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## BUILDING FORWARD BETTER AFTER THE RAIN

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# STUCK IN THE EU'S ETERNAL WAITING ROOM

## THE WESTERN BALKANS, ORGANIZED CRIME, AND CORRUPTION

Walter Kemp

**T**HE politicians of some EU member states have argued that the countries of the Western Balkans should not be allowed into the EU until they have made comprehensive reforms to more effectively tackle organized crime and corruption. But condemning them to an indefinite period in the waiting room is only going to make the situation worse.

### LOCATION IS EVERYTHING

**F**or organized crime, like real estate, location is everything. Unfortunately for the Western Balkans, the region is located along key trafficking routes, particularly for the smuggling of drugs, weapons, and migrants.

It is estimated that close to €1 billion worth of heroin flows through Southeast Europe every year. Significant amounts of cannabis are produced

in the region—indoors and out—and trafficked east and west; 18 tons of the drug were seized in the Western Balkans in 2019, which is probably only the tip of the iceberg. Albania has traditionally been the largest producer of cannabis, but cultivation is increasing in other countries in the region including Bosnia and Herzegovina, North Macedonia, and Serbia.

Furthermore, over the past decade criminal groups from the Western Balkans have become key players in the cocaine market, facilitating the delivery of major shipments between Latin America and Western Europe. Balkan criminal groups are also trafficking major shipments of cocaine through Greece, various Black Sea ports, as well as the Adriatic coast. Most of these drugs are headed for EU markets.

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**A**lthough EU politicians like to say that the 'Balkan route' for smuggling of migrants was closed in 2016, even fences, FRONTEX, pushbacks and COVID-19 have not stopped tens of thousands of desperate refugees and migrants from moving through the region. A recent report published by the Global Initiative against Transnational Organized Crime conservatively estimates that in 2020 alone, the value of the market for the smuggling of migrants in the Western Balkans was €50 million. Therefore, "closing" the Balkan route may have solved a problem for the countries of central and western Europe (all of which are EU member states),

but it created new ones for the Balkans and increased profits for smugglers.

The region is also a crossroads for the smuggling of other goods, including stolen cars, counterfeit products, weapons, and tobacco. This results in a loss of millions of euros of potential tax revenue, and can increase risks to consumers—for example through counterfeit medicines or faulty products. In some cases, goods are moving through free trade or export processing zones. There are just over 40 in the region, mostly in North Macedonia and Serbia. While such zones can increase trade, they are often characterized by less vigilant



customs--something that makes them helpful hubs for illicit trafficking.

This criminal activity deepens instability, undermines governance and development, and generates millions of euros of illicit proceeds which are a lubricant for corruption.

**STABILOCRACIES AND ORGANIZED CORRUPTION**

It would be unfair to label the entire Western Balkans as a zone of organized crime. Rather, the main criminal activities are concentrated in hotspots characterized by socio-economic vulnerability that are close to key infrastructure—like ports, airports, border crossings or highway junctions—and where there is weak governance. It is uncanny how the same locations pop up again and again in police or press reports about organized crime. In such hotspots, criminals can recruit from a pool of unemployed young men, there are sufficient logistics for moving goods and money, and risks are low thanks to weak public institutions and compliant police and politicians.

These hotspots of organized crime in the Western Balkans could only function with some degree of protection.

In some cases, criminal groups are the providers. In other cases, corrupt politicians as well as police or border officials enable illicit activities to take place in exchange for a payment.

*Corruption not only helps criminals to cross borders, but it also enables thieves to rule. Dominant parties are able to buy loyalty with public money and through the control of public institutions. Elites use patronage networks to dispense favors, provide protection, and profit from procurement and privatization processes.*

Corruption not only helps criminals to cross borders, but it also enables thieves to rule. Dominant parties are able to buy loyalty with public money and through the control of public institutions. Elites use patronage networks to dispense favors, provide protection, and profit from procurement and privatization processes. The same report that was referenced above also provides an estimate that the cost of corruption to

the region costs hundreds of millions of euros every year. This is grand theft of the public purse.

As pointed out by former senior UN official and Serbian diplomat Uglješa Zvekić and University of Zagreb Law School professor Sunčana Rokсандić, the region also suffers from “organized corruption”—a symbiosis of organized crime, criminal methods, and high-level corruption, which creates a crooked ecosystem that enriches and protects those with access to power.

This phenomenon is most obvious and hardest to break where criminal, business, and political elites rub shoulders and grease each other’s palms.

Money generated by organized crime, corruption, or tax evasion is being laundered into the licit economy. The UNODC estimates that, globally, between 2 and 5 percent of GDP is laundered. For the six countries of the Western Balkans, this is equivalent to between €1.8 and €4.6 billion annually. Most of this money is being laundered through the banking system, real estate and construction, gambling, luxury assets, and cash-based businesses.

*The result sometimes looks like the leaders of the EU member states saying to their counterparts in the Western Balkans: “we’ll pretend to let you in if you pretend to reform.”*

Checks and balances are weak since public officials, like police and magistrates, suffer from low salaries and political interference. There are very few high-level corruption or serious organized crime cases, and criminal proceedings tend to drag on, or get put into a drawer. Even when convicted, many criminals are awarded light sentences and sometimes do not even lose their jobs—let alone their assets.

Moreover, the media and civil society are muzzled by lack of resources, lawfare, or even attacks. In 2020, more than 120 attacks on journalists were re-

corded in five of the six Western Balkan jurisdictions. A more subtle approach is for ruling parties to establish non-governmental organizations, channel public funds to them in the name of supporting civil society, and thereby reward their friends while ensuring support from what appears to be the civil sector. In many cases, funding to these so-called government-organized

non-governmental organizations (GONGOs) is granted without public consultation.

The countries of the region are slipping down democracy and anti-corruption indices. Yet Western govern-

ments have turned a blind eye to many of the failings of the system or the crimes of individuals for fear of instability or “losing” the region. They have put up with “stabilocracies”—or what Florian Bieber in a recent issue of *Horizons* described as “stabilitocracies.” Whichever term is preferred, the definition is the same: governments that claim to secure stability, pretend to espouse EU integration, and rely on informal, clientelist structures, control of the media, and the regular production of crises to hang on to power. With so many years in the EU waiting room, such regimes have become good at talking the talk of European commitments and values, or reaching out to other potential partners to keep

options open. The result sometimes looks like the leaders of the EU member states saying to their counterparts in the Western Balkans: “we’ll pretend to let you in if you pretend to reform.”

### VOTING WITH THEIR FEET

Mixed signals from Brussels and blockages by some EU member states have caused frustration. The most recent hurdle was created by Bulgaria’s refusal to agree to a negotiating framework for opening accession talks with North Macedonia (and Albania).

Nevertheless, polling data indicates that the vast majority of people in the Western Balkans are still in favor of EU accession, even if one-fifth think that the day will never come. Even in Serbia, the region’s biggest sceptic, 64 percent of the population want to join the EU—according to a recent public opinion poll.

Nevertheless, patience is running out for many citizens—both with Brussels and with their own governments. Unemployment and frustration with corruption have caused many people to vote with their feet and go West. Ask young people in the region what they want to do in the future and many

will answer “to leave.” They are seeking jobs today rather than waiting for long-promised reforms or EU accession tomorrow.

In some countries, the figures are dramatic. According to recent World

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Bank data, around 47 percent of the citizens of Bosnia and Herzegovina, 45 percent of the citizens of Montenegro, and 41 percent of the citizens of Albanian live abroad. This is a major brain-drain of the best and brightest. One consequence is that just below 10 percent of

GDP is sent annually to the Western Balkans in the form of remittances. Furthermore, populations are declining. Most dramatically, the population of Bosnia and Herzegovina has fallen by more than 11 percent since 2011.

While many people are leaving, new actors are entering the region. This includes migrants and foreign investors.

Despite the “closure” of the Balkan route, thousands of migrants are still moving through the region. Tighter border management along heavily travelled routes has diverted flows towards Albania and via Bosnia and Herzegovina, but the main bottlenecks remain. Most migrants are trying to enter the

region from Greece via North Macedonia, and most are trying to exit from the Una-Sana Canton of Bosnia and Herzegovina into Croatia or from Serbia into Hungary or via Romania. Few want to stay in the region; they are trying to enter the European Union. They too are stuck in the waiting room—at the expense of the countries of the Western Balkans. Those who profit are the smugglers—both from the region and abroad—and Balkan politicians who have yet another issue on which to play the ‘stability’ card. To reduce populism at home, politicians in EU member states have raised the risk of it in their Balkan backyard.

While some foreigners are perceived as a problem, others are welcomed with open arms. Foreign direct investment in the Western Balkans is becoming more diverse. While the EU (taken as a whole) remains the biggest trade partner, China, Turkey, Russia, and some Gulf Cooperation Council states are becoming increasingly active. Although their carrots may be smaller than those offered by Brussels, so too are their sticks: there are less strings attached to investments. This is pumping badly needed resources into key sectors such as infrastructure development. For

example, since 2012 Serbia has received €8 billion worth of investments and funding from China. But such sums are creating financial and political risks. In Montenegro, large infrastructure investments such as road construction have raised the country’s debt to 80 percent of GDP, mainly because of loans from China. Through the Belt and Road Initiative, China is quite literally paving the road to the European Union. Such mega-projects create opportunities, but they also increase opportunities for corruption and dangers of dependence.

*Another argument is that “stabilocrats” need to change their ways. But why would they? The waiting room suits them fine. Since they present themselves as guarantors of stability in a process of transition, they have no incentive for bringing that process to an end.*

### SELF-INTERESTED ENGAGEMENT

Keeping the Western Balkans in the eternal waiting room may seem convenient for some Western European politicians, but it is not helping the people of the region—and it risks exacerbating the very problems that the EU accession process was supposed to fix.

Critics would say that the types of crime and corruption outlined above are some of the main reasons why the countries of the Western Balkans should not become members of the EU. They would say, in effect, we have enough problems already and do not need any new ones.

But this is short-sighted. Failing to tackle organized crime and corruption in the Western Balkans hurts the interests and security of the European Union. For example, the argument is sometimes made that EU accession would let Balkan criminals into the Union. But they are already there, some of them with EU citizenship. Many of the most powerful and well-organized criminal groups from the Western Balkans are active in EU member states—particularly in the trafficking of cocaine through port cities in Italy, Spain, the Netherlands, and Belgium—as well as in the United Kingdom. Drugs and weapons from the region already supply criminal markets located throughout the EU.

Another argument is that “stabilocrats” need to change their ways and then the states they rule will be let into the club. But why would they? The waiting room suits them fine. Since they present themselves as guarantors of stability in a process of transition, they have no incentive for bringing that process to an end. Having their countries join the EU would impose rules that threaten their vested interests and end a geopolitical game that enables them to jeopardize liberal democracy for the sake of stability. Indeed, “stabilocrats” practice a form of extortion against the EU and their own people by creating a threat against which only they can provide protection.

Therefore, concerned EU countries should engage in the region, not neglect it. They should make it clear what is expected, monitor implementation, and both acknowledge progress or be frank in criticism. Raising the bar, on the one hand, or using wooly diplomatic language, on the other hand, simply does not help.

Take the example of fighting corruption. As part of the Berlin Process—which aims to promote regional cooperation in the Western Balkans and aid its EU accession process—anti-corruption pledges were made at the London Summit in 2018. Western Balkan politicians in power pledged to take concrete measures to prevent and fight corruption across a wide range of topics, from public procurement and whistle blowing to beneficial ownership and asset recovery. These Western Balkan politicians made a high-level commitment that was encouraged and acknowledged by EU member states, and a review mechanism was created by civil society to track implementation. Unfortunately, less than three years later, most countries have lost interest in the process, there is little follow-up, and even the future of the Berlin Process is unclear. But as a business model, such an approach—involving clear and measurable targets harmonized to existing commitments, peer pressure from EU member states, and the active involvement of civil society—should be applied.

Fighting organized crime is an area where the EU and the Western Balkans should have a shared interest to work together. At the moment, cooperation is usually bilateral between Western Balkan capitals and external partners like the United States, the EU, international organizations, and concerned European states. But the transnational nature of the threat requires greater cooperation among the regional jurisdictions as well as with those in EU member states where criminal groups from the Western Balkans are active. In particular, working through Europol and Eurojust would strengthen networks and capacity and enable joint operations.

If criminals operate seamlessly across borders, police and prosecutors must do the same. Regional cooperation can enhance capacity to deal with transnational networks, cybercrime and cyber-enabled crime, and more effectively track and seize illicit financial flows. Tackling the smuggling of drugs, migrants, and guns is a shared responsibility—not just a ‘Balkan problem.’

Much more must also be done to address the financial and economic aspects of crime and corruption,

from more effective financial intelligence, to sharing information and enhancing skills to reduce money laundering (including through cryptocurrencies). If criminals are motivated by money, what hurts the most is to go after

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their assets. Focusing more on the confiscation, seizure, and re-use of assets would send a strong signal that crime does not pay.

Western Balkan politicians in power will have to work together to deal with such issues, but they cannot do it alone. And the EU needs to show that it is still a club worth waiting to join.

During the COVID-19 crisis, both the EU and its member states were slow to help their neighbors in the Western Balkans. Vaccines came faster from Russia and China than the European Union, yet EU neighbors were quick to close their borders to the Western Balkans. Never mind the missed opportunity to demonstrate soft power and good-neighborly relations instead of ‘vaccinationalism’; the EU and its member states should have recognized the self-interest in slowing the spread of the pandemic in their inter-linked and interdependent neighborhood.

The same logic applies to other transnational threats and challenges. Helping the Western Balkans to prevent and fight crime and corruption will enhance security and democracy in the region and reduce the export of criminality to the European Union. It will also empower a new generation of politicians, young people, and civil society in the region who are trying to strengthen integrity, accountability, the rule of law, and social antibodies in their respective nations.

In the past 20 years, many EU member states have operated on the assumption that given enough time, money, and mentoring, the Western Balkans would eventually come to resemble ‘the West.’ But the opposite has happened. In terms of governance, some parts of central Europe are starting to resemble the Western Balkans. Instead of the East imitating the West, illiberal tendencies are spreading into the heart of the European Union. There are few consequences for current EU member states breaking the EU *acquis communautaire* and contravening its values. Yet EU candidate countries are told to sit and wait, and to be on their best behavior. They can be part of the Eurovision Song Contest or the European football championships, but the rest of the time they remain a white spot on the EU map—surrounded by EU member states including Slovenia, Croatia, Hungary,

Romania, Bulgaria, and Greece on land, and Italy across the Adriatic.

Wrangling over migration, Brexit, budgets, and values is creating fissures within the EU that remind some observers of the break-up of the Soviet Union and Yugoslavia. While such comparisons may seem unfair, there is nothing inevitable about the long-term survival of the EU: it is a project that needs constant attention and innovation. Debates about EU accession retain the Union’s power of attraction, but they should also stimulate discussion about what kind of club countries are joining. Closer cooperation—and ultimately integration—between the Western Balkan states and the EU could help both of the latter along the road to recovery.

When discussing the future of the Western Balkans and the impact of corruption and organized crime, EU leaders should consider the harm of neglecting the region against the benefits of engagement. Coddling stabilocracies while leaving the people of the Western Balkans in the waiting room risks killing the European dream and perpetuating geopolitical, socio-economic, and criminal instability in the region: this has an impact on the whole of Europe. Therefore, preventing and fighting crime and corruption should be a high priority for both the EU and the Western Balkans rather than an excuse for stalling enlargement. ●