 9, 2017, 131, https://www.rcc.int/pubs/53/balkan-barometer-2017-public-opinion-survey.

strengthening of their respective institutions? Will Western Balkan states be able to cope with the potentially disruptive effects of populism? Is there going to be any major endeavour to contain corruption in the region and will the results of anti-corruption efforts be visible?

Western Balkan countries are not only challenged politically, but also economically. By all accounts, the economies of the region lag behind the EU, with a GDP per capita almost six times lower than the EU average.[25] Recent reports have shown that if growth rates remain similar to the regional average in the last 20 years, it would take 60 more years for the region's income levels to reach those of the EU.[26] What is essential in this area is to attract higher-quality FDI that would not merely focus on low- to medium-skilled manufacturing jobs, but foster the transfer of technology and innovation. At the moment, the gap in digital transformation seems the easiest one to bridge. If properly supported and managed, digital transformation in the Western Balkans can help achieve higher growth and greater levels of employment.[27] Furthermore, from a political standpoint, it can have a positive impact on administrative procedures, reducing the space for corruption, increasing regional connectivity, and clearly making citizens' lives easier. However, if the gap is not closed and the process is mismanaged, the region risks yet again being left behind. **Will Western Balkan states use digitalisation to achieve faster economic development?** In addition, according to the International Monetary Fund (IMF) report on the condition of infrastructure in the Western Balkans, the lack of core public infrastructure is a significant obstacle to higher economic growth and faster income convergence.[28] In the Western Balkans, the main obstacles to increased infrastructure investment include low fiscal capacities, weak institutional frameworks, and poor regional coordination. Therefore, **will the Berlin Process[29] and the creation of the Transport Community[30] increase infrastructure investment and foster regional cooperation and connectivity, while respecting the EU requirements?**

25. EUROSTAT, "GDP per Capita, Consumption per Capita and Price Level Indices," December 2017, http://ec.europa.eu/eurostat/statistics-explained/index.php/GDP_per_capita,_consumption_per_capita_and_price_level_indices

26. Jakov Milatovic and Peter Sanfey, "The Western Balkans in Transition: Diagnosing the Constraints on the Path to a Sustainable Market Economy, " European Bank for Reconstruction and Development (EBRD), February 2018, https://www.ebrd.com/documents/eapa/western-balkans-summit-2018-diagnostic-paper.pdf.

27. "The Impact of Digital Transformation on the Western Balkans," *Digital WB6*, April 18, 2018, https://digitalsummitwb6.com/wp-content/uploads/2018/04/Layout-Study-final-.pdf

28. Ruben Atoyan and Dóra Benedek, "Public Infrastructure in the Western Balkans: A Highway to Higher Income," IMF European Department, February 8, 2018, https://www.imf.org/en/News/Articles/2018/02/01/na020818-public-infrastructure-in-the-western-balkans-a-highway-to-higher-income.

29. The Berlin Process is an initiative to boost regional cooperation among the Western Balkan countries and their European integration. Regional and European decision- and opinion-makers gather at annual and interim Western Balkan Summits, Civil Society Forums, Business Forums and Youth Forums.

30. In 2017, during the Western Balkans Summit in Trieste, Italy, the EU Presidency and the European Commission co-signed the Transport Community Treaty with five Western Balkan partners, and are waiting for Bosnia and Herzegovina to sign soon. The Community is intended to pave the way for infrastructure improvements as well as better quality transport services throughout the region.

FIGURE 8 | Intra-regional bilateral trade
exports, € million
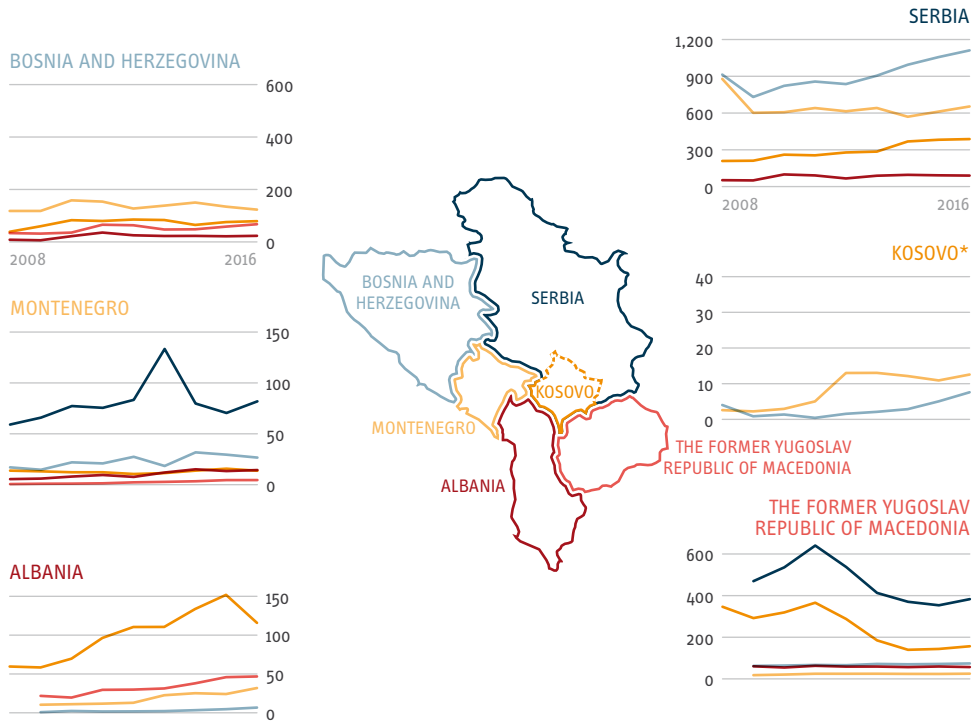
* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

Data: UN Comtrade, 2017; Natural Earth, 2018.

Finally, the 'connectivity agenda' is often cited as one of the key priorities in regional cooperation. Improving connectivity, both infrastructural and digital, is one of the most important factors for growth and jobs. Moreover, further enhancement of 'soft connectivity' is almost as important as the development of physical infrastructure. This includes, *inter alia*, synchronisation of technical standards, simplifying border procedures, eliminating administrative deterrents to trade, removing non-tariff barriers, and upgrading information systems. **Will Western Balkan countries recognise the need to connect and cooperate through physical and digital infrastructure development?**

Three alternative future scenarios are described in the chapters that follow: 'The hour of Europe', 'The Western Balkans in limbo', and 'The ghosts of the past'. The scenarios describe a fictional situation and reflect the interplay of megatrends and game-changers, construed using the cause and effect model. Moreover, they are divided in two sections, the first starting with a particular event in 2025, describing how the future looks at that time, and the second one explaining how we got there.

Scenario 1 – The hour of Europe

'This is the true hour of Europe', proclaimed Danish Prime Minister Marie Laerke Hamann in Copenhagen on 30 June 2025. 'Tomorrow, Denmark will take over the presidency of the European Union', she stated, 'but, more importantly, in a matter of hours we are welcoming two new member states into our Union, marking a new beginning for Montenegro and Serbia.' Thousands of people have gathered in front of the Serbian National Assembly in Belgrade to witness the moment their country joins the Union, with a large EU flag being ceremonially raised next to the Serbian flag to the sound of *Ode to Joy*. The Croatian Prime Minister, Ivo Juričić, who is present at the celebration, has expressed his delight at being in Belgrade to share this historic moment with Serbia, once again firmly 'extending his hand of friendship and opening a new page of history.' Scenes of jubilation and excitement are visible across Podgorica, as the clock strikes midnight and fireworks launched from the Freedom Bridge light up the night skies. The President of Slovenia, Ana Novak, who is in Montenegro, expressed her strong and continued support to the integration process of the Western Balkans, stating that 'we are all members of the same family – the European family.'

The Credible Enlargement Summit (as it has come to be informally known), now a biannual gathering of the EU and regional leaders, is scheduled to take place in Dubrovnik the next day, and the leaders of Albania, 'North Macedonia',[1] Bosnia and Herzegovina, and Kosovo have already arrived in Montenegro to join in the celebrations. The Kosovan President Vlora Musliu and her counterpart from 'North Macedonia' Zoran Georgiev, have travelled to Podgorica on the maiden voyage of one of the first trains of the 'Balkan Express',[2] a regional high-speed rail network intended to connect the Balkan capitals, currently linking Skopje and Podgorica via Pristina. The other two leaders have flown in on BalkanWings, a regional airline established at the initiative of regional governments in 2020 (and partly funded by the United Arab Emirates) to boost connectivity between the capitals prior to the railroads being built. While the Serbian President is expected to arrive tomorrow

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1. 'North Macedonia' is the name agreed between Greece and the former Yugoslav Republic of Macedonia, but not yet ratified; it is here used to showcase the scenario in which Greece and the former Yugoslav Republic of Macedonia agree on a name, without being prejudicial to the actual outcome of the process.

2. The Balkan Express project is an imagined railroad reconstruction project transforming existing railroad networks to high-speed ones.

together with the German Chancellor after the official ceremony is held in Belgrade, the four leaders who have already gathered in Montenegro seem optimistic and happy on the whole, raising glasses of rakia in a choreographed celebratory toast for the press photographers.

No wonder they are satisfied – Albania and 'North Macedonia' are scheduled to sign their Accession Treaty with the leaders of the European Union tomorrow, the same day Montenegro and Serbia become members, while Bosnia and Herzegovina and Kosovo are expected to finalise their negotiations and sign Accession Treaties by the end of the decade. This will complete the Western Balkan EU integration saga, fittingly during the Greek presidency of the Union in 2027. Earlier that day, at her press conference in Brussels, the High Representative of the Union for Foreign Affairs and Security Policy (HR/VP), Anna Nõmmik, stated that 'the Union's commitment to enlargement is now stronger than ever, and we will not stop until the entire Western Balkans is part of our family.' Furthermore, she insisted that 'no country will be left behind' and that the EU has delivered on its pledge and desire to enlarge to the Western Balkans, while the regional leaders have shown courage and commitment to reforms and cooperation.

The 'Balkan Express' and 'BalkanWings' are just two examples of a growing number of initiatives that showcase that cooperation. The region has managed to advance in quite a spectacular way in the last seven years despite some setbacks on its EU trajectory. The Western Balkans has recently become a *de facto* 'mini-Schengen' zone, with border controls within the region abolished in 2021. (The accession of Serbia and Montenegro put this on hold for the moment, but hopes are that this will not be for long.) To think that a citizen from Kosovo could travel without difficulty across the region and to the EU was unimaginable in 2018, while today it is a reality. In addition, 'BalkanNetwork (BN)', a regional news channel, was launched in 2020, with the intention to boost regional cooperation and build bridges between the different ethnic communities in the region. The channel now broadcasts news in BHS (Bosnian-Croatian-Serbian), Macedonian, and Albanian. Special TV shows are devoted to minorities, broadcast in Romanian, Hungarian, Greek, Bulgarian and Romani, the Roma language.

Today, goods, services, investments and workers circulate freely in the region – the result of the creation of the Regional Economic Area in 2019. It is thanks to this that the region has a higher market potential, attracts vital foreign direct investment (FDI) and boasts more intra-regional trade (rising from 21% average of total trade in 2017, to 35% in 2025). The conflicts which previously occurred regularly (with frequent blockades of goods at borders triggered by protectionism and politics) are now a thing of the past. Furthermore, the Secretariat of the Regional Economic Area plays a major role in cooperation with the regional diaspora in setting up an investment scheme supported by remittance transfers, with each government pledging to invest an additional €2 for each euro sent as a remittance payment. This way, the impact of remittances on the economy is not just confined to private consumption; more broadly, remittances play a significant role in a regional sustainable development scheme.

There is also 'BalkanizeIT', a regional IT network established with the mission to develop regional technology and launch a start-up scene. It now operates 23 hubs in the region, bringing the tech revolution and IT education to every corner of the Western Balkans, not just the big urban centres. Through the mutual exchange of contacts and expertise, the network has fostered technological progress and helps IT businesses develop products oriented towards a global market. More than 400,000 people have participated in various programmes, workshops and seminars, organised by IT experts. 'BalkanizeIT' has also helped to reform and modernise the educational system with the introduction of digital tools and resources in schools. Throughout the region, it has helped train the required workforce in key sectors, such as software engineering, front- and back-end design, data science and others. Unemployment levels have fallen from an average of 21% in 2017 to 14.7% in 2025, in large part thanks to this development.

FIGURE 9 | Best-case scenario

Regional and national security
'North Macedonia' enters NATO

EU accession
EU opens negotiations with Albania and 'North Macedonia' in 2019

Good governance and rule of law
Focus on the rule of law and anti- corruption efforts

Free media
Free & fair elections
Higher quality of democracy

Regional cooperation and bilateral disputes
The former Yugoslav Republic of Macedonia and Greece resolve the 'name issue'

Serbia and Kosovo* sign the Agreement on Normalisation

Enlargement momentum

Economic transformation
Regional Economic Area

Higher FDI
Digitalisation
IT industry development
Lower unemployment
Infrastructure Development

Bosnia and Herzegovina gets candidate status & starts negotiations
Montenegro and Serbia close negotiations and join
Albania & 'North Macedonia' sign Accession Treaty

Disruptive external influences
Diminishing Russian influence

Chinese loans complemented by EU funds

Better socio-economic conditions = lower radicalisation

Digitalisation has proven to be quite beneficial to the region, with more than 200,000 jobs created in the IT industry since 2018.[3] Efforts in this field culminated with the granting of a regional patent for solar-charging laptop covers which, carrying the 'Balkanise' brand, gave a new meaning to the word 'balkanisation'. And not too far away from the scenes of celebration in Belgrade, the town of Inđija hosts a regional IT security centre, created to tackle growing cyber threats, after a coordinated cyberattack in 2021 crippled the banking systems in 'North Macedonia', Montenegro and Serbia. The initiative for the centre came from within the region, and was warmly welcomed by the EU. Of course, a great deal of work still remains to be done, especially in the candidate countries, focusing on the rule of law, corruption, and full implementation of regional agreements. But today should be a day of celebration, as the future of the Western Balkans has never looked brighter.

How did we get there?

It all started with a name: after decades of contention, Greece and the former Yugoslav Republic of Macedonia managed to resolve their dispute concerning the name of the latter. From 2018, the former Yugoslav Republic of Macedonia was to be known as 'North Macedonia'. While the agreement was met with enthusiasm in international circles, hardliners in both countries were less pleased: demonstrations in Athens and Skopje turned violent the night the referendum's outcome was announced and a 16-year old died of smoke suffocation in Skopje. This shifted public attention quickly from the name issue to the activities of extremist groups in the country, with Prime Minister Georgiev promising in a live broadcast address to the nation that 'this young man's life is the last life we have given for the past. We have to make a choice now – do we want to live in the past or the future? I prefer the future – it has more potential.' In the run-up to the referendum, in order to boost participation, he and his government engaged in an unprecedented media campaign, leading to a result of 61% in favour of the new name. For 'North Macedonia' this apparently small change had important implications. Already implementing NATO's membership action plan since 1999, the country was extended an invitation to join the Alliance at the NATO Zagreb Summit. The country joined the NATO alliance in 2019.

This development opened the way for 'North Macedonia's' EU accession. In 2018, the European Council decided to conditionally open accession negotiations with both Albania and 'North Macedonia' in June 2019, which led to a long list of initiatives impacting particularly on high-level corruption and the rule of law. For instance, in 'North Macedonia', the High Prosecution Office managed to close six cases of high-level corruption, involving the government of Nikola Gruevski (VMRO-DPMNE) and some of the highest-ranking officials from his administration. At the congress of his party later that year, the delegates elected a new party leadership which

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3. Based on research in the study "The Impact of Digital Transformation on the Western Balkans," *Digital WB6*, April 18, 2018, https://digitalsummitwb6.com/wp-content/uploads/2018/04/Layout-Study-final-.pdf. The study shows that a 1% increase in the level of digital transformation roughly corresponds to a 1.16% increase in employment.

immediately addressed even more corruption cases and pledged to cooperate with the judiciary to resolve other such cases. VMRO-DPMNE turned into a credible and constructive opposition party, helping to sustain a balance in the political life of the country. In 2019, it even supported the government with the crucial anti-corruption legislation vote, when several MPs from the ruling coalition rebelled and voted against the proposal.

'North Macedonia' created a momentum for positive change across the region, albeit timidly at first. As the situation in 'North Macedonia' had stabilised, international attention turned to Kosovo and Serbia. Amidst hopes of a breakthrough, the opposite happened at first: during one of the negotiating rounds of the Brussels dialogue, a group calling themselves 'The Returnees' released a video showing Kosovo Serbs being evicted because their land had been expropriated for coal mining. The Serbian delegation left the negotiations declaring that it would return to the negotiating table once it received guarantees that no evictions would take place until property rights issues in Kosovo were fully resolved. Being in the spotlight (and, admittedly, influenced by EU visa liberalisation), Kosovan chief negotiator Azim Emini stated that the government of Kosovo never supported the use of violent means and that it would do whatever was necessary to resolve the issue. The negotiations continued.

The leaked information that one of the proposed dates for the final round of negotiations at the presidential level was 15 February 2019, Serbia's National Statehood Day, angered the Serbian Radical Party and Dveri, two anti-agreement parties in the National Assembly. Even though the negotiation was eventually scheduled for 20 February 2019, per request of the Serbian side, the Serbian Radical Party declared it to be 'yet another insult to the Serbian nation.' This round lasted for four days, during which the Serbian President was quoted as saying that he had to sleep on the floor of a 'tiny Brussels office', eat 'tasteless food' and 'barely got a chance to smoke' as time was of the essence.

Finally, the incumbent Serbian President Vučić and Kosovan President Hashim Thaçi signed an agreement on 24 February 2019, defining the future relationship between Serbia and its former province. The agreement was based on the idea that Serbia would not oppose Kosovo's membership in international organisations, but would not be required to officially recognise Kosovo as an independent state.[4] Moreover, it would not use the Association of Serbian Municipalities to advance claims for the right of secession of the northern part of Kosovo. The Association/ Community of Serbian Municipalities – defined in the Brussels Agreement of 2013[5] as a form of cooperation between municipalities – is envisaged to have a key role in administering local economic development, health and education, as well as urban and rural planning in northern municipalities. As such, it was expected to facilitate the gradual integration of Serbs into the Kosovo system, instead of creating a third

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4.   This is modelled on the *modus operandi* between Syria and Turkey concerning Alexandretta: an area that France, the mandate power, ceded to Turkey in 1939 after a local referendum, which was never recognised by Syria. Despite this dispute, Damascus and Ankara managed to have normal diplomatic relations between 1990 and the early 2000s.

5.   International Crisis Group (ICG), "The Kosovo-Serbia Agreement: Why Less Is More ," May 7, 2013, http://blog.crisisgroup.org/europe-central-asia/2013/05/07/the-kosovo-serbia-agreement-why-less-is-more/.

layer of governance. The agreement stipulated that Kosovo cannot unilaterally decide to disband the Association of Serbian Municipalities, and that it will not seek unification with Albania, for which an international guarantee was provided by Germany, the United States and Russia. Moreover, one of the articles of the agreement stipulated that either of the parties would not block another's accession to the Union, in an effort to prevent further bilateral disputes from emerging.

Needless to say, initial resistance to the agreement in Serbia was strong. However, the Serbian President managed to convince public opinion through more than 128 media engagements, including several Facebook Live interviews, within only two weeks. He presented the case for the future - the European perspective and faster integration. The President was quoted as saying that 'the time has come to ask the essential question for Serbs – how big a state, or what sort of a state do we want?'[6] The strengthening of the opposition guaranteed better parliamentary oversight over the government's actions, and more attention to the quality of reform processes put in place. Under pressure from the public and the opposition, the government strengthened the position and role of the independent institutions, such as the institution of Ombudsman or Information Commissioner. The Anti-Corruption Agency was given power to initiate criminal prosecution, and close cooperation between the Special Prosecutor for Corruption and Organised Crime and the Agency led to two ministers being prosecuted on charges of high-level corruption. One additional step that helped Serbia transform was the reform of its intelligence and security agencies. This reduced the influence of the elements of the deep state on daily politics. Eventually obliged to cede to the pressure of public opinion, the nationalist part of the political spectrum instead turned its attention to Bosnia and Herzegovina. The leader of the Serbian Radical Party, Vojislav Šešelj, in particular deepened his relationship with Milorad Dodik, President of Republika Srpska. Some of the leading intellectuals from Belgrade, often dubbed 'armchair nationalists' by their critics, published articles that were even more inflammatory than usual in support of Republika Srpska's secession from Bosnia and Herzegovina. In the autumn of 2019, after the agreement between Serbia and Kosovo was signed, (and just after Bosnia and Herzegovina received candidate status for EU membership), President Dodik announced an independence referendum for the spring of 2020.

However, exposed to significant pressure from the international community, coupled with the striking lack of support from official Belgrade, President Dodik abandoned his plans to hold the referendum, citing far-fetched conspiracies of assassination and fraud. This created a crisis in the government of Republika Srpska and a snap parliamentary election was held in the spring of 2020. The pro-European coalition 'Together for Europe', led by Milan Božić, managed to gather distinguished individuals from the public sector, intellectuals, and experts, and defeat President Dodik's Alliance of the Independent Social Democrats (SNDS) by a small margin. The race remained quite close until the very last moment, when an opportune event for the pro-European coalition occurred.

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6. This is a rephrasing of a famous quote by Olga Popović-Obradović: in the original: 'Kakva ili kolika država?'

FIGURE 10 | The 'political' phase
elements of the Brussels Agreement

level of implementation
- full implementation
- partial implementation
- some progress
- no progress

FIRST AGREEMENT OF PRINCIPLES GOVERNING THE NORMALISATION OF RELATIONS
19 April 2013

ASSOCIATION/COMMUNITY OF SERB MAJORITY MUNICIPALITIES IN KOSOVO – GENERAL PRINCIPLES/MAIN ELEMENTS
25 August 2015

The parties agree to establish an association of the 10 Serb majority municipalities in Kosovo. Municipalities to have full competences in areas such as economic development, health, education, and urban and rural planning.

After debates between the opposition and the government of Kosovo, the Agreement has been sent to the constitutional court, which put the agreement on hold due to a lack of compliance with the constitution. Kosovo has conditioned the establishment of the Association on progress in the justice sector, the dissolution of parallel institutions, the dismantlement of the Civil Protection Corps, and the renovation of the Mitrovica bridge.

ESTABLISHMENT OF FOUR SERBIAN MUNICIPALITIES IN THE NORTHERN PART OF KOSOVO
19 April 2013

The Dialogue legally establishes the municipalities of Mitrovica North, Zvecan, Zubin Potok and Leposavic.

This marked a critical step in the implementation of the Brussels Agreement. Although the functioning of the four municipalities in the north remains fragile and influenced by Serbia, which continues to support parallel institutions.

ADOPTION OF THE MUNICIPAL STATUTES
11 January 2014

INAUGURATION OF THE MUNICIPAL BODIES IN ALL FOUR MUNICIPALITIES
16 May 2014

related agreements/ components →

JUDICIARY

The Agreement foresees the integration of Serbian judges and prosecutors into the Kosovo justice system, working in accordance with Kosovan law. The details include specific positions appointed on the basis of the ethnic composition of the municipalities in the north.

Although judges and prosecutors have been appointed, there have been delays in implementation of the Agreement. On 7 October 2017, judges, prosecutors and judicial staff were integrated into the Kosovo judiciary. This will allow for a single justice system across Kosovo and in the Mitrovica region in particular.

POLICE

The parties agree that the only law enforcement officials in the northern part of Kosovo are the Kosovo police. Former police officers working in parallel structures are to be integrated into the Kosovo police. The parties agree that there will be a separate police commander for northern Kosovo, and that the ethnic composition of the Kosovo police would reflect the demographics of Kosovo.

Police parallel structures have been dissolved. 287 Kosovo-Serb police officers were integrated into the Kosovo police on 31 December 2013, and a Regional Directorate was established on 22 July 2013. The Regional Director is a Kosovo Serb, while the Deputy Director is Kosovo Albanian, appointed on 25 June 2013.

SECURITY

The Agreement also envisages the integration of members of the so-called Civil Protection Corps into Kosovo's institutions.

Some of the former Civil Protection members have been integrated into or employed by Kosovan institutions (the Emergency Management Agency and the Correctional Service). By May 2016, less than 25% of the total number of Civil Protection staff has been integrated. It is unclear whether former Civil Protection members who have yet to be integrated still receive salaries from Serbia.

The 'BalkanLeaks', an independent investigative journalist network, published a series of diplomatic notes exchanged between Banja Luka and Moscow, in which President Dodik asked the head of Russia's State Superior Council, Vladimir Putin, for a guarantee that he would be granted asylum in Russia and that his property would be protected, should this prove necessary. Inevitably, the leak caused outrage among the citizens of Republika Srpska, and tipped the scales in the opposition's favour. Moreover, the election proved that the local population's desire for the rule of law and economic prosperity outweighed nationalistic rhetoric and that Republika Srpska was ready to reform.

The Federation of Bosnia and Herzegovina, Bosnia and Herzegovina's second entity, managed to settle several of its internal political disagreements and elected a new, truly pro-EU presidency which opened a genuine debate on the future of the country and its constitutional issues. After a year of public and expert consultations, and with the input of the Venice Commission, they came up with a proposal to reorganise the entire country into a three-layered federal state, modelled on many other European federal systems (Austria, Belgium, the Netherlands, Spain, among others), with central, regional, and municipal governments. The HR/VP was quoted as saying that 'it seems like there is a daily dose of good news from the region.' The political parties reached an agreement to incorporate the recommendations accompanying the European Commission's decision in all future coalition agreements and government programmes. The European Commission issued its recommendation to open accession negotiations with Bosnia and Herzegovina in 2020. Furthermore, following the European Council meeting in June 2020, a decision was reached to open accession negotiations with Bosnia and Herzegovina by the end of the year.

WILDCARD 1 | Terrorist attacks
Balkan countries are not seen as highly probable targets of terrorist attacks – but rather as a breeding ground for potential terrorists. However, if the drivers of radicalisation and violent extremism persist and worsen, terrorist attacks might take place in the Balkans too. Should the region become the victim of a series of attacks, this could increase interethnic violence and lead to a break-down of ongoing reconciliation efforts. Conversely, it could also push Balkan countries to cooperate more closely in the fight against terrorism.

As EU accession became a tangible process, it inspired the Bosnian authorities to deliver even more, bringing results in the fight against corruption, improving the rule of law by closely following the recommendations formulated in negotiating chapters 23 and 24 that deal with this issue, and substantially improving the quality of parliamentary democracy, as attested by the increased number of parliamentary inquiries and higher voter participation in the last election. Ever since, the situation in the country has been solidly improving and progress is visible. Just recently, one of the most influential young bloggers posted a video on YouTube sharing her reasons why young people should stay in Bosnia and Herzegovina and actively take

part in making things better – the video went viral with more than one million hits. Likewise, in a local Sarajevo TV street survey, a taxi driver who used to take his 'taxi' sign off each time he crossed the entity border with a client, as it was against the regulations to display it, expressed genuine satisfaction at not having to do it anymore. 'Once again, it feels like we live in the same country', he said, adding 'it feels like someone took a huge weight off the entire country's chest'. The number of mixed marriages is increasing, almost reaching levels similar to pre-war Yugoslav statistics.[7] Fortuitously, this is not the case only in Bosnia and Herzegovina, but across the region, as ethnocentrism has slowly started to diminish in favour of a vision of a shared future.

In neighbouring Montenegro, 2018 had a difficult ending, but positive consequences. The intelligence services leaked a video of an influential investigative journalist writing about organised crime and corruption, in which he is seen kissing his male partner, with the goal of discrediting him. However, the leak had a drastically different effect, with the public siding with the journalist in protection of his privacy. The backlash resulted in the Montenegrin government issuing an apology and orders to investigate and duly punish the perpetrators of this act. Journalists without Borders further pressured the government, which adopted a new media strategy for the country, resulting in equating offences against journalists with offences against any other public servant. More and more, the media worked as an investigative arm contributing to transparency and better government; for instance, research into the main two clans in the country, the Škaljarski and Kavački clans, revealed that hundreds of millions of euros were being misused by the two criminal groups. This created public pressure on the government to act in Operation Octopus, where Special Forces of the Montenegrin police managed to arrest 12 leading figures in the two clans, effectively decapitating the leadership. The EU recognised this effort in the fight against organised crime and increased the funds aimed at the reform of the judiciary and improving general security. By the end of 2022, the country managed to close the remaining negotiating chapters, and together with Serbia, it signed its Accession Treaty in January 2023.

The European Council's decision in June 2018 to conditionally open negotiations with Albania in 2019 also had an effect on the country's transformation. It managed to build a sustainable track record in the key priority areas – administrative reform, the fight against corruption, the fight against organised crime, reform of the judiciary and respect for fundamental rights. The vetting process for judges, initiated in 2018, produced tangible results on the ground – 46 judges and prosecutors resigned even before the whole process began. This created a healthy foundation for a number of new judicial institutions created in the country. Following the success of the vetting process in the judiciary, the same technique was applied within the police and other law-enforcement agencies, resulting in the arrests of 27 high-level functionaries involved in criminal activities. Furthermore, Albania stepped up its efforts to prevent radicalisation and illegal migration, managing to dismantle a cell

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7.   Jeroen Smits, "Ethnic Intermarriage and Social Cohesion. What Can We Learn
       from Yugoslavia," *Social Indicators Research* 96, no. 3 (2009): 417-32.

of Wilayat Sinai, the Islamic State's Egyptian offshoot involved in the trafficking of migrants from Egypt and the Middle East. Furthermore, villagers who used to grow crops on their land that were used to produce drugs were heavily subsidised by the government to incentivise them to stop doing so and re-orient their production towards more traditional agriculture. With hundreds of kilometres of sandy beaches, the crystal-clear waters of the Adriatic and Ionian Seas, and beautiful mountains, Albania managed to re-brand itself as a new tourist haven. The negative image of the country portrayed by the film 'Taken' (the 2008 drama about Albanian trafficking by Luc Besson) was counteracted by documentaries and Instavideos showing the breathtaking Albanian coastline. The 'image issue' that Albania suffered from in Europe slowly disappeared, and 5.3 million tourists visited the country in 2024 – a staggering 36% increase from 2016, reaching 15% of GDP.

While many of those tourists came from Kosovo, using newly-built highways that connect the two capitals and the seaside, the number of Kosovan tourists in Albania decreased after Kosovo gained visa liberalisation with the Schengen area countries in 2019. This was a major achievement for the country and one of the first concrete results of Kosovo's EU integration path. That year, the number of countries that citizens of Kosovo could visit visa-free jumped from 45 to 71, with more and more countries removing travel barriers for Kosovo in the coming years.[8] After Kosovo reached the agreement with Belgrade, it managed to gain a seat at the UN, after Serbia implored Moscow not to veto Kosovo's admission. With one of its main impediments to further development out of the way, the government focused on the rule-of-law reforms. The special prosecutor's chambers made substantial progress toward indicting 12 high-profile leaders of the former Kosovo Liberation Army (KLA) for atrocities committed against the Serbian population and four Kosovo Serb military leaders.[9] This sent a clear signal that there is no impunity in Kosovo, leading to a citizens' initiative in the 2021 parliamentary election calling for a boycott of any electoral list which had former KLA members on it. The initiative quickly gathered more than 700,000 signatures, and resulted in the newly-formed parliament having no former KLA members, as political parties feared that they might lose the election if they did not comply.

Moreover, a new youth party, the Young Kosovans, was formed in Kosovo, focusing on socio-economic development through digitalisation, new technologies, youth, and the environment. With 53% of its people under the age of 25, Kosovo had the youngest population in Europe.[10] With its innovative electoral campaign, using social media, concerts, public gatherings and festivals, the Young Kosovans managed to gain 21% of the vote in 2021, giving them a strong voice in the new governing coalition. Thanks to them, there has been a new focus on the environment and digitalisation, with programmes offering substantial subsidies to green energy companies coming

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8.   "Passport Index," *Passport Index - All the World's Passports in One Place*, https://www.passportindex.org/?country=rk.

9.   Dominik Zaum, "International Justice and the Prevention of Atrocities: Kosovo," European Council on Foreign Relations (ECFR), November 2013, http://www.ecfr.eu/ijp/case/kosovo

10.   Lorenzo Sassi, Emanuele Amighetti, and Romanian Energy Center, "Kosovo: A Young Country, Being Shaped by Its Youth," *Politico*, February 20, 2018, https://www.politico.eu/interactive/in-pictures-kosovo-10th-anniversary-future-being-shaped-by-its-youth/.

to Kosovo, and a moratorium on building new coal-based thermal power plants. With the help of the European Bank for Reconstruction and Development (EBRD), the country recorded significant investment in solar energy, given its average of 278 sunny days per year, amounting to €100 million.[11] The call was supported by a major study that concluded that the best way forward for meeting Kosovan energy needs is via development of renewable energy sources.[12] Moreover, the Young Kosovans highlighted the best resource Kosovo has to offer – its youth – and continued to brand the country as a young and vibrant one. Regular concerts by the singers Dua Lipa and Rita Ora, both originally natives of Kosovo, regularly attract thousands of visitors, and help the country establish itself as an up-and-coming tourist destination.

WILDCARD 2 | Unification of Kosovo and Albania
The dissolution of Yugoslavia and the end of the communist regime in Albania fuelled the idea of unification between Albania and Kosovo. Although considered a romantic idea rather than a political project, a partition of Kosovo might create a momentum for the unification to take place. This might have a serious snowball effect in the region, triggering debates on ethnic-based border redefinition which would directly affect Bosnia and Herzegovina and the former Yugoslav Republic of Macedonia.

FIGURE 11 | Foreign direct investment
net inflows, € billion
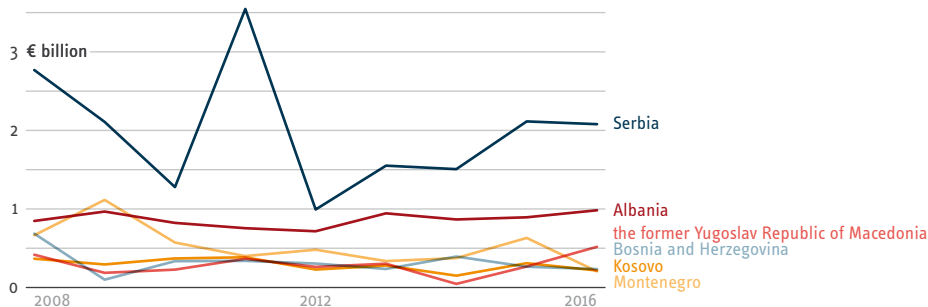
* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

Data: World Bank, 2017.

Regional security equally improved. In 2018, Albania and 'North Macedonia' signed status agreements with the European Border and Coast Guard Agency (FRONTEX), while Montenegro and Serbia did the same in 2019. This allowed the agency to assist these countries in the management of their borders and controlling the migration

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11. "Kosovo Is Looking for Investments in Solar Energy through Auction Scheme," Balkan Green Energy News, November 28, 2017, https://balkangreenenergynews.com/kosovo-looking-investments-solar-energy-through-auction-scheme/.

12. World Bank, "Energy Efficiency in Kosovo," September 2013, http://www.worldbank.org/en/country/kosovo/brief/ee-in-kosovo.

flow. More importantly, the cooperation *de facto* meant inclusion of these countries in the existing EU security framework, building capacities and improving trust between them. Besides, this step allowed for further 'agencification' of EU and regional policies, allowing for participation of candidate countries in many other initiatives, working groups, and agencies. This came in particularly handy on at least two occasions. Firstly, in the digital sphere: a coordinated hacker attack from Russia in 2021 crippled the banking systems in 'North Macedonia', Montenegro, and Serbia, disabling all electronic payments for almost three full days. Fortunately, the three countries were trained to react swiftly to cyberattacks through participation in a number of EU simulations of real-time attacks. This know-how limited the extent of the incident, and enabled a return to normal within days. However, this was a trigger that set in motion a regional cyber initiative that today has its own IT centre in Inđija, Serbia, with seconded security specialists from all Western Balkan countries. Combined with the leak in Republika Srpska, and NATO enlargement, this attack led to a drop in the numbers of those who trust Russia, among both the public and certain governments.

Secondly, in 2022, in the real world, a dispute over the release of the new €3 billion package of humanitarian aid for migrants to Turkey amid renewed Brussels-Ankara tensions resulted in an increase of migrant arrivals in Greece and the re-emergence of the Western Balkans route. However, due to the presence and cooperation of the deployed armed European Border and Coast Guard teams in the Balkans and regional security forces, the increase in the flow of migrants was promptly prevented.

In addition to its reinforced engagement on security and migration, the EU progressively increased its support from 2018 until today. Through its six flagship initiatives, the European Commission helped strengthen the rule of law, enhance support for socio-economic development, increase connectivity, and further the digital agenda. Moreover, funds allocated for the Pre-accession assistance (more widely known as IPA funds) increased to €14.5 within the 2021-2027 Multiannual Financial Framework. As the investment environment improved, and the rule of law gradually became established, the region managed to achieve robust economic growth averaging 7% annually. After the creation of the Regional Economic Area, the volume of FDI increased from €10 billion in 2018 to €26 billion in 2024. The regional approach to trade among Western Balkan countries focusing on and regulating trade, investment, the mobility of workers, and the digital dimension of services had a positive effect on regional growth. It created a unique market with close to 20 million consumers, something which is significantly more attractive to investors than the small and fragmented national markets of the past. Moreover, the firm assurances by the European Commission that the region would join the EU and concrete steps taken to this end influenced large European corporations to establish operations in the region. PSA Group and Volkswagen helped turn the Western Balkans into a new electric car parts production hub, inducing quicker infrastructural change needed to support their huge industrial systems.

Regional economic integration helped the Western Balkans advance and move from mostly agricultural trade to services-oriented activities, especially in the digital domain.
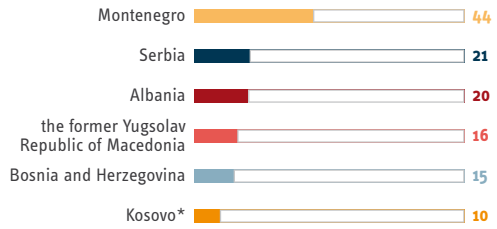
While the advance in EU integration did not prevent or reduce the number of young educated people leaving the region, the effects of emigration were surprisingly positive. Circular migration established mechanisms for the transfer of 'know-how' and access to advanced technologies. Only in the last two years has the number of emigrants declined.

The increase in loan availability and project funding, as well as development assistance and the opening of the Cohesion Funds for the Western Balkans, meant that there was less of a need for Chinese loans. Moreover, the EU insisted on respecting the infrastructure standards adhered to in the Union and provided additional funds for high-profile regional infrastructure projects, such as the Balkan Express railroad project. Finally, increased levels of socio-economic development and rising job opportunities positively impacted on radicalisation trends, reducing the risk of civil unrest, as well as of potential terrorist attacks, as the region became progressively closer and more integrated.

Many say that the outlook for the Western Balkans in 2025 could not be more different than the region's past.

FIGURE 12 | Intra-regional trade

% share of total trade, 2016

Montenegro	44
Serbia	21
Albania	20
the former Yugoslav Republic of Macedonia	16
Bosnia and Herzegovina	15
Kosovo*	10

* 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.

Data: UN Comtrade, 2017.

FIGURE 13 | Sectoral economic structure

% of GDP, 2014

Services   Industry   Agriculture

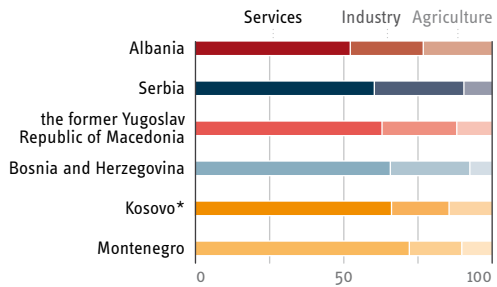|	
Albania	
Serbia	
the former Yugoslav Republic of Macedonia	
Bosnia and Herzegovina	
Kosovo*	
Montenegro	

0   50   100

* 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.

Data: European Commission, 2017.

Chapter 4

Scenario 2 – The Balkans in limbo

The 30th anniversary of the Dayton Agreement was supposed to be an occasion for celebration. Instead, on 14 December 2025, Bosnian Serbs boycotted the event attended by key figures involved at the time, including Bill Clinton and Javier Solana. Loudly expressing his discontent with the political system the agreement had put in place in Bosnia Herzegovina, Bosnian Serb leader Milorad Dodik made a point of holding a separate memorial ceremony at the same time in Banja Luka, emphasising the loss of life and injustice suffered by ethnic Serbs. The dramatic gesture changed nothing on the ground, but it is indicative of where things stand in 2025: the Western Balkans remain mired in ethnic identity politics with little progress in the spheres of the economy, rule of law and institution building.

In part, this has to do with the political leaders who play merry-go-round with the offices to which they were elected: Montenegro, for instance, only seven years ago one of the 'frontrunners' in the European integration process and a potential member state by 2025, has just re-elected 63-year old Milo Đukanović for his second consecutive (and third in total) term as president. Next year will mark his 35th anniversary in power – by which time he will have held presidential office longer than any politician in Europe. His Serbian counterpart, President (and once Prime Minister) Aleksandar Vučić is currently in the second half of his second presidential term, completing his 13th consecutive year in power in Serbia. Both leaders claim to be pro-European, but their commitment to reform has not translated into tangible action. Montenegro, for example, has opened all the negotiating chapters in the EU accession negotiations, but the government has failed to deliver satisfactory results in the fight against corruption and organised crime. Serbia, too, has opened all the chapters, but progress in chapters 23 (judiciary and fundamental rights) and 24 (justice, freedom and security) has been limited, according to the latest European Commission country report. The 134th round of Belgrade's dialogue with Pristina, which is the subject of chapter 35, is expected to take place this month (August 2025) focusing on the still unresolved issue of financing the Association/Community of Serbian Municipalities. Some consider it a success in itself that the Dialogue is still running.

Albania, too, opened EU accession negotiations in 2019, but the reform of its public administration has been only partially successful. Tirana managed to reduce it in size, but political influence over the sector is still quite significant. Albanian political parties – such as the ruling Socialist Party, but also the parties from the opposition,

the Democratic Party and the Socialist Movement for Integration – continue the practice of using public posts to secure jobs for their members and supporters. As for judicial reform, the vetting of judges has been successfully completed, but the efficiency of the Albanian judiciary remains a concern; more than 40% of prison inmates are awaiting trial, and there were two scandals last year where bribed judges acquitted alleged murderers. This is a wider law enforcement issue: last week another large shipment of cocaine from Bolivia was seized by the Albanian police – the second this year. In general, the prosecution of drug traffickers is a slow process and limited to individuals, while criminal organisations remain out of the reach of the state institutions. Although tourism increased by 7% after Tirana launched an initiative to boost the tourist industry in 2018, overall the sector remains stagnant because the country, despite its many environmental assets, has not managed to adjust to the needs of tourism.[13]

One of the few vaguely positive trends to note here is 'North Macedonia'.[14] Largely as a result of the resolution of its name dispute with Greece, 'North Macedonia' opened EU accession negotiations in 2019. The 'North Macedonian' government has taken decisive steps forward in securing media freedoms, minority rights, and the autonomy of independent state institutions, and made some progress in judicial reform and the fight against corruption. However, unemployment rates are still high in 2025 – the second highest in the Western Balkans (after Kosovo) – last year reaching 20.1% after a slight decline over the previous three years.[15] Moreover, the average monthly income in 'North Macedonia' is still the lowest in the region – only €460, while the average in the six Western Balkan countries is €571.[16]

Some tentatively positive developments have also unfolded in Bosnia and Herzegovina, an EU candidate country since 2021, although it has not yet opened accession negotiations. Like Montenegro and Serbia, Bosnia and Herzegovina resolved its border disputes with Croatia. But as evidenced during the Dayton celebrations, the country still struggles with its multi-layered dysfunctional governance structure and institutionally entrenched ethnic divisions. During his latest visit to Belgrade, Milorad Dodik pointed out once again that the major obstacle on the Serbian people's path to prosperity is the fact that not all ethnic Serbs live in one state, and

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13. Destination Management Organisation, "Market System Analysis Tourism Sector in Albania and Business Constraints to Growth," *RisiAlbania*, November 2014, http://risialbania.al/index/wp-content/uploads/2016/04/Tourism-Market-System-Analysis.pdf.

14. 'North Macedonia' is the name agreed between Greece and the former Yugoslav Republic of Macedonia, but not yet ratified; it is here used to showcase the scenario in which Greece and the former Yugoslav Republic of Macedonia agree on a name, without being prejudicial to the actual outcome of the process.

15. In 2017, the former Yugoslav Republic of Macedonia also had the second highest rate of unemployment – 22.4%. See: World Bank, "Vulnerabilities Slow Growth', *Western Balkans Regular Economic Report* no.13, 2018, 48, http://pubdocs.worldbank.org/en/701051523374120261/WBRER13-10Apr2018.pdf.

16. In 2017, the former Yugoslav Republic of Yugoslavia was also at the bottom of the list with an average income of €381,90. See: "Prosečna Plata U Sloveniji 1.056 Evra, Najniža U Makedoniji," *N1 Srbija*, December 27, 2017, http://rs.n1info.com/a352451/Biznis/Prosecna-plata-u-Sloveniji-1.056-evra-najniza-u-Makedoniji.html

expressed his regret that the EU still strongly opposes the referendum on the secession of Republika Srpska from Bosnia and Herzegovina. [17] The reforms the country has managed to implement concern mainly the military, whose units continue to become progressively multiethnic, and some areas of the tourism sector.

Kosovo remains the only Western Balkan entity – still not recognised by key countries as an independent state – to be an EU candidate. Accession seems far away now after the snap election that took place almost six months ago; today, Kosovo is still without a government. The previous government collapsed after the Progressive Party of Kosovo Serbs left it, following another incident in North Mitrovica, where the mayor announced that the municipality would erect a statue of Slobodan Milošević near the Ibar river that divides the town. In the ensuing debate, the party decided to walk out of the government amidst loud protests over the rights of Kosovo Serbs. Ethnic tensions are not the only issue that polarises Kosovo: frequent popular protests by Kosovo-Albanians, organised by Vetëvendosje, are often suppressed by the police with excessive force.[18]

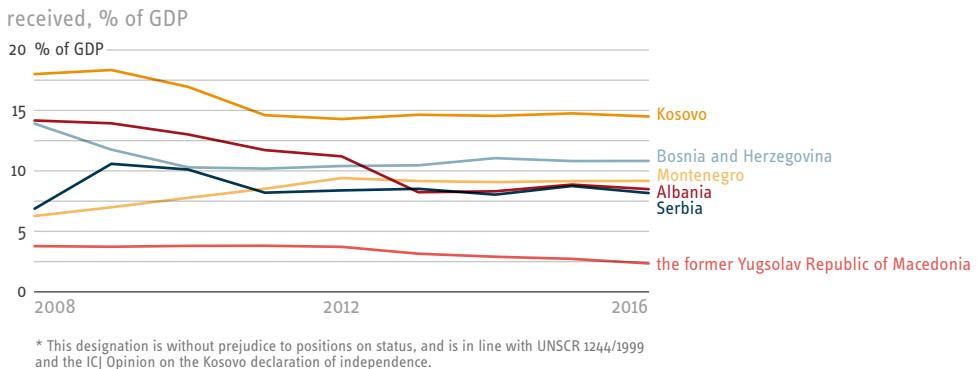**FIGURE 14 |** GDP growth
year-on-year change, %, 2016
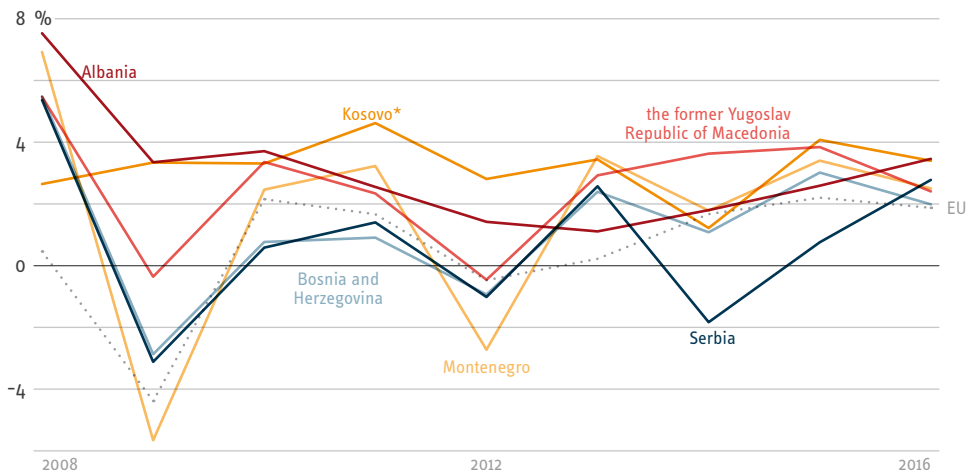
* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

Data: World Bank, 2017.

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17. Dodik has already stated, on several occasions, that ethnic Serbs 'have a right to national unification'. See, for example: '"Dodik: Projekat Srpskog Nacionalnog Ujedinjenja Je Opravdan, Logičan I Politički Fer," *Blic.rs*, August 5, 2017, https://www.blic.rs/vesti/republika-srpska/dodik-projekat-srpskog-nacionalnog-ujedinjenja-je-opravdan-logican-i-politicki-fer/hkmb8dm

18. On several occasions so far Kosovo police actions against members of Vetevendosje were assessed as unnecessary and disproportionate. See, for example: Amnesty International, "Kosovo (Serbia): Vetevendosje! Activists Beaten during Kurti Arrest," June 21, 2010, https://www.amnesty.org.uk/press-releases/kosovo-serbia-vetevendosje-activists-beaten-during-kurti-arrest; Dafina Halili, "Amnesty International Calls for Urgent Investigation into Kosovo Police Actions," *Kosovo 2.0*, September 21, 2016, http://kosovotwopointzero.com/en/amnesty-international-calls-for-urgent-investigation-into-kosovo-police-actions/.

The dream of European accession by 2025 has therefore not materialised, although some states appear to be on the way there. But another economic downturn makes this prospect more elusive than ever: GDP growth, projected at 3.4%[19] for last year, was only 2.9% in the end, and the average rate of unemployment across the region even increased by 0.5%. The level of FDI – last year €4.7 billion for all six Western Balkan countries combined[20] – is insufficient to generate substantial job creation, while the bulk of newly-created jobs in foreign companies are low-skilled jobs, often poorly paid and without proper workers' rights protection. According to numerous reports, the number of asylum seekers from the Western Balkans (especially from Kosovo) seeking employment in the EU is consistently high, i.e. some 130,000 asylum seekers – a number which has not changed since 2018. On the upside, the emigration of citizens from the Balkans has led to high levels of remittances which keep Western Balkan economies afloat. In recent years (2022-2025) emigration has slightly decreased in Albania (by 4.8%), Bosnia and Herzegovina (by 3.8%), Serbia (by 2.3%) and Montenegro (by 5.9%), and increased in 'North Macedonia' (by 9%) and in Kosovo (by 9.8%).[21]

FIGURE 15 | Personal remittances
received, % of GDP

* 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.

Data: World Bank , 2017.

In addition to the long-standing structural problems of poverty, corruption and weak institutions, several bilateral disputes in the region still persist. Most notably, the still ongoing dialogue between Kosovo and Serbia has not managed to find a solution to the territorial dispute over northern Kosovo, which means that Kosovo remains deeply dysfunctional and prone to occasional outbursts of nationalism, such as the abovementioned plan to erect a monument to Slobodan Milošević. On the other hand, in Bosnia Herzegovina, the police of Republika Srpska continues to increase the capacities of its anti-terrorist unit – with the support of Serbia and
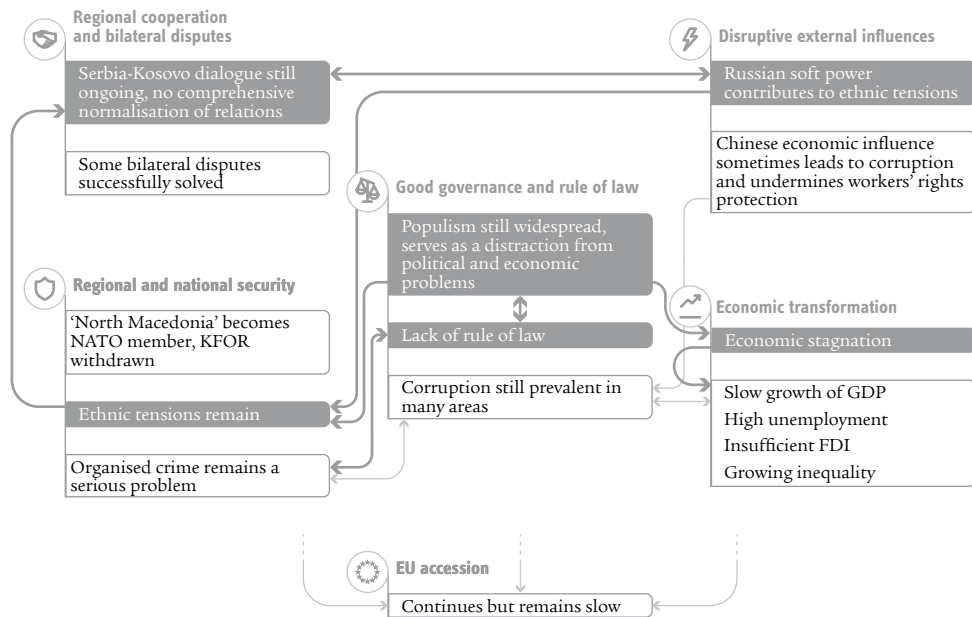
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19. For example, in spring 2018, the average GDP growth for the Western Balkans for 2019 was projected at 3.5%. World Bank, "Vulnerabilities Slow Growth", *Western Balkans Regular Economic Report* no.13, 2018, 1, http://pubdocs.worldbank.org/en/701051523374120261/WBRER13-10Apr2018.pdf.

20. In 2015 it was €4.37 billion. See: EUROSTAT, "Key Figures on Enlargement Countries - 2017 Edition," 2017, 60, http://ec.europa.eu/eurostat/documents/3217494/7774688/KS-GO-16-001-EN-N.pdf/26107237-ec5d-4b1e-87f2-7bac279fb00a

21. The projection for 2020 for Kosovo is 12.1%. See: World Bank, "Vulnerabilities Slow Growth," *Western Balkans Regular Economic Report* no.13, 2018, 47, http://pubdocs.worldbank.org/en/701051523374120261/WBRER13-10Apr2018.pdf

Russia – which incites speculation that Bosnian Serbs are forming paramilitary forces, readying themselves for violent secession.[22] According to news reports, new members of the special unit are not recruited through any established procedure, but are selected by senior police officials close to Dodik among the members of the 'Pure Serbs', a far-right organisation. Furthermore, a number of allegations indicate that Serbian intelligence services are interfering in the internal affairs of the neighbouring countries ('North Macedonia', Bosnia and Herzegovina and Montenegro), with the aim of destabilising pro-EU governments and strengthening the pro-Russian opposition. The brief rupture of diplomatic relations between Serbia and Montenegro in 2023 was a consequence of such allegations – the so called 'BIA affair',[23] in which a Serbian diplomat was accused by the Montenegrin government of plotting a *coup d'état* together with some opposition parties. But after successful EU mediation, diplomatic relations were re-established and both countries confirmed their commitment to good neighbourly relations. Nevertheless, the threat of new ethnic conflicts is continuously present, and last week the EU High Representative once again pointed out that the priority is to maintain peace and stability in the Balkans.

FIGURE 16 | Middle-case scenario

Regional cooperation and bilateral disputes
- Serbia-Kosovo dialogue still ongoing, no comprehensive normalisation of relations
- Some bilateral disputes successfully solved

Regional and national security
- 'North Macedonia' becomes NATO member, KFOR withdrawn
- Ethnic tensions remain
- Organised crime remains a serious problem

Good governance and rule of law
- Populism still widespread, serves as a distraction from political and economic problems
- Lack of rule of law
- Corruption still prevalent in many areas

Disruptive external influences
- Russian soft power contributes to ethnic tensions
- Chinese economic influence sometimes leads to corruption and undermines workers' rights protection

Economic transformation
- Economic stagnation
- Slow growth of GDP
- High unemployment
- Insufficient FDI
- Growing inequality

EU accession
- Continues but remains slow

22. Similar allegations already exist. See, for example: Julian Borger, "Russian-trained Mercenaries Back Bosnia's Serb Separatists," *The Guardian*, January 12, 2018, https://www.theguardian.com/world/2018/jan/12/russian-trained-mercenaries-back-bosnias-serb-separatists.

23. Bezbednosno-informativna agencija (Serbian Security Intelligence Agency).

How did we get there?

The last seven years were not entirely wasted in the Balkans, but they did not produce great results either. Although prospects of EU integration led to some democratic reforms, leaders in the region did not demonstrate a genuine commitment to implement the necessary changes. Instead, several of them took advantage of the slow momentum of long-drawn-out negotiations, implementing minor, minimal reforms – for example, changes in normative frameworks such as legislation, the resolution of some territorial disputes, etc. – and thereby securing the support of the EU.

On the other hand, they have been engaging in populist rhetoric in order to divert citizens' attention away from the lack of tangible progress. Frequent fuelling of nationalist tensions is a paradigmatic example of this practice. In 2020, for instance, Kosovo police arrested a Serbian businessman from northern Kosovo accused of being involved in drug trafficking and money laundering. The arrest served as a pretext for the Serbian government to create another crisis in Serbia-Kosovo relations, accusing the Kosovo authorities of 'ethnic persecution'. A number of media commentators speculated that the crisis had been deliberately orchestrated in order to interrupt the Brussels Dialogue and postpone the finalisation of the Comprehensive Agreement on Normalisation until after the presidential elections in Serbia. The dissatisfaction of Serbs (both from Kosovo and Serbia) with their poor living standards and lack of legal protection was once again channelled towards the external 'enemy' and away from the real sources of their grievances.

For Montenegro and Serbia, but also for the rest of the Western Balkan states, the fight against corruption has been one of the major challenges in the last seven years. Progress has remained limited mostly to the adoption of required legislation and the establishment of bodies mandated to fight against corruption following strong EU criticism. For example, after the EU High Representative Anna Nõmmik had warned Serbia and Montenegro in 2021 that the so-called 'overall balance clause' – which implies freezing the negotiations – might be activated if the two countries did not show sufficient progress in negotiating chapters 23 and 24, both Serbia and Montenegro took certain steps in the fight against corruption. Serbia, over the next year, amended the Public Procurement Law in line with the *acquis*, enhanced the capacities of the Anti-Corruption Agency, and adopted a new strategy and action plan for the fight against corruption. Montenegro improved its track record of prosecution in corruption cases and strengthened the legal protection of whistle-blowers. However, the impact of these new laws was not felt: public perception of corruption remained at the levels of 2020.

The issue of structural corruption in the region is closely related to the issue of weak institutions and impunity. It is particularly conspicuous in those Balkan countries in which the same individuals have been in power for years – they switch offices (prime

minister, president, etc.) so that they retain political power whatever their job title.[24] For example, before Aleksandar Vučić became the President of Serbia, the Serbian presidency had been of a largely ceremonial nature. But after Vučić's election to this office, the presidency became the centre of state power. Such 'manoeuvring' – which is not unusual in other states in the region either[25] – has significantly undermined democratic governance and impeded the establishment of the rule of law. Last year, media monitoring organisations from Montenegro and Serbia compiled data on how many times and on which occasions their respective leaders announced that they were leaving politics, or that they would not run in the next elections. Studies show that the Montenegrin leader stated that he was leaving politics 8 times over the past 15 years, and the Serbian leader stated that he would not run at the next elections 3 times over the past 8 years. Although these facts were already known to the majority of citizens, after being highlighted and presented in such a systematic way they went viral and provoked a short-lived scandal.

WILDCARD 3 | Balkan Spring

Although the socio-economic situation in the Balkan countries is far from bright, socio-economic unrest on a regional scale has never occurred and therefore not considered a likely event. However, a wider mobilisation across the regional borders, motivated by the poor socio-economic situation, could lead not only to potentially violent repression, but also far-reaching reforms.

As with anti-corruption measures, all the states have strengthened the legal protection of national minorities, but such reforms remain largely confined to paper: a significant gap between norms and actual practices still exists in this area. For instance, Bosniaks living in the Sandžak region (Serbia), Albanians living in the Preševo region (Serbia), as well as Serbs from Kosovo have not been adequately represented in respective state institutions. That said, the situation in this regard has slightly improved over the past seven years.[26] As a consequence, large sections of national minority populations in the Balkans still question the legitimacy of central governments and have low trust in state institutions. A recent survey showed that only 32% of Serbs in Bosnia Herzegovina felt they could trust the police in the Federation, and another study asking citizens of northern Kosovo whether they felt like equal citizens resulted in only 7% 'yes' answers. As a result, neither community resorts to official state institutions to solve disputes. In a recent interview conducted by Al Jazeera Balkans,

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24. See, for example: Toby Vogel, "Beyond Enlargement - Why the EU's Western Balkans Policy Needs a Reset," Friedrich-Ebert-Stiftung, *Dialogue Southeast Europe*, April 8, 2018, 8, http://library.fes.de/pdf-files/bueros/sarajevo/14368.pdf

25. Milo Đukanović, in Montenegro, and Hashim Thaçi, in Kosovo, have behaved similarly.

26. According to the Radio Free Europe report, 'The problem of inadequate representation of national minorities is a part of Milosevic's legacy' and this problem still exists.Amela Bajrović, "Koliko Je Bošnjaka U Policiji Srbije?" Radio Slobodna Evropa, February 23, 2018, https://www.slobodnaevropa.org/a/srbija-sandzak-novi-pazar-policija-bosnjaci/29058674.html; See also: Kryeziu Sofije, "Albanian Minority Representation at the Serbian Ministry of Interior: Progress and Remaining Challenges," *BCSP, KCSS, IDM,* 2014,http://www.bezbednost.org/All-publications/5612/Albanian-Minority-Representation-at-the-Serbian.shtml.

which was part of a series focusing on youth in Bosnia and Herzegovina, a 20-year-old Serb woman from Zenica stated: 'I am always afraid to walk home alone late at night. Because I do not trust the police to protect me if I'm assaulted. I always have to call my brother to pick me up.'

The most challenging and complex bilateral issue in the Balkans remains the dispute between Serbia and Kosovo which has not yet been resolved. The EU Strategy for the Western Balkans from 2018 required the two parties to urgently adopt a comprehensive, legally binding agreement that would bring the normalisation process to an end.[27] The comprehensive normalisation agreement was achieved in 2021 – but normalisation has still not taken place. By signing the agreement, Serbia committed not to block Kosovo's membership of international organisations (and Kosovo in the meantime became a member of UNESCO and UNITAR), but Serbia itself is still refusing to recognise Kosovo's independence and continues to claim that Kosovo is a Serbian province.

While the call for normalisation did not include independence as an end state, Belgrade's firm opposition to Kosovo independence effectively precludes normalisation. While the Kosovo Serbs living south of Ibar have been overall rather successfully integrated into Kosovo state and society over the past ten years, northern Kosovo, with its majority Serb population, has been largely controlled by Belgrade and segregated along ethnic lines. Integration of Serbs from northern Kosovo into the state institutions remains slow and plagued by problems. For example, some northern Kosovo Serbs formally employed by Kosovo central institutions have not gone to work for the past three years due to a lack of facilities and equipment in their municipalities. They also refuse to cross the Ibar river to the southern Kosovo-Albanian part of Mitrovica. Another issue is that a number of legal and other government documents have not yet been translated into Serbian, which impedes the functioning of the institutions staffed by Kosovo Serbs. Still, some progress has been made: in 2021, the comprehensive agreement enabled the establishment of the Association/Community of Serbian Municipalities. The agreement stipulates that the Association/Community has 'full overview' of the areas of local economic development, health, education, urban and rural planning, but remains vague on what 'full overview' exactly means. As a result, Serbia has refused to make financial transfers to northern Kosovo through the Kosovo central institutions. It is estimated (although the precise numbers are not available) that in 2025 some 2,500 Kosovo Serbs are still on Serbia's payroll.

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27. European Commission, "A Credible Enlargement Perspective for and Enhanced EU Engagement with the Western Balkans," COM(2018) 65 final, February 6, 2018, 7,8,17, https://ec.europa.eu/commission/sites/beta-political/files/communication-credible-enlargement-perspective-western-balkans_en.pdf.

WILDCARD 4 | Serbia explicitly recognizes Kosovo independence

Since Kosovo declared independence in 2008, every Serbian politician in power has stated explicitly that Serbia will never recognise Kosovo independence. Should this nevertheless happen, it could contribute positively to the reconciliation between Serbs and Albanians and the establishment of good neighbourly relations in the region.

In part, this has to do with the ethnocentric nature of politics that has been prevalent in the region since the 1990s. Post-conflict reconciliation has been confined to civil society and numerous non-governmental initiatives that have sought justice for war victims and the promotion of inter-ethnic cooperation and networking. However, such initiatives have achieved limited results, primarily due to the unresolved issues that require state engagement – among others, transitional justice, war crimes reparations, the issue of missing persons, etc. Murals of Ratko Mladić, convicted of genocide in Srebrenica by the International Criminal Tribunal for the former Yugoslavia (ICTY), can still be seen all over Serbia, Republika Srpska and northern Kosovo. The nationalist political parties in power no longer explicitly refer to Mladić as a Serbian hero – as they used to – but simply refuse to talk about past war crimes, thus impeding the unfinished reconciliation process. Sensationalist headlines in tabloids abound, and many articles border on nationalist hate speech.

The Western Balkan states are today better connected in terms of transport infrastructure than seven years ago. The Belgrade-Bar and Prishtina-Niš motorways were finished in 2022 and 2024, respectively, and the construction of the Banja Luka–Split motorway, as well as of the Podgorica-Tirana railway, are well under way. However, these improvements are used primarily for advancing trade and business relations; otherwise the rift between ethnic communities in different Balkan nations remains large. For example, 43% of ethnic Serbs from Serbia would object if their children were taught by a teacher of Albanian ethnicity (in 2016, the figure was 50%),[28] while 65% would never marry an Albanian (in 2016, it was 68%).[29] Overall, reconciliation has been successful only among a small part of population, while the views and attitudes of the majority remain predominantly shaped by the dominant ethnic-nationalist discourse.

One of the many reasons the Balkans remains in limbo has been Russian influence, particularly in Serbia and Republika Srpska, but also in Montenegro and 'North Macedonia', as well as in northern Kosovo. Balkan rulers have enjoyed Moscow's support practically whenever they have deviated from their EU trajectories; for example, when trying to suppress critical voices in civil society, or in maintaining hardline nationalist attitudes towards Kosovo as a Serbian province. Last year's reports by investigative journalists from Montenegro, 'North Macedonia' and Bosnia and

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28. "Javno Mnjenje Srbije: Politička I Društvena Situacija U Srbiji" [Serbian Public Opinion: Political and Social Situation in Serbia], *CeSID*, 2016, 37, http://www.cesid.rs/wp-content/uploads/2017/02/CeSID_USAID_Političke_prilike_u_Srbiji_2016.pdf

29. Ibid.

Herzegovina provided evidence of substantial Russian financial and organisational support to right-wing, anti-EU political parties across the region, as well for far-right groups. However, it is important to note that Russian economic influence is limited – especially after Russia abandoned the planned construction of the South Stream gas pipeline. For instance, the volume of goods imported by the Western Balkans from the EU is 14 times bigger than the volume of imports from Russia, while they export 23 times more goods to the EU than to Russia.[30] The level of FDI from Russia is almost negligible compared to the FDI from the West.[31] The same goes for Russia's military presence – although Serbian military neutrality allows for defence cooperation with Russia, the scope of this cooperation is far smaller than the scope of Serbia-NATO cooperation, which includes numerous training activities and mil-to-mil meetings.[32] The main instrument of Russian influence is largely symbolic; the perceived closeness and affinity of Balkan Orthodox Slavs with Russia, based on shared religion, cultural identity and the memory of historic alliances.[33] Although symbolic, Russian soft power has had real consequences, as it has frequently contributed to exacerbating ethnic tensions in the Balkans.

The Chinese presence in the Balkans has also been a constant feature over the past decade – Beijing has been present primarily as an economic power, and it does not appear to have a comprehensive political agenda for the region. However, the striking asymmetry in power between the Balkan countries and China means that the terms of cooperation are dictated by Beijing. As China can avoid EU regulations in the Balkans, there have been numerous incidences of high-level corruption over the past ten years,[34] as well as violations of workers' rights.[35] For instance, the finalisation of construction work on part of the Belgrade-Bar motorway was postponed in 2021 when it was revealed by the Montenegrin anti-corruption agency that two senior Montenegrin officials received a €2 million bribe from the contracted Chinese company during the public bidding process. As the corruption scandal only came to light when the road was nearly complete, the Chinese company was allowed to finish the project, while the accused officials resigned without criminal charges being brought against them. Such cases have negatively affected the already fragile rule of law in the area and slowed down the reform process.

The Gulf States have, over the past seven years, reduced their presence in the Balkans, especially after the much-disputed and financially controversial 'Belgrade Waterfront' project failed to deliver on the majority of its promises. The financial

30. In 2017, imports from the EU were twelve times bigger, and exports twenty times bigger. See: Dušan Reljić, "The impact of Russia", in Sabina Lange, Zoran Nechev and Florian Trauner (eds.), "Resilience in the Western Balkans", *Report* no. 36, EUISS, August 2017, 46.

31. Ibid.

32. "Beogradski Centar Za Bezbednosnu Politiku: Srbija i NATO u 150 vežbi, sa Rusijom 12," *Beta*, February 22, 2018, https://beta.rs/vesti/drustvo-vesti-srbija/84527-beogradski-centar-za-bezbednosnu-politiku-srbija-i-nato-u-150-vezbi-sa-rusijom-12

33. Reljić, «Resilience in the Western Balkans»: 48.

34. Anastas Vangeli, "The impact of China", in Sabina Lange, Zoran Nechev and Florian Trauner, (eds.), "Resilience in the Western Balkans", *Report* no. 36, EUISS, August 2017, 58-59.

35. "Kinezi I Vlada Dogovorili Pritisak Na Lekare Radnika?" *Dnevni List Danas*, October 6, 2017, https://www.danas.rs/ekonomija/kinezi-i-vlada-dogovorili-pritisak-na-lekare-radnika/.

support of the Gulf States to radical Islamists in the region also decreased. However, radicalisation and violent extremism in the Balkans has constituted a security challenge over the past seven years, although the impact of terrorism in the region has been low compared to the majority of Western European countries, as well as Turkey and Russia. For instance, according to the Global Terrorism Index 2024, among 130 assessed countries ranked from the highest to the lowest in terms of the impact of terrorism, all Western Balkan countries rank below 80, while France, the UK, Turkey and Russia are among the top 35.[36] However, Balkan countries are still seen as a breeding ground for violent extremists and foreign fighters; especially after a Bosniak returnee from Syria attacked a church in Banja Luka, killing four people in 2020. While this remained an isolated incident, Serbian officials sought to stoke fears within their community about the prospects of more such attacks.

Some of the major security problems that permeate the region – such as organised crime, money laundering, politicisation of security institutions, links between organised crime, politicians and the security sector, and executive misuse of intelligence services – still persist, as the reforms in the areas of the rule of law and the fight against corruption and organised crime have been slow, often remaining on paper rather than being implemented. For instance, Kosovo amended its legislation to fight money laundering in line with the *acquis*, while Albania improved its track record of investigations into money laundering (412 investigations in 2024 compared to 309 in 2017)[37] – although the number of convictions remained low (only four on average per year). The police investigation after last year's seizure of a large stash of heroin near Pristina revealed that the warehouse in which the drugs were found belonged to a company partially owned by the prime minister's brother. Three individuals were arrested and two of them are currently awaiting trial, while the third died in prison.

One of the areas where matters are (slightly) more stable is regional security. The settlement of bilateral disputes was one of the conditions for eliminating the threat of new armed conflicts; 'North Macedonia's' NATO membership (since 2019) has contributed to the perception of a benign NATO umbrella over the region, especially given that KFOR, the former NATO-led peacekeeping force in Kosovo, ceased to exist in 2023. This decision was taken at the UN Security Council when the transformation of the Kosovo Security Forces into the Kosovo Army was completed in 2022, and foreign security provisions were no longer deemed necessary. The Belgrade-controlled Progressive Party of Kosovo Serbs voted for the transformation, as a part of the 'deal' that envisaged the long-awaited establishment of the Association/Community of Serbian Municipalities in exchange for Serbia's agreement on the formation of a Kosovo army.

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36. According to the Global Terrorism Index 2017, the highest ranked Balkan country is Kosovo (ranked 70th), while France, the United Kingdom, Turkey and Russia are among the first 35. See: "Global Terrorism Index 2017, Vision of Humanity 2017," Institute for Economics & Peace, 2017, 10-11, http://visionofhumanity.org/app/uploads/2017/11/Global-Terrorism-Index-2017.pdf

37. European Commission, *Albania 2018 Report*, SWD(2018) 151 final, 17 April 2018, 34.

Despite these positive trends, violent incidents continued to plague the region, particularly in Kosovo and Bosnia and Herzegovina. News of Russia allegedly providing training and equipment for paramilitary units in Republika Srpska fuelled fears of renewed conflict, which continue to linger.

In economic terms, the last few years have been characterised by constant ups and downs. GDP growth had started recovering slowly since 2011, after the decline in 2009 that was a consequence of the global economic crisis. However, growth is still slow, and the average GDP per capita in the region is six times lower than in the EU-28. This is a timid improvement: in 2015, it was almost seven times lower.[38] Unemployment rates have dropped from twice as high as the EU average to 1.6 times higher,[39] but Kosovo has consistently displayed the highest unemployment rate not only among Balkan countries but in Europe. Moreover, inequality of income distribution in the Western Balkans has been higher than in the EU,[40] although it should be noted that the rise in inequality after the 2007-2008 economic crisis is a global trend.[41] A number of initiatives conceived within the Berlin Process – the most ambitious being the Regional Economic Area – aimed at improving economic development of the region. The Multi-annual Action Plan for a Regional Economic Area, adopted in 2017, has been only partially implemented. There have been improvements in free trade and mobility, while the level of foreign investment has remained low, due to the absence of a comprehensive regional investment agenda. Lack of intergovernmental cooperation within the region caused by the frequent political tensions among the Western Balkan states impedes the establishment of infrastructure necessary for the full functioning of the Regional Economic Area. The macro-economic data indicates that slow growth and high unemployment rates are megatrends in the Balkan region. In other words, despite the potential for closer economic integration, the economies of the region are still underdeveloped, and the majority of citizens do not feel that tangible progress is being made.

Some say that 2025 does not feel much different from 2018.

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38. EUROSTAT, "Key Figures on Enlargement Countries - 2017 Edition," 2017, 49, http://ec.europa.eu/eurostat/documents/3217494/7774688/KS-GO-16-001-EN-N.pdf/26107237-ec5d-4b1e-87f2-7bac279fb00a

39. Ibid, 42-43.

40. Ibid, 24.

41. See, for example: OECD, "In It Together: Why Less Inequality Benefits All," 2015, https://www.oecd.org/els/soc/OECD2015-In-It-Together-Chapter1-Overview-Inequality.pdf.

CHAPTER 5

Scenario 3 – The ghosts of the past

It is July 2025, and international observation missions are once again deploying to Kosovo and Bosnia and Herzegovina. The deployment was caused by violent ethnic clashes in the northern part of Kosovo that happened on 28 June 2025, celebrated by Serbs as their national and religious holiday, Vidovdan.[42] The clashes led to the deaths of dozens of citizens and three police officers. On the same day, the military parade in Banja Luka marking the second anniversary of the secession of the Republika Srpska from Bosnia and Herzegovina, and held in the presence of the Russian Minister of Foreign Affairs Ivan Mikhailov, the leaders of South Ossetia and Transnistria, the Governor of Crimea and high-ranking generals of the Russian army, turned violent – several cars were set alight and attempts were made to set fire to the Ferhat Pasha Mosque. Furthermore, clashes occurred in the Albanian-inhabited towns of Preševo and Bujanovac in the southern part of Serbia, after demonstrators took to the streets to call for unification with Kosovo, or at least its predominantly ethnically Albanian southern part. As a result, the UN and the EU decided to deploy an observer mission monitoring the situation in both Kosovo and Bosnia and Herzegovina; fears of another war are palpable.

The situation began to seriously deteriorate with the partition of Kosovo between Kosovo and Serbia in 2023, with the border demarcated along the Ibar River. Today, it is a frontline rather than a border: intended to create long-term peace, and finally resolve the Serbian-Albanian conflict, the move instead triggered a domino effect of violence across the region, first and foremost in Bosnia and Herzegovina, Serbia, and, of course, in Kosovo. But even states traditionally less affected by ethnic tensions, such as the former Yugoslav Republic of Macedonia, Albania, and Montenegro, are witnessing a similar escalation in violent incidents. Only last week, the Church of the Dormition of the Theotokos, an Eastern Orthodox church, previously vandalised and just rebuilt, was attacked again in the Gjirokastër district in the south of Albania. The leaders of Greek communities in the so-called 'minority zones' in Albania have issued a joint statement claiming that there is a deliberate policy to suppress the existence of Greek culture, language, and communities. The Albanian government claimed it was a terror attack, but it remains to be confirmed whether or not there is a connection to the Wilayat Rumelia – a small terrorist organisation formed by

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42. The Serbian Orthodox Church designates it as the memorial day of St. Prince Lazar and the Serbian holy martyrs who fell during the famous Battle of Kosovo against the Ottoman Empire on 28 June 1389; the day has an important role in the celebration of Serb ethnic and national identity.

returning foreign fighters from Syria and former Mujahedeen fighters in Bosnia in 2019, and whose name alludes to the name by which the area was known during the days of the Ottoman Empire. The organisation has not yet claimed responsibility for the attack.

It is hard to believe that seven years ago, 2025 was set to be a potential target for Western Balkan integration into the European Union – an idea that now seems far-fetched indeed. Instead of progress, there has been regression; instead of peace, there is now nearly war. The modest achievements of the two decades since the wars of the 1990s have been undone within little more than five years. Needless to say, relations between the states in the region and the EU are frosty; there is no longer talk of the transformative power of EU integration. NATO membership, once seen as a key ingredient of regional security, is on hold for both Bosnia and Herzegovina and the former Yugoslav Republic of Macedonia. Serbian officials continue to claim military neutrality, while at the same time Serbia conducted 17 joint military exercises with Turkey and Russia since the beginning of last year. Even in Albania and Montenegro, extreme populist politicians openly advocate the idea of withdrawing from NATO and joining the 'Trilateral System', a grouping proposed to the Western Balkans by Turkey and Russia. Flippantly referred to as 'The Other European Alliance' (as all potential members are at least in part located on the European continent) the grouping presents itself as an alternative to Western-centric bodies – but is in effect an open defiance of the European model of economic integration and liberalism. 'Europe failed (again) at bringing peace to the Balkans', Russia's head of the State Superior Council, Vladimir Putin, said during his 2024 visit to Banja Luka on the occasion of the first independence anniversary, adding 'some wonder whether they did it on purpose'.

The level of regression is particularly visible in Montenegro, once considered a frontrunner in EU integration. Today, its two main mafia clans, operating from the coastal city of Kotor – the Škaljarski and Kavački clans – have recovered from the two years of infighting that followed the initial governmental crackdown in the aftermath of the 2018 efforts to curb organised crime. The crackdown came about after videotapes of meetings between gang leaders and the Montenegrin Minister of the Interior were leaked to the public, causing public outrage and pressuring Montenegrin President Milo Đukanović to publicly distance himself and his Democratic Party of Socialists from organised crime groups. In their unofficial 'organised crime counsel', the two clan leaders met and agreed to share the drug trafficking market from Latin America, the initial bone of contention between them, and the burgeoning new business of human trafficking of migrants from Egypt to the European Union, uniting against the government. Shortly after, they also launched a targeted assassination campaign against government officials, killing 12 police officers and 4 prosecutors in the process. Afraid for their lives (or bribed and too deeply involved with the criminal groups, as some suspect), elected leaders relented in their efforts to clamp down on the Montenegrin mafia. Since then, a silent *entente* has established itself again in Montenegro, with these networks operating freely but invisible to the public eye.

FIGURE 17 | The Serb majority municipalities in Kosovo

SERBIA

MONTENEGRO

• Pristina

ALBANIA

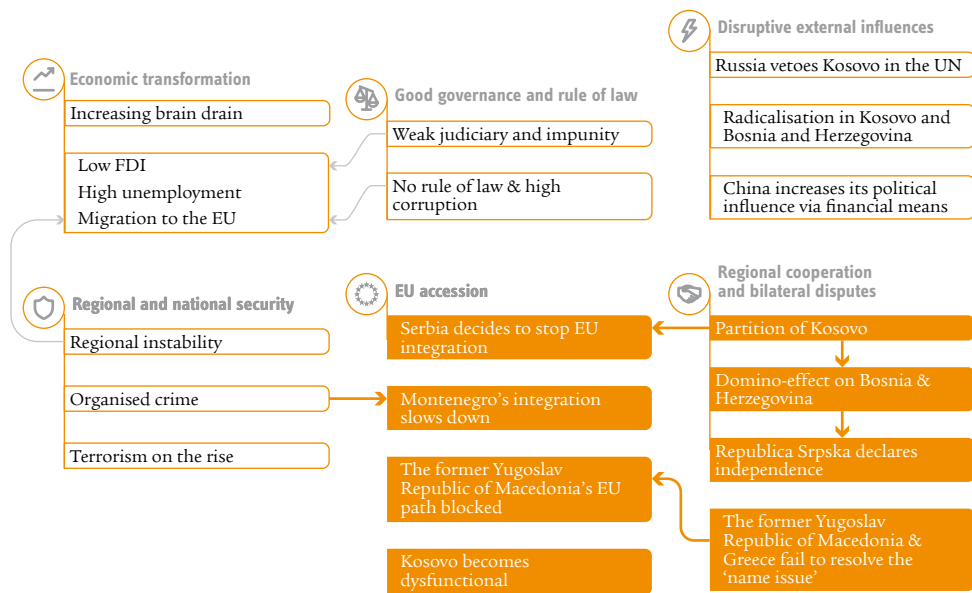THE FORMER YUGOSLAV
REPUBLIC OF MACEDONIA

Data: UKFCO, 2018.

In part, this development was the result of Montenegrin leaders finding themselves in a double-bind: after the Chinese bank Exim recalled a loan of €1 billion (one-third of the country's GDP) in 2021, Montenegro was now effectively fiscally dependent on China.[43] Financially backed into a corner, the government did not have the resources, or power, to pursue its crackdown on organised crime. Perhaps more importantly, the worsening of Montenegro's situation turned out to be a boon for some – in 2022, it transpired that several officials at Podgorica airport had struck a deal allowing Russian arms to be smuggled in and passed on to Montenegrin organised crime groups. The bribe reportedly amounted to €56 million. As the country heads to another election next month, the situation is dire. Unemployment is at 26.4%, protection rackets are on the rise, and tourism has collapsed due to instability: tourist numbers have dropped from over 2 million in 2017 to less than 600,000 today, mostly coming from the region, shattering government plans to brand the country as a luxury travel destination, attracting a wealthy clientele. The polls are suggesting that a pro-Russian government will most likely be formed, as the Democratic Party of Socialists seems certain to lose its majority and the Democratic Front, which recently elected a pro-Russian leader, seems to be gaining popularity fast.

43. Zoran Nechev and Michal Makocki, "Balkan Corruption: The China Connection," *Brief* no. 22, EUISS, July 18, 2017, https://www.iss.europa.eu/content/balkan-corruption-china-connection.

If that happened, Montenegro would find itself aligned with Serbia, which had already confirmed its status as Russia's closest ally in the region. The shift in Serbia happened after President Vučić's failed attempt to present the partition of Kosovo as a diplomatic victory. This demonstrated the influence of 'deep state' elements in the intelligence community, and a new far-right political movement, Crna Ruka (the Black Hand), running on a nationalistic and xenophobic platform, and calling for an alliance with Russia, won 17% of the vote in the parliamentary elections in 2024. Today, they are part of the right-wing government led by the Serbian Progressive Party, whose voters seem to be glad that the party leadership has returned to its radical roots. Moreover, they seem to be delivering on their electoral platform. Just several days ago, the staff of the Russian-Serbian Humanitarian Centre in the city of Niš, earlier portrayed as a cover for Russian intelligence activities in the region, received full diplomatic immunity, after a Memorandum of Understanding and Cooperation was signed in Belgrade between the Serbian Prime Minister Aleksandar Vulin and the Secretary-General of the 'Trilateral System', Aydoğan Emir Aslan.

FIGURE 18 | Worst-case scenario

Economic transformation
- Increasing brain drain
- Low FDI
- High unemployment
- Migration to the EU

Good governance and rule of law
- Weak judiciary and impunity
- No rule of law & high corruption

Disruptive external influences
- Russia vetoes Kosovo in the UN
- Radicalisation in Kosovo and Bosnia and Herzegovina
- China increases its political influence via financial means

Regional and national security
- Regional instability
- Organised crime
- Terrorism on the rise

EU accession
- Serbia decides to stop EU integration
- Montenegro's integration slows down
- The former Yugoslav Republic of Macedonia's EU path blocked
- Kosovo becomes dysfunctional

Regional cooperation and bilateral disputes
- Partition of Kosovo
- Domino-effect on Bosnia & Herzegovina
- Republica Srpska declares independence
- The former Yugoslav Republic of Macedonia & Greece fail to resolve the 'name issue'

Interestingly, President of the former Yugoslav Republic of Macedonia Nikola Ivanov (VMRO-DPMNE) was present at the signing of the Memorandum in Belgrade as well. Skopje's internet portal *Kurir.mk* reported that the President did not shy away from photo opportunities and posted a video of him joking with Secretary-General Aydoğan Emir Aslan and Turkish President Recep Tayyip Erdoğan. Regional security analysts say that this should not come as a surprise – ever since VMRO-DMPNE lost the parliamentary election to Zoran Zaev in 2017, the party leadership felt betrayed by the West, and built its winning platform on preserving 'Macedonian' identity at all costs. While the former Yugoslav Republic of Macedonia's bid for NATO membership was once seen as a major game-changer for the region, the country has become stuck

on its membership path after the collapse of talks with Greece regarding the 'name issue'. Today, the former Yugoslav Republic of Macedonia's leadership openly flirts with the Russian-Turkish alliance, showing to the West that there is an alternative for the country should NATO membership negotiations completely fail.

Albania, remaining the only committed NATO member in the region, is facing scrutiny from the Alliance itself, after its Vice Prime Minister Lumturi Ratkoceri proposed a plan for creating the office of Joint President of Albania and Kosovo. At a news briefing last week, Ratkoceri stated that 'the time has come for our one nation, artificially divided in two countries, to have a single president.' This caused great concern at the NATO headquarters in Brussels, igniting a debate on whether that would mean that Kosovo would be protected by Article 5 of the Washington Treaty, exposing the Alliance to another intervention in the region.

How did we get here?

It all started with the laudable intention of resolving a conflict. After ten years of the EU-facilitated Dialogue between Belgrade and Pristina, the two parties agreed to partition Kosovo in 2021. The agreement outlined that the northern part of Kosovo, inhabited mainly by Serbs, would join Serbia, and inspired by the Basic Treaty between the two German states in 1972, Belgrade would not oppose the recognition of Kosovo as an independent state by the international community, and allow it to gain a seat in the United Nations. The European Union originally opposed this move as it was concerned about the possible domino effect it could have in other regions in the Balkans, but it was thwarted by the leaders in Belgrade and Pristina who claimed that the EU, being a mere mediator, must not get in the way of a historic agreement between the two parties. The announcement was met with the outbreak of violence in Kosovo, perpetrated by the Albanian National Front, who regarded this deal as treason. The two-year transition period to final partition that took place in 2023 made matters only worse. Demonstrations in southern Mitrovica regularly turned violent, with Kosovo-Albanians using slingshots to launch Molotov cocktails across the river Ibar. In part, the continued violence resulted in Kosovo never receiving its long sought-after seat at the UN. In a diplomatically dramatic move, after Vlora Çitaku, Ambassador of Kosovo to the US, submitted Pristina's application and a letter formally stating that Kosovo accepts the obligations under the UN Charter, Russia vetoed the Security Council's recommendation for admission in November 2023. Moscow argued that, according to the Charter, membership in the UN is open only to 'peace-loving states that accept the obligations contained in the Charter, and are able to carry out these obligations.' Furthermore, the statement of the Russian Ambassador read that Russia cannot 'with peace of mind recommend Kosovo's application for membership, in the light of the widespread violence taking place on its territory on a daily basis.' In response, Serbia has fortified its military presence in northern Mitrovica, deploying 2,000 troops, erecting a wall along the river, and closing off the New Bridge for civilian passage entirely.

Support for the Kosovan government, then led by former KLA commander Ramush Haradinaj, was not significantly impacted by the partition deal, as it was designed to break Kosovo's diplomatic gridlock and enable it to obtain the full international recognition to which it had aspired for so long. By 2024, however, it faced almost daily unrest, making basic governance functions such as water and electricity provision a challenge. While power outages were frequent but brief, and a part of daily life in Kosovo for a long time, the government was forced to introduce planned electricity restriction regimes in order to conserve electricity. The capital, Pristina, now has electricity from 6.am until midday, and then again from 6.pm to midnight, making normal life very difficult. Kosovo's ageing coal plants are in dire need of repair – but this is regularly postponed due to resource constraints. In addition, new coal fields (such as the one in Shipitulla) could not be accessed due to issues with expropriation, illegal construction and even unlawful (and very likely corrupt) privatisation: in the Obilić (Obiliq) area for instance, 56 hectares were privatised despite a law declaring it an area of special interest, meaning it would now cost the government €3 million to buy it back. Several internet start-ups, mainly focused on blockchain mining, filed for bankruptcy because they could not operate under the constant power cuts. Last year, when tap water was contaminated with faecal matter after an incident at the newly-built wastewater treatment plant, an acute diarrhoea epidemic broke out, leading to the hospitalisation of 1,342 children, and the deaths of 43 infants. In an attempt to divert public anger, Kosovan Prime Minister Ramush Haradinaj and President Muje Spahiu called for a united spirit against Serbia – instead, the public mobilised against the government, burning tyres in the streets of Pristina and laying siege to government buildings, in protests for basic human rights and better living conditions.

Therefore, the public anger in Kosovo does not just concern the 'deal-gone-wrong' with Belgrade; it is also stoked by the dire economic situation – unemployment is running at 52%, and average income now stands at €279 per month, after the government had to implement drastic measures to stabilise national finances. As the authorities have no funds to counter environmental degradation, and there is a lack of environmental standards enforcement for new investors, air pollution alone has had devastating effects not just on people's health, but on the healthcare system as a whole: asthma rates in children have tripled since 2018. Registered air pollution by fine particle matter (PM10 and PM5) in Pristina is 143.89 µg/m3, while the European Commission's limit values are 40 µg/m3. The World Bank has called the country's coal plants the 'worst single point source of pollution in Europe',[44] while the World Health Association is urging the national leaders to declare a respiratory epidemic in the country. Given all these issues, Kosovo is today farther from NATO and EU membership than ever.

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44. Valerie Plesch, "Tiny Nation of Kosovo Has Air Pollution so Bad That It Rivals Beijing," *USA Today*, March 28, 2018, https://eu.usatoday.com/story/news/world/2018/03/28/kosovo-air-pollution-health-problems/459594002/.

WILDCARD 5 | Natural disasters devastating the region

Over the course of history the Balkans has been devastated by earthquakes and floods. Natural disasters have occurred sporadically in several Balkan countries, creating significant destruction and leading them to call on the assistance of other neighbouring countries. Heavy rain and floods like those in Bosnia and Herzegovina and Serbia in 2014, or earthquakes in Montenegro, the former Yugoslav Republic of Macedonia, or Albania, might result in regional cooperation to alleviate the consequences of a disaster.

The events in Kosovo had a knock-on effect on Bosnia and Herzegovina, just as the EU had feared. From an 'integration hopeful' (although the country was given candidate status in 2020), it has now become a candidate for disintegration. Surfing on a populist wave, Bosnian Serb leader Milorad Dodik called for an independence referendum in the Republika Srpska in early 2023, which passed with 72% of the votes in favour, amidst at least 6 reported incidents of violence at polling stations (including an arson attack) and entity-wide allegations of fraud. However, the referendum observers from the Commonwealth of Independent States–Election Monitoring Organisation (CIS-EMO) declared the results legitimate. Only hours after the results were announced, Dodik ordered special anti-terrorist police units, paramilitary groups, allegedly trained by Russia, and Serbian soldiers who had defected from the Bosnian Army along the entity borders, to install barbed wire and provisional checkpoints that are set to become border crossings. He also took advantage of the fact that thousands of mines and cluster munitions are still present in this area, a legacy of the 1990s war, which strategically helped safeguard the territory of Republika Srpska from any sort of military action coming from the Federation. But, just like Kosovo, Republika Srpska faces issues with international recognition; even Russia, despite a diplomatic presence in Banja Luka, is dragging its feet as it needs to preserve consistency between its position on Kosovo and on Republika Srpska, but it has cooperated with Banja Luka nonetheless. Dodik's popularity has taken a severe hit as a result, but he has since managed to control his statelet and keep the economy afloat – largely thanks to his turning a blind eye to Montenegrin organised crime networks funnelling weapons and drugs through Republika Srpska and the high level of foreign aid it receives from Russia. Fears about a secession of the Bosnian Croat territories are now resurfacing, with Dodik stating that Bosnian Croats 'deserve at least an autonomous entity of their own.' The situation has made life difficult for Bosnian Serbs living in the Federation, especially in Sarajevo, who have suffered a series of attacks including violent evictions, and who are, in large numbers, moving across the 'border' to Republika Srpska.

The turn of events in Bosnia and Herzegovina and Kosovo caught Serbia somewhat unprepared. Serbian President Aleksandar Vučić initially portrayed the partition of Kosovo as a diplomatic victory. However, more radical elements in the country quickly grouped together, with pro-Russian elements within the intelligence services, nationalist parties and conservative religious leaders mobilising in opposition to the Agreement. A series of protests was organised across the country, this time targeting

government institutions and not foreign embassies. Feeling power slip through his hands, Vučić once again made a U-turn, returning to nationalistic rhetoric. In exchange for their support in the 2022 presidential election, Vučić made sure the Serbian Progressive Party entered a grand coalition with the Crna Ruka movement and the Serbian Radical Party, now led by Vojislav Šešelj's son. Their campaign motto was 'Serbia has an Alternative', resulting in the coalition agreement that set in place mechanisms to stop EU accession efforts. The new prime minister, Aleksandar Vulin, happily proclaimed in his appointment address to the parliament that the 'lost sheep has found its way back to the herd', intimating that Serbia was returning to its Orthodox family in the east. As the country became more and more authoritarian, independent institutions were ignored, until the parliament finally abolished the Anti-Corruption Agency, the Office of the Ombudsman, and Information Commissioner in 2024. Democratic movements within the country organised a series of protests dubbed 'Protest Against Dictatorship', yet meek turnout and violence against protesters (to which the police turned a blind eye) resulted in protest activities being wound down. Violence in the two southern municipalities of Preševo and Bujanovac led to the declaration of a state of emergency in that part of the country. Integrating northern Kosovo back into Serbian territory proved to be a costly affair which, coupled with the drying up of EU funds, resulted in economic recession in the country. The youth keep leaving in large numbers – 187,000 young people emigrated to the EU in 2024. Moreover, a new challenge is already looming on the horizon: some in Republika Srpska are calling for unification with Serbia.

Elsewhere, the prospects for a peaceful settlement were equally dim, with Greece and the former Yugoslav Republic of Macedonia suspending their agreement on the 'name issue' in late 2018. Then, the discovery of a planned assassination attempt on Greek Prime Minister Alexis Tsipras by Ivan Gavrilov, a citizen of the former Yugoslav Republic of Macedonia, sparked a crisis between the two states and led to the deferral of the implementation of the earlier achieved agreement between the Greek and the former Yugoslav Republic of Macedonia's prime ministers. It later transpired that the attacker had been in touch with Russian-financed agitators online, but the incident led to further delays in ratification, as Athens requested more cooperation in the investigation. By 2019, a new Greek government tied its support for the 'name issue' agreement to the outcome of the enquiry, leading to an outcry (and ultimately the re-election of the nationalist VMRO-DPMNE party which opposed negotiations on the country's name) in the former Yugoslav Republic of Macedonia. Two meetings on the issue, brokered by the EU and the US (in 2020, and just last month) made timid progress, but a breakthrough is far from within reach. As a result, EU integration or NATO membership are off the table at the moment.[45] The Albanian population in the country – about 33% – now identifies with the state less than ever before. Upon VMRO-DPMNE's return to power, the laws giving equal status to the Albanian language in public institutions have been withdrawn, causing

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45. "Macedonia's Main Opposition Party Rejects Proposal for New Country Name," *Reuters,* 20 May 2018. See: www.reuters.com/article/us-macedonia-greece-name/macedonias-main-opposition-party-rejects-proposal-for-new-country-name-idUSKCN1IL0G0.

the chapter of the Albanian National Front to reopen in Kumanovo. Government institutions registered low tax revenues and failures to pay for utilities from majority-Albanian communes in the country as Albanian leaders called for civil disobedience tactics against the central government in Skopje.

In 2020, Albania yet again came close to a civil war reminiscent of the events of 1997; only this time, it was the country's 15 organised crime groups rather than civilians who were resorting to violence to settle disputes. Warring over their share of the global drug trade, the organised crime groups eventually managed to settle their dispute in 2022 only after nearly 120 of their members, and 24 civilians, had died in the process. As soon as they managed to recover, Albanian criminal groups were once again at the forefront in the international trafficking of heroin, cocaine, and cannabis, according to the United Nations Office on Drugs and Crime's 2025 report 'The Drug Problem and Organised Crime, Illicit Financial Flows, Corruption and Terrorism.' Furthermore, civil unrest in Egypt created a new wave of refugees in 2023, creating another opportunity for these organised crime actors: efficiently liaising with their North African counterparts, Albania's trafficking networks smuggled around 110,000 Egyptians by boat to the Balkans in 2024 alone, from where they continued their journey to the European Union. Their numbers are projected to increase. Worryingly, several members of the Wilayat Sinai (the Islamic State's Egyptian outlet) were among the refugees, linking up with the Wilayat Rumelia, rumoured to have cells in nearly all the Western Balkan states with the exception of Montenegro. Needless to say, this situation is not conducive to reform or economic prosperity; but Albanian political leaders – if they were ever interested in reform – were unwilling to face down the mafia, untangle the corrupt networks or push for economic liberalisation as the incentives provided through the EU integration process slowly but surely dried up after the failure to establish judicial reform in the country.

The Western Balkans remain as disconnected and disintegrated as in the 1990s. Although some countries maintain strong bilateral relations, they are mainly confined to trade. Out of an array of initiatives launched in 2014 under EU auspices in order to increase cooperation – covering a wide range of sectors such as the economy, security, rule of law cooperation, as well as numerous youth exchange platforms – in 2025 only ten remained active, struggling to ensure sustainability in the absence of EU funds and given lack of interest among the countries in the region. For instance, Serbia suspended its mil-to-mil meetings with Bosnia and Herzegovina as it argued that its counterpart was no longer a functional military force after three battalions joined the forces of Republika Srpska following the declaration of independence. Among the initiatives that are still operational to some extent are the air traffic control initiative, the regional youth office, and trade secretariat of the Regional Economic Area.

Interestingly, although access to the internet has been hampered by poor infrastructure, state interference and power cuts, high-speed internet penetration increased from 72% in 2018 to 81% in 2025. This happened in spite of the region's high-speed broadband connection with the EU being temporarily cut off following a malfunction of Chinese-produced optic cables bought as part of a bilateral deal between the Serbian and the

Chinese governments. As a result of the increase in internet penetration, a series of regional and investigative journalist websites have emerged ('BalkanLeaks', among others), putting pressure on governments, unveiling corruption, clientelistic networks and cronyism, and other scandals. Just last year, for instance, *Insajder* (Insider) a Serbian investigative journalism website, revealed that the mayor of Belgrade acquired a villa in Kotor worth €2 million using the money he received as a bribe from the Montenegrin Škaljarski clan. The revelation lead to a public outcry, even among the government's supporters, and the mayor was forced to resign – although no legal action has been taken against him. Despite such small yet vibrant pockets of activism, journalists remained at risk; in 2022, for example, Milena Stojanović, a journalist famous for investigating organised crime, was killed in a drive-by shooting by unknown assailants in front of her house. Her colleagues reported that she was investigating links between the Albanian organised crime group, the Montenegrin Kavački clan, and a senior official of the government of Republika Srpska. This tragic event confirmed that while there is a lack of official cooperation between the countries in the region, organised crime groups operate jointly in spite of political or ethnic divisions.

The connectivity agenda began to be abandoned in 2020 when the Berlin Process – the main regional high-level forum for promoting regional cooperation – ceased to exist due to lack of interest in the region. The region is not just poorly connected in digital terms: one study showed that it takes around 12 hours to drive the 275km distance between Mostar in Bosnia and Herzegovina and Shkodër in Albania, and there are no direct flights between Podgorica, Sarajevo and Skopje, or between Pristina and any other Western Balkan capital. Citizens in the region have to travel via Belgrade, Istanbul, Vienna or Munich airports to reach another Western Balkan country by air. One study showed that the creation of a regional low-cost airline, ('BalkanWings') could result not only in the creation of 1,400 jobs and €500 million of profits over a period of 10 years, but also increase tourism within the region and promote trade. However, the Serbian and Montenegrin governments have blocked attempts (including by Emirates and Lufthansa) to implement any sort of similar project, in order to protect their own national carriers.

Freedom of movement between the EU and the Western Balkans became more complicated ever since the EU introduced the European Travel Information and Authorisation System (ETIAS).[46] Due to this additional administrative burden, many travellers were discouraged from visiting the EU, and a feeling of being 'second-class citizens' began to spread among the people of the Western Balkans. While Kosovo was granted visa-free travel to the EU in 2019, it was quickly removed from the 'white' Schengen list due to the outbreak of violence in 2021. Bosnia and Herzegovina is in a similar position: the EU quickly suspended the visa-free regime after Republika Srpska declared independence. Within the region, the situation is not rosy either.

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46. On 25 April 2018, EU ambassadors confirmed an agreement reached between the Council Presidency and the European Parliament representatives on the proposal for a European Travel Information and Authorisation System (ETIAS). ETIAS will allow for advance checks and, if necessary, deny travel authorisation to visa-exempt third-country nationals travelling to the Schengen area.

Just several years ago, most citizens were able to travel within the region with their ID only. Today, that practice only remains valid between the former Yugoslav Republic of Macedonia and Serbia, and Serbia and Republika Srpska, while other countries require travellers to present passports in order to enter their territory.

The Serbian and Bosnian economic embargo towards Kosovo is still in place, with no goods from Kosovo being allowed to enter Serbia and Bosnia and Herzegovina. Serbian goods still manage to reach Kosovo, in spite of the Kosovan embargo, due to smuggler networks that have developed in northern Kosovo. As the new border is still not properly secured, smuggling is possible in both directions, and interethnic cooperation between the criminal groups is booming. This situation in effect means that Serbia remains Kosovo's biggest import partner, thus causing a considerable difference in trade volume between the countries. Likewise, trade between other countries continued to be significantly impacted by non-tariff barriers; just last year, for instance, thousands of tons of wheat went rotten at the border between Serbia and the former Yugoslav Republic of Macedonia due to the 833% increase in the cost for required safety certifications.

Needless to say, this environment is not conducive to economic growth, and the average GDP growth rate in the Western Balkans has been less than 1%. At this rate, the Western Balkans countries will need more than 150 years to catch up with average development levels in the EU.[47] The significant reduction in loans from the EBRD – which has until now invested more than €10 billion in the Balkans – had a huge impact on regional development. In a desperate attempt to attract foreign investment, Kosovo signed a number of murky trade deals with Turkish companies with abysmal labour rights regimes. Only the collapse of a factory in Gnjilan, which caused the deaths of 128 workers, brought this development to public attention, leading to calls by the International Labour Organisation (ILO) and the EU for the country to adhere to European labour standards.

Already high levels of unemployment have increased by 10% across the region since 2018, and have led to yet another wave of mass migration. Unemployment levels have risen to 34% in general, despite emigration, and to 56% among young people, thus exacerbating the already significant 'brain drain' from the region. Most of the people emigrating from the Western Balkans are seeking better opportunities among the EU countries that have an open door policy towards skilled workers. According to the OECD, the region is losing €16 billion on an annual basis due to the brain drain phenomenon, particularly in the technology, science and innovation sectors. Bosnia and Herzegovina, Albania, and the former Yugoslav Republic of Macedonia top the list of countries with the highest percentage of brain drain in the world. As a result of these dire conditions (and because human trafficking networks are

47. Peter Sanfey and Jakov Milatovic, "The Western Balkans in transition: Diagnosing the Constraints on the Path to a Sustainable Market Economy," European Bank for Reconstruction and Development (EBRD), February 2017, www.ebrd.com/documents/eapa/western-balkans-summit-2018-diagnostic-paper.pdf.

thriving), illegal migration to the EU (particularly France and Germany) has reached new heights, and now resembles the migration wave of the 1960s and 1970s when 1.1 million people left the region. In 2023 alone, 330,000 citizens left the Western Balkan states, via both legal and illegal avenues.

Terrorism is now on the rise in the region; the Wilayat Rumelia has perpetrated seven attacks since it was founded in 2019, although only one of them was lethal. In 2023, a small cell managed to sneak into Serbia through the still unsecured border with Kosovo and launched a drone attack on a wedding party in the Studenica Monastery, close to the city of Kraljevo. The drone, which was carrying a huge Wilayat Rumelia flag, flew over the monastery walls and detonated after reaching the gathered crowd, wounding 134 and killing 23 people, including the bride. In addition to this atrocity, the walls of the 12th century UNESCO-protected monastery were badly damaged. It was later confirmed that the device was smuggled by Wilayat Rumelia from Albania. The attack led to further bloodshed, and a series of violent attacks against Albanian-majority towns in southern Serbia. Intelligence reports indicate that at least one attack at Munich Oktoberfest was prevented, while there is grave concern that more such attacks could occur.

Some say 2025 almost feels like 1990.

Conclusion

The next seven years will be crucial for the European future of the Western Balkans. Inevitably, the region will undergo a number of socio-political, economic and security transformations that may bring great opportunities but may also entail grave dangers for the societies of the Western Balkans. The governments of the region will be faced with a formidable array of challenges, ranging from fiscal consolidation, resolving bilateral issues, fighting state capture, unemployment and public debt, to aligning foreign policy with the Union and tackling the ongoing brain drain crisis.

As shown in the first two chapters, the region's complexity stems from the interlinkage of phenomena that currently define and will continue to shape the future until 2025 – six megatrends and six potential game-changers. In order to help decision-makers navigate through the troubled waters of the Western Balkans, and think about the future in an informed fashion, this *Chaillot Paper* provides three alternative futures scenarios based on the interaction of the megatrends and game-changers: (i) The hour of Europe, (ii) The Balkans in limbo, and (iii) The ghosts of the past.

What becomes clear from the three scenarios is that the issues besetting the region are common to every Western Balkan country, further confirming that all of them face a number of shared challenges, which are common to the EU member states as well. The Western Balkans are certainly not a lost cause, nor are the problems affecting the region particularly unique: decisive EU integration efforts, coming from both regional and EU leaders, could help the region resolve its bilateral disputes, limit the space for other foreign actors' involvement, close the regional and national security gaps, enhance good governance and rule of law practices, and boost economic transformation. Yet it is important to note that the responsibility to foster reforms should not be put on the EU alone, but also on regional partners, governments and leaders. While this *Chaillot Paper* does not provide a step-by-step guide to reaching a desired future, it outlines critical junctures (game-changers) to which policy- and decision-makers should certainly pay attention, as they work towards achieving the best outcomes.

There was a clear consensus among the various experts involved in the consultation process that laid the ground for this publication that EU accession (and everything that comes with it) is a major driver of change in the region. Its impact and interlinkage with other game-changers and megatrends will influence the future to a high degree. Therefore, the EU is in a unique position to utilise its established influence and core values to transform the region to which it is culturally and historically the closest. Commitment to enlargement remains key, as was witnessed at the most recent European Council meeting in June 2018, when the compromise on the opening of negotiations with Albania and the former Yugoslav Republic of Macedonia was reached.

The year 2025 will mark 22 years since the Summit in Thessaloniki that confirmed the prospects of EU membership for the Western Balkans. If it is going to be the year that explicitly confirms those prospects by the Union's enlargement to some Western Balkan countries, it is time to start making future-oriented decisions now – the Western Balkans does not have time to lose.

Annex

Abbreviations

AKP	Justice and Development Party (*Adalet ve Kalkinma Partisi*)
BHS	Bosnian-Croatian-Serbian
EBRD	European Bank for Reconstruction and Development
EFB	European Fund for the Balkans
ETIAS	European Travel Information and Authorisation System
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
HR/VP	High Representative of the Union for Foreign Affairs and Security Policy/Vice-President of the European Commission
ICJ	International Court of Justice
ICTY	International Criminal Tribunal for the former Yugoslavia
ID	Identity document
ILO	International Labour Organisation
IMF	International Monetary Fund
IPA	Instrument for Pre-accession Assistance
IT	Information Technology
KFOR	Kosovo Force
KLA	Kosovo Liberation Army
NATO	North Atlantic Treaty Organisation
OECD	Organisation for Economic Co-operation and Development
PISA	Programme for International Student Assessment
PM5/PM10	particles smaller than 5/10 micrometres
UAE	United Arab Emirates
µg/m3	micrograms per cubic metre of air
UN	United Nations
UNESCO	United Nations Educational Scientific and Cultural Organisation
UNITAR	United Nations Institute for Training and Research
WB6	The six countries of the Western Balkans

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