

VII. THE IMPACT OF TURKEY AND THE GULF STATES

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Introduction

The implosion of Yugoslavia in the 1990s created favourable conditions for both Turkey and the Gulf States to increase their presence in the Western Balkans. Turkey directly supported Bosnian Muslims and Kosovo Albanians through its engagement in NATO interventions, thereby allowing Ankara to show its relevance for the Alliance in the post-Cold War period. While the Gulf States formally stayed out of the conflict, they mobilised on behalf of their fellow Balkan Muslims through the provision of humanitarian aid, but also with clandestine arms transfers and thousands of volunteers. After the wars, and particularly after the arrival of the Justice and Development Party (AKP) to power in 2002, Turkey intensified its economic and diplomatic activities, which were particularly geared towards Muslim communities in the region. The Gulf States also stepped up their humanitarian assistance, focusing on building mosques and schools and steadily increasing their foreign direct investment (FDI) flows to the region.

The EU is still the most important trading partner of the Western Balkans (it accounts for over 76% of the region's trade), the biggest donor and in most countries the most important source of FDI. However, the slowdown of the EU enlargement process in recent years has emboldened both Turkey and the Gulf States to further intensify their presence in the Western Balkans. Ankara has sought to compensate the lack of progress in the EU accession talks by launching diplomatic initiatives, stepping up trade and investment, facilitated by free trade agreements, and engaging more strongly with all Balkan countries. The Gulf States, on the other hand, see their Balkan investment as an opportunity to diversify their economies in the face of plummeting oil prices.

In its recent Global Strategy, the EU declared resilience in the neighbourhood to be one of its key foreign policy interests. If the EU is to achieve its objective of promoting resilience in the Western Balkans, it is of the utmost importance to understand the effect of this increased involvement of Turkey and the Gulf States on the resilience of states in the region or their ability to adapt to external shocks and 'bounce back'.

Turkey and the Gulf States as drivers of fragility

The Western Balkans is a fragile post-conflict region composed of economically challenged, weak democracies with a set of unresolved ethnic and territorial disputes. While the key drivers of fragility, such as state weakness, ethno-national disputes and poor economic performance are all internal to the region, the rising influence of Turkey and the Gulf States has amplified their impact in several ways.

While Turkey officially still supports the Euro-Atlantic integration of the region, the stalemate in EU accession talks has increased Ankara's assertiveness on this issue in recent years. Its attempts to act as a mediator in intra-regional conflicts have had limited success and at times have even deepened the existing tensions in the region. For instance, during his visit to Prizren in October 2013, Turkey's then Prime Minister Recep Tayyip Erdoğan stated that 'Turkey is Kosovo, Kosovo is Turkey'. This infuriated Belgrade, which temporarily pulled out of Ankara-sponsored trilateral talks (with Bosnia). Although Turkey still shares the EU's stance towards the key issues in the region, including the recent crisis in the former Yugoslav Republic of Macedonia, a further deterioration of Ankara's relations with the EU might turn Turkey against the European integration of the Western Balkans. In spring 2017, for example, pro-Erdoğan anti-EU protests were held in Sarajevo. Although still small in size, these protests indicate Ankara's capacity to derail the European project in the Western Balkans.

Turkey's internal tensions and democratic regression have also started to slowly spill over into the Western Balkans. For years, Turkey facilitated the spread of the Hizmet movement in the region through a network of civil society organisations, schools and religious centres. After the leader of the movement Fethullah Gülen and Erdoğan fell out, Turkey started applying pressure on the Western Balkan states to crack down on schools and individuals related to the Hizmet movement which is now labelled by Ankara as a terrorist organisation.¹ Another potential driver of fragility is the potential of Erdoğan's authoritarian governing style – based on a personality cult, tight media control and majority rule – to become a role model for the Western Balkan leaders. Just like Erdoğan, for example, Aleksandar Vučić was elected president of Serbia during his tenure as a Prime Minister in April 2017 while democracy has been gradually backsliding since his Serbia Progressive Party (SNS) came to power in 2012.

The increased presence of the Gulf States has also contributed to regional fragility. To begin with, it has led to the spread of the ultra-conservative doctrine of Wahhabism in the region. This has been facilitated by hundreds of Saudi-funded mosques and schools that have mushroomed across the Balkans in the past two decades. It is very difficult to estimate the exact number of people in the region who have fallen under the spell of fundamentalist imams preaching in those mosques,

1. So far, the pressure has only worked in Serbia where the local government in the city of Novi Pazar announced that it will not provide any support to Gülen's 'terrorist organisation'.

some of whom had also received scholarships to study Islam in Saudi Arabia. However, opinion polls suggest that the percentage is still among the lowest in the Muslim world. Although still in a minority, this increasingly vocal cohort of fundamentalists undermines the fragile cohesion among the Balkan Muslims and threatens inter-ethnic relations. The extent of their influence is reflected in the fact that Albania, Bosnia and Herzegovina and Kosovo are the European countries which have produced the highest number of foreign fighters per capita who joined armed groups in Iraq and Syria. Upon their return, these Balkan jihadists can be expected to further disseminate radical ideas and exacerbate fragility in the region.

The economic presence of the Gulf States in the Western Balkans has also not been entirely uncontroversial. The €3.5 billion worth Belgrade Waterfront project signed in 2015, for example, has created a huge controversy which peaked when a group of unidentified masked men demolished several legally disputed buildings. Although the culprits have never been identified, the aim of the demolition seems to have been to clear the ground for the real estate development in order to meet a deadline that had been previously promised to Arab investors. This sparked a series of public protests in Belgrade, gradually growing into a social movement against the Belgrade Waterfront project in its entirety. Non-transparent investments have also raised concerns about their sustainability. In 2015, for instance, a Dubai-based investor announced plans to invest €4.3 billion in building a luxury tourist resort near Sarajevo, which promised to be one of the biggest investments of its kind in Europe. Two years later, the project has still not taken off the ground and doubts have been raised about the credibility of the investor.

Finally, the lucrative arms deals with the Gulf States have, albeit indirectly, also driven fragility in the region. The Gulf States have taken advantage of lax export controls in the Western Balkans to purchase large quantities of weapons, re-exporting some of this weaponry to various armed groups in the Middle East. By feeding the wars not just in Syria, but also in Iraq, Yemen and Libya with the weapons, the Gulf States have contributed to the escalation and perpetuation of military conflicts in the region. This, in turn, led to the increasing number of refugees transiting through the Balkan route on their way to the EU (almost a million of them in 2015 alone). However important these negative influences have been, they also arguably have a positive flipside which is explored in the next section.

Turkey and the Gulf States as drivers of resilience

The influence of Turkey and the Gulf States has also several positive effects on the region. To begin with, their investments have been an important substitute for the reduction of FDI from the EU, which halved in the period between 2010 and 2013.² Since the early 2000s, Turkey's investments have provided an important boost for

2. Nazif Mandaci, 'Western Balkans and the Gulf: Interregionalism in the making', *Mediterranean Politics*, 6 March 2017, p.9.

the economies of the region especially in Kosovo (€340 million) and Albania (€1.5 billion) where Turkey tops the list of partners and foreign investors. Major Turkish banks such as Turkish Economy Bank, Halk Bank, Ziraat Bank and İşbank have opened up branches and made acquisitions in the region. Turkey also made significant investments in the construction sector (e.g. the Vermice-Pristina-Merdare highway), airports (e.g. Pristina, Skopje, Ohrid) and the textile industry among others.³

More recently, the Gulf States have also started investing in the region to diversify their oil-based economies, a move which has been wholeheartedly endorsed by Western Balkan countries seeking to expand economic partners beyond the crisis-stricken EU. In the past few years, the United Arab Emirates (UAE) has stepped up investments not only in Albania (e.g. the Tirana-Elbasan road, Sheik Zayed Airport in Kukes) but also in Montenegro, Serbia and the former Yugoslav Republic of Macedonia. In anticipation of Montenegro's NATO and EU membership, the UAE has made several investments in the real estate sector including the takeover of Porto Montenegro in the Bay of Kotor in 2016. This is of strategic importance for a future NATO member state where Russia accounts for nearly a third of foreign investments.

In Serbia, the UAE has invested in aviation, urban construction, military technology and agriculture for the sake of its own food security. In 2013, it acquired 49% of the Serbian national carrier JAT.⁴ In April 2015, the government of Serbia struck a €3.5 billion worth deal to develop Belgrade's rundown riverfront. In recent years, Belgrade secured two low-interest \$1 billion loans from the UAE, first to avoid bankruptcy in 2013 and then to plug its public deficit in 2016. In the former Yugoslav Republic of Macedonia, the UAE is the second largest non-EU donor. Qatar has also stepped up its investments in the real estate, health, media and transport sectors across the region while Kuwait and Saudi Arabia have announced further investments in the real estate, banking and defence sectors. Finally, the lucrative arms deals between the Gulf and the Western Balkan create new jobs and contribute to boost sluggish economic growth across the region. Virtually non-existent before 2012, arms exports from the Western Balkans into the Gulf region increased to €561 million by 2016.

In addition to clear economic benefits, a case could be made that the influence of Turkey and the Gulf States on the political resilience of the region has not been entirely negative either. In the years following the Balkan wars, Turkey's political and military involvement in the Western Balkans was part of broader efforts to integrate the region into the EU and NATO. More recently, states in the Western Balkans have welcomed the increased political presence of the non-EU actors as a way of widening their foreign policy options. Increasingly weary about the uncertain prospect of the

3. Alida Vračić, 'Turkey's Role in the Western Balkans', SWP Research Paper 11, December 2016.

4. Will Bartlett, James Ker-Lindsay, Kristian Alexander and Tena Prelec, 'The United Arab Emirates as an emerging actor in the Western Balkans: the case of strategic investment in Serbia', *Journal of Arabian Studies*, vol. 7, no. 1, 2017, pp. 94-112.

European project more broadly, states in the region have sought to diversify their partnerships to hedge their bets. This, however, could also act as a driver of fragility as it could further weaken domestic incentives to reform and sharpen geopolitical competition.

Finally, through its cultural influence in the region, Turkey has sought to strengthen the resilience of local Islamic communities against the fundamentalist forms of Islam propagated by Saudi-trained clerics and local indoctrinated recruits.⁵ A clear majority of the Balkan Muslims follow the moderate Hanafi School of Islam that was dominant in the Ottoman Empire. It is certainly more compatible with secularism, democracy, and the European integration aspirations of the region and acts as a bulwark against Wahhabism spreading from the Gulf. Turkey's efforts to restore the Ottoman cultural heritage and connect with the Muslim communities in the region has therefore acted as a driver of resilience although in the future much will depend on the nature of the relationship between Ankara and Brussels.

The way ahead

The rising influence of Turkey and the Gulf States has had a mixed impact on the Western Balkans. However, neither their positive nor their negative impact on the region should be overstated. The region is not a strategic priority for them while their economic and political clout is still much less significant than the EU's. Moreover, in contrast to Russia, which openly undermines the EU's influence in the Western Balkans, both Turkey and the Gulf States still treat the region as a bridge to the EU.

In the next decade, the impact of Turkey and the Gulf States on the Western Balkans will depend on four interlinked factors. The first one relates to how the EU faces up to current challenges. If the EU weakens internally and/or its enlargement policy towards the Western Balkans halts, other external actors including the Gulf States and Turkey will seek to fill the vacuum and not necessarily for the benefit of the region. The second factor is the wider geopolitical environment in the Middle East. As political, economic and security interdependence between these regions increases, the Western Balkans will be increasingly susceptible to import both their positive and negative influences. The third factor is how the EU's relationships with Turkey and the Gulf States will evolve. Their deterioration would deepen tensions in the Western Balkans while a wider geopolitical convergence would boost regional resilience. For example, a proposed formal end of accession talks following Turkey's controversial constitutional referendum and the announced retaliatory withdrawal of Ankara from the migrant deal with the EU might have a devastating effect on all states along the Balkan route. Finally, if the democratic backsliding in the Western Balkans continues and a solution

5. Kerem Öktem, 'New Islamic actors after the Wahhabi intermezzo: Turkey's return to the Muslim Balkans', European Studies Centre, University of Oxford, December 2010.

to the political stalemate in Bosnia, the former Yugoslav Republic of Macedonia and Serbia/Kosovo is not found, external players will be increasingly tempted to exploit divisions in the region, thus seriously jeopardising its development and prosperity.