

# Helsinki *bulletin*



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## ON THE RUSSIAN CHESSBOARD



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Over the past eight years Serbia has been given a major role in Russian President Vladimir Putin's strategy for the Balkans. Observers in the West have growingly focused, therefore, on Russia's economic, diplomatic, security and cultural "offensive" in the Balkans, especially in Serbia, Republican Spike and Montenegro. Considering the fragility of Balkan states, and their problematic transition and immature political class, Moscow seems to be achieving its

goals rather successfully with the helping hand from anti-Western circles.

Serbia's influential pro-Russian bloc, the one opposing the country's membership of EU and eager to see it in the Euro-Asian Union, is rather encouraged by Russia's presence in Serbia. "The Golden Fleece has never been in the West but in the East," they say.<sup>1</sup>

<sup>1</sup> The metaphor is taken from the article "In the Search for the Golden Fleece" by a founding-father of the Third

By the “Putin doctrine” the Balkans has been turned into a zone of rivalry between “the Russian world” and the hostile West, the zone in which Russia promotes its interests on the one hand, and stifles the values alternative to its model of authoritarian rule on the other.<sup>2</sup> The Western Balkan – with Republika Srpska denying Sarajevo, Serbia denying Kosovo’s independence, Macedonia thorn by Macedonian-Albanian skirmish and Montenegro with its confronting Montenegrin and Serb blocs – is pretty disposed to Russia’s actions.

Russia supports Serbia’s neutral position, which, as Georgy Engelgarat of the Russian Institute of Slavic Languages, “gives Serbian politicians more space to maneuver...between big powers, while maintaining their freedom.”<sup>3</sup> Russia is powerful on the account of its energy, given that the “the mother nature will be forcing every regime to cooperate with Russia regardless of all the opposition.”<sup>4</sup>

Serbia is still ambivalent about a most pressing challenge facing today’s Europe: the Ukrainian crisis. In words, Serbia is committed to membership of EU while maintaining “the best possible relationship” with Russia.

The frequency of Russia-Serbia high-level meetings over the past couple of months testifies of the importance Russia attaches to Serbia. The Ukrainian crisis opened a new chapter in Russian diplomacy now trying to protect

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Serbia, Aleksandar Đurđević. „Serbia’s systematic molding to EU has been openly promoted as a goal with no alternative, as a religion we should observe obediently and in the long run. The diplomatic precedent that favors EU – the artificial creation of political elites sharing the same interests – can easily marginalize Serbia in the long run and undermine Serb-Russian relationship built on sound foundations for centuries.” *Danas*, July 8, 2014.

2 David Clark and Dr Andrew Foxall, “Russia’s Role in the Balkans,” June 2014, the Henz Jackson Society.

3 *Geopolitika*, July, 2014.

4 *Ibid.*

“national interests” at all costs. The fact that Serbia has obtained accession negotiations and that the entire region has been included in the West’s strategy for EU and NATO membership only intensified Russia’s efforts towards slowing down or undermining these processes until it settles a score with the West.

Since May 2012 Tomislav Nikolić has paid five visits to Russia. Iвица Dačić, in his capacity as the Premier, visited Moscow in the spring of 2013. The word has it that Dačić and Vučić had been in Moscow before they formed the present cabinet (April 2013) – the information has never been officially confirmed. In November 2013, for the first time after a fourteen-year break, the Russian Minister of Defense paid a visit to Belgrade. It was Sergey Shoygu. Aleksandar Miler, director general of “Gaspromnjet,” attended the South Stream ceremony in November 2013. In early 2014 President of Duma Sergey Narishkin paid a visit to Serbia. Growingly frequent are cultural exchanges and scholarly conferences, including the launch of a book by Leonid Reshetnikov, director of the Moscow Institute of Strategic Research and adviser to Kremlin, and a conference on “the orange revolution” in Banjaluka.

To all appearances, Russians provide financial support to some right-wing non-governmental organizations and, probably, certain media outlets. It is common knowledge that Russia has been financing some right-wing organizations and parties in West Europe; analogically, it does the same in Serbia. There are signals that Moscow will enter Serbia’s media market: allegedly, Russian companies (“Gaspromnjet”) plan to buy a television station. The fact that Željko Mitrović, owner and editor-in-chief of TV Pink, accompanied Premier Vučić during his visit to Moscow plays into the hands of such calculation.

In Serbia, Russia relies on its strong alliance with Serb Progressive Party. Alexander Konuzin, former ambassador to Serbia, actively participated in the party's election campaign in 2012. President Nikolić is known for his love of Russia. Since elected the President he has been meeting with Vladimir Putin quite often. Referring to Serbia's relations with Moscow, Nikolić said, "Serbia is grateful to the Russian Federation for Russia's stance towards Kosovo and Metohija and its commitment to the international law."<sup>5</sup>

In its campaign in the Balkans Russia posits that EU is disunited and unable to fully articulate its interests in the domains of foreign policy and energy. Hence Russia's relatively easy "deals" with EU member-states. Austria is the latest example.

## THE SOUTH STREAM: AN IRRESISTIBLE CHALLENGE

The South Stream is the topic number one in Serbia-Russia relationship. For Serbian politicians, it is practically the only "successful" deal we shall all profit on. The South Stream is Russia's biggest project in the region. On the other hand, everything about it is still uncertain and subject to media speculation.

Before visiting Moscow for the first time as the Premier, Vučić had launched a genuine diplomatic offensive: he visited Austria, Germany and France, and met with Hungarian Premier Viktor Orban in Belgrade. His busy schedule also included a meeting with Sergey Lavrov, Russian foreign minister. Only a day after his visit to Moscow, he met with the Bundestag delegation led by Andreas Schockenhof, and a few days later with Victoria Nuland, the US assistant secretary of state.

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<sup>5</sup> Ibid.

Construction of the South Stream pipeline through Serbia was high on the agenda of Vučić's talks in Moscow.

Sanctions imposed on Russia for the Ukrainian crisis undermined this ambitious project. Namely, EU Energy Council has not yet sanctioned its implementation, and the first country to cancel it on its territory was Bulgaria.

Before saying "yes" to Moscow for the South Stream, Vučić had been to Paris and Berlin. Though official reports on these visit said nothing about discussion of the South Stream, the fact remains that both France and Germany would not cancel their business deals with Moscow.

Last but not least, Hungarian Premier Victor Orban said in Belgrade (July 1) that his country would continue construction works on the South Stream, adding, "If someone wants to prevent the project, he is free to propose an alternative to it."<sup>6</sup>

The South Stream is vital to Serbia: besides unimpeded flow of energy Serbia counts on revival of its construction industry and new jobs. In the present economic situation Serbia itself cannot finance such a huge enterprise (according to some information, Bulgaria has cancelled the project for the lack of financial resources).

The planned South Stream section in Serbia would be financed from Russia's so-called subordinate loan (the pay off would start once the pipeline is functional, the installments paid from the cost of transport) with 4.2 percent rather than 8 percent interest; domestic companies would be engaged in the construction works in the amount of 300-400 million Euro, the construction itself being contracted

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<sup>6</sup> Politika, July 2, 2014

with the Russian company “Centrogas” during Vučić-Putin meeting (the entire project is worth 3 billion Euro). According to some news stories, Russians have agreed to lower the price of gas for the Serbian market.<sup>7</sup>

The fact that a Russian company is the main contractor, however, leads to some embarrassing conclusions. “Large deals are being made with foreign companies that take practically the whole profit, while domestic ones are engaged as sub-contractors and are paid by far less,” says Groan Rudi, vice-president of the Construction Chamber of Serbia. Sitka Pistol ova, editor of Energy Observer, is even more critical about the deal. “There is too much mud in the whole project that everything will end up to our detriment. Instead of diversified sources and means of transportation, once again we are having Russian monopoly. I would like the Serbian government to explain why is it that we need the South Stream after all. Is it meant to make Russians wealthier or to benefit Serbia?” she says.<sup>8</sup>

Controversies follow other business arrangements as well given that no knows for sure about the agreements reached. Some claim that Russia agreed to expand the free trade zone to cars, cheese, cigarettes, etc.,<sup>9</sup> while others say, “Putin would never allow duty-free imports of cars and some other products.”<sup>10</sup>

Aleksandar Vučić asked the Russian side to pay a higher ore tax on NIS exploitation of oil and gas in Vojvodina; judging by everything, he was denied. The majority owner of the domestic oil industry (NIS), the Russian “Gaspromnjet,” has been paying only a 3-percent-tax on ore

(whereas such a tax is by far higher in Russia). In her capacity as the Minister of Energy, Zorana Mihajlović has warned against such a low ore tax. Some take that she has been moved to the Ministry of Infrastructure and Construction for her overt criticism of the Russian arrangement.

There is no telling about the outcome of the negotiations on Serbia’s gas debt. Some speculate that Russians will be compensated with “Petrohemija” and Pancevo Nitrogen Plant, probably the Smederevo Steel Plant as well. On the other hand, Russians are more interested in Serbia’s Energy Industry and some other similar businesses, according to reliable sources from Russia.<sup>11</sup>

## STRATEGIC ARRANGEMENTS BETWEEN SERBIA AND RUSSIA

Serbia-Russia declaration on strategic partnership covers “all the areas of cooperation, including politics, trade, economy, culture, science, technology and education.”<sup>12</sup> It also states the two country’s cooperation and coordinated activities at international level: at international forums, and towards strengthening of the role of UN, OSCE, Council of Europe and so on. The two countries, says the declaration, will cooperate in the struggle against terrorism, and exchange information about, among other things, the initiatives and activities “within the Euro-Asian project.”<sup>13</sup>

In 2013, Ivica Dačić, the then Premier, signed seven agreements with Russia – on the half-billion loan from Russia, on cooperation

7 Informer, July 8, 2014.

8 Isto.

9 Prema saznanjima Informera, dozvoliće se uvoz 10.000 „fijata 500L” (do sada su mogli da se izvezu samo delovi), 8. jul 2014.

10 Blic, 10. jul 2014.

11 „Za rusku stranu bi mogla biti zanimljiva kupovina Elektroprivrede Srbije i još nekih preduzeća iz energetskog sektora”, izjavio je član ruske Akademije nauka Pavel Kandelj, Blic, 8. jul 2014.

12 [http://news.kremlin.ru/ref\\_notes/1461](http://news.kremlin.ru/ref_notes/1461), 24. May 2013.

13 Ibid.

in railroad traffic, on the development of the Serb-Russian “humanitarian center” in Nis in the period 2013-15, on mutual recognition of diplomas and scientific titles, on Serb military memorials in Russian territory and the other way round, on trade cooperation and on the exchange of statistics on tariffs between the two tariff departments.

## REPUBLIKA SRPSKA AND THE RUSSIAN STRATEGY

Republika Srpska is high on the agenda of the Russian strategy for the Balkans. Its President Milorad Dodik sees cooperation with Russia as the main pillar of his political survival. If the Council of Ministers of Bosnia-Herzegovina denies supporting the construction of the South Stream pipeline in the territory of Republika Srpska, Republika Srpska will settle the issue with Russia unilaterally, he said, adding that his representatives had met with the leadership of “Gasprom” in St. Petersburg.<sup>14</sup>

Russia is evidently present in Republika Srpska in the spheres of culture and politics. The conference titled “Colored Revolutions as Instruments of Geopolitical Transformation” held in Banjaluka in April 2014 under the auspices of the Fund for Strategic Culture, assembled experts from Russia, Germany, Venezuela, Ukraine, USA, Serbia, Federation of Bosnia-Herzegovina and Republika Srpska. The conference was meant to picture “colored revolutions” as “particularly perfidious forms of foreign domination, implying replacement of democratically elected governments by obedient teams ready to obey all the orders from abroad unquestioningly.” The conference called the “orange revolution” a coup d’etat

<sup>14</sup> <http://kontaktradio.com/2014/03/dodik-ako-bih-nece-juzni-tok-rs-i-rusija-mogu-same/>  
<http://kontaktradio.com/2014/03/dodik-ako-bih-nece-juzni-tok-rs-i-rusija-mogu-same/>.

presenting itself as “people’s revolution.” The conference was obviously convened to prevent possible riots in Republika Srpska on the wave of socially motivated demonstrations shaking Tuzla, Sarajevo and some other towns in Bosnia-Herzegovina. This is best testified by the Banjaluka declaration titled “Draft Measures for the Protection of the Republic.”

The declaration emphasizes the necessity for a special police unit of Republika Srpska to safeguard law and order, discussion panels in electronic media by the model of Vladimir Putin’s debates with TV audiences, strengthening political, economic and media ties with Russia as the only big power not after a unitary Bosnia-Herzegovina. It also refers to a law on “non-governmental” organizations in Republika Srpska, claiming that Belgrade-seated organizations such as the Helsinki Committee and the Humanitarian Law Fund were crucial in the logistics for a change of the regime.

Russia is evidently after a *status quo* in Republika Srpska – in this context it is growingly present in the public life of Serbia and Republika Srpska. It spread its influence not only through its own “institutes” in the region but also through some twenty-odd right-wing organizations, especially in Serbia.

Russia would not want to see any riot in Republika Srpska. Nikita Bondarev, historian, takes that conflicts and protests in Muslim-Croat entities will escalate and, once all the conferences and manifestations the West cares for are over, Bosnia-Herzegovina will begin to disintegrate. He expects major developments in late summer or early autumn. In that case, he says, Russia is capable of forming a military unit to be deployed if it decides to stabilize the situation.<sup>15</sup>

<sup>15</sup> Geopolitika, No. 72, March 2014.

## POLITICAL TOPICS

The escalation of the Ukrainian crisis revived the interest in OSCE and its current chair. According to some sources, the new model of joint presidency by two countries (to be applied for the first time to future chairs, Switzerland and Serbia) will be so amended in 2015 as to secure Switzerland's "mentorship."

The Ukrainian crisis dominated the talks Vučić had with Medvedev and Putin. This was what Dmitry Medvedev confirmed at a joint press conference; he told the press that he had "a long and open" discussion with Vučić on the situation in Ukraine, and "on what was it that happened there, who was the one to blame and what was it to be done."<sup>16</sup>

Serbia's presidency of OSCE was also on the agenda. In its new capacity as of 2015 Serbia will no longer be in the position to keep its neutrality and ambivalently "support the territorial integrity of Ukraine but not impose sanctions on Russia." Though, generally speaking, OSCE is no longer as important as it used to be, a country that chairs the organization is duty-bound to monitor all the conflict-prevention activities, and to manage a crisis and post-crisis renewal.

This means that a country that chairs OSCE decides on priorities and procedures, which need not be just formal. "Constructive attitude towards lessening of tensions between Russia, Ukraine and the West are for sure on the presidency's priority list," says Nikola Jovanović of the Center for International Cooperation and Sustainable Development.<sup>17</sup> This could be an opportunity for Serbia to demonstrate "the

advantages and the utility of its position" and "qualitatively change the overall perception of it."<sup>18</sup>

At the press conference in Moscow Premier Vučić avoided to directly answer the question about Serbia's support to Russia in the matter of Ukraine during its presidency of OSCE. All he said was that he had not discussed OSCE with Putin, adding, "Russia sees Serbia as a friendly country, and Russia has in no way warned Serbia, let alone blackmailed it."<sup>19</sup>

## MILITARY COOPERATION WITH RUSSIA

Russia wants to prevent Montenegro's, Bosnia's and Serbia's membership of NATO at any price, and, therefore, works on its military ties in the Balkans. Russia-Serbia military cooperation is a major aspect of their overall relationship. The visit of Sergey Shoygu, the Russian defense minister, in November 2013 manifested closeness of the two sides.

In Belgrade Shoygu met with Serbia's highest officials – Premier Ivica Dačić, First Vice-Premier Aleksandar Vučić, Defense Minister Nebojša Rodić and President Tomislav Nikolić. Nikolić bestowed on him the Order of the Serbian Flag of the First Rank. "Serbia and Russia has always been on the same side, and that's how they will be in the future," he said on the occasion.<sup>20</sup> Serbia pursues the course of its own, "a clear and committed one," said the President, and on that course needs the assistance of the entire world, but its path would be thorny were it not for "such Russia as it is today."<sup>21</sup>

<sup>18</sup> Ibid.

<sup>19</sup> Politika, July 9, 2014.

<sup>20</sup> Blic, November 13, 2013.

<sup>21</sup> Ibid.

<sup>16</sup> Politika, July 8, 2014.

<sup>17</sup> NIN, July 10, 2014.

Dačić and Shoygu shared the view that “the relations between the two countries are now at their best when compared with past several decades,” and that their respective ministries of defense should further strengthen cooperation in the areas of military industry, training and specialization of cadres, and equipment modernization. They also agreed on a joint celebration of the 70th anniversary of liberation of Belgrade in WWII. The two officials “stressed the need for a better economic cooperation” and “Russian investment in the process of privatization of Serbia’s enterprises and economic development.”<sup>22</sup>

“Serbia-Russia cooperation in the domain of defense is being developed on new foundations, and it is only a logical follow-up to the two countries’ strategic partnership,” said Minister of Defense Nebojša Rodić.<sup>23</sup> Having signed an agreement on cooperation in the domain of defense, the two ministers said they hoped this would be followed by “another three agreements, especially a major one on military-technical cooperation.”<sup>24</sup>

Ljubodrag Stojadinović, military commentator, takes that the said agreement is a “political signal” in the first place. “A signal that has to do with NATO’s – and US’ – plan for an anti-missile shield against Russia’s possible threat to the countries of the Western Alliance and NATO allies,” he say, adding that the agreement above all manifests Russia’s grudge for Serbia’s possible movement towards NATO. “It is more about a political symbolism than a pact or some special status for Serbia that is far above its actual military status.”<sup>25</sup>

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<sup>22</sup> Ibid.

<sup>23</sup> Politika, November 13, 2013.

<sup>24</sup> Ibid.

<sup>25</sup> <http://www.naslovi.net/2013-11-13/slobodna-evropa/da-li-je-srbija-u-snaznom-vojnomo-ruskom-zagrljaju/7746502>.

Andrey Shari, the Russian correspondent for the Radio Free Europe, takes that the agreement indicates not serious military ties between Serbia and Russia. “Only if it explicitly mentions some big investment or large military projects, the document could refrain Serbia from integrating into NATO. But as things stand now this is not the case. So, Serbia has not opted yet between NATO and stronger military cooperation with Russia. And this is the reason why they signed that political document that only theoretically opens the avenues for stronger cooperation.”<sup>26</sup>

A press release issued after Shoygu-Vučić (first vice-premier at the time) talks quotes, “Russia supports the policy of the Serbian government and Serbia’s territorial integrity.” Serbia respects its constitution, said Vučić, and the parliamentary declaration on military neutrality. “And this stance of mine depends not on whether I articulate it in Brussels, Washington or Moscow.”<sup>27</sup>

## WESTERN PERCEPTION OF RUSSIA-SERBIA RELATIONS

At this point Belgrade seems to have found a “go-between” space of its own in EU’s inconsistency – or, the inconsistency of some of its member-states – on the one hand, and Moscow’s laxity, so far at least, on the other. Be it as it may, Moscow is affected by the West’s economic sanctions. It’s hard to tell for how long small countries would remain untouched by this “test of strength” of the big powers. One thing is for sure – for a limited period only. As EU MP Eduard Kukan puts it, Serbia tries to play a delicate role. “That’s like tightrope walking at 200 meters without a protective net below,” he says.<sup>28</sup>

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<sup>26</sup> Ibid.

<sup>27</sup> Večernje Novosti, November 13, 2013.

<sup>28</sup> Politika, 19. Jul 2014.

No doubt that the West is at least reserved about Russian-Serbian closeness. Though Western officials do not say it overtly, experts and analyst do. For instance, Franz Lotar Altman, German expert in EU, holds that Vučić's visit to Moscow at this point would make sense, from Brussel's point of view, only if he had "conveyed Serbia's EU partners' serious concerns with Russia's evidently active support to separatists in East Ukraine."<sup>29</sup>

Or, as British expert in the Balkans James K. Lindsey puts it, Belgrade officials should find a way to convince "some skeptic EU member-states that Serbia would not be representing Russian interests in EU in the future."<sup>30</sup>

During his visit to Moscow Aleksandar Vučić stressed that Serbia "aims at integrating into EU," but also that "it would not undermine the good, the best friendly relations with Russia in the hard times."<sup>31</sup> Serbia's ambivalence and intensive communication with Moscow only stirred diplomatic interest in it. Namely, shortly after Vučić's visit to Moscow, several high officials from the West paid visits to Belgrade. Apart from Schokenhof and Victoria Nuland, Stevan Fule turned up all of a sudden. And then, Jose Manuel Baroso, the outgoing president of EC, paid a farewell visit to Serbia.

Diplomatic communication has been intensified also on the account of Serbia's presidency of OSCE in 2015. Speaking of the Ukrainian crisis, OSCE would be sending its observers among other things. As things stand now, Moscow counts on a OSCE mission "at the field boundary" between pro-Russian separatists and the Ukrainian Army, while most Western countries (EU and US) take that an OSCE mission should be stationed at the Russia-Ukraine border.

<sup>29</sup> Danas, 11. jul 2014.

<sup>30</sup> Danas 10. jul 2014.

<sup>31</sup> Politika, 8. jul 2014.

## REACTIONS TO THE MOSCOW TRIP

Premier Vučić's latest visit to Moscow found an echo in Serbia's pro-Russian media. So, the *Pecat* weekly – usually most critical of the current government and the Premier for the proclaimed course to EU – now benevolently commented on the Premier's talks in Moscow. According to the weekly, the South Stream project "is the biggest and most important event of the past years or even past decades." Its editor-in-chief holds that the South Stream agreement "considerably adds to Serbia's geo-political and geo-strategic position."<sup>32</sup>

The weekly is just in dilemma about which effects of the Premier's visit to Moscow and his meetings with Putin and Medvedev are more precious – "economic or political" and it about "whether we would know how to profit on them or whether they would allow us to."<sup>33</sup>

Some quite novel overtones in the media seemed rather confusing to some analysts. This particularly relates to the euphoria of Vučić's visit to Berlin and talks with Chancellor Angela Merkel. The headlines that usually glorified Russia and President Putin were replaced by neutral ones such as "What Actually Awaits Vučić in Russia?" or "Serbia, Russia and Europe Alike." Moreover, the tabloids usually devoted to Vučić without any reservation, topped by *Kurir* until recently, abandoned their routine all of a sudden. So, for instance, *Kurir* announced Vučić's Moscow tour under the headline "Putin Prepares for Vučić Two Days of Hell!" and subtitled "A Bear Hug." Its tabloid counterpart, *Informer*, ran the headline "An Ultimatum Awaits Vučić in Moscow."<sup>34</sup>

<sup>32</sup> Pečat, July 11, 2014.

<sup>33</sup> Ibid.

<sup>34</sup> Politika, July 8, 2014.

## CONCLUSIONS AND RECOMMENDATIONS

For the first time in its modern history the Balkans is under a single umbrella (EU and NATO), which opens the avenues to peace and stable development, regional cooperation and integration. Also, for the first time, the region is faced with a shared value system: the rule of law, market economy, respect for human rights, tolerance and coexistence;

The Western Balkans (with the exception of Serbia) has declaratively opted for the membership of EU and NATO; EU should, therefore, speed up the region's democratization and economic recovery. Failed transitions and stagnation are the main causes of the region's political wandering.

To harmonize the region's foreign policy EU should firstly harmonize its own. Five EU member-states should recognize Kosovo to start with. Kosovo is the "foundation" of Russia's partnership with Serbia.

Bosnia should be stabilized as soon as possible, which necessitates an innovative approach to its problem. Ethnic principle by which the "Dayton Bosnia" was shaped should be relativized.

Europe needs to develop a comprehensive strategy for energy supply to encompass the Western Balkans as well. Otherwise, unilateral arrangements with Russia cannot be prevented, the more so since some EU member-states have made such deals themselves.

Bearing in mind that Serbia's reform-oriented human resources are scarce, the same as responsible political elites, EU should manifest more solidarity with Serbia than ever before.

EU should invest more creativity in its approach to the Western Balkans; by integrating, say, some industries (energy, infrastructure, economy, etc.) into its frame; further, all social strata, rather than just political parties, should be addressed in order to win over citizens for the European option; in this context, stronger civil societies and professional media could play major roles; EU should be more appreciative of the civil society in this sense, and strengthen its potentials.