Yayın Geliş Tarihi: 15.10.2016
Yayına Kabul Tarihi: 29.07.2017
Online Yayın Tarihi: 06.04.2018
http://dx.doi.org/10.16953/deusosbil.288136

Dokuz Eylül Üniversitesi
Sosyal Bilimler Enstitüsü Dergisi
Cilt: 19, Sayı: 3, Yıl: 2017, Sayfa: 491-514
ISSN: 1302-3284 E-ISSN: 1308-0911

Araştırma Makalesi

GULF REGION AND WESTERN BALKANS: A CURRENT HISTORY OF INTERREGIONAL RELATIONS

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Abstract

From the Gulf's point of view, the Western Balkans is a lucrative destination: in desperate economical need and offering a very suitable environment for investment. However, the recent boom in the interregional relations cannot be explained only by looking at both sides' appetite for mutual commercial gain. Particularly, for the rich Gulf countries the region offers some other opportunities to sustain and reinforce further their international economic and political profile as well. The study aims at unfolding the basic leitmotivs behind the growing interest of the Gulf countries to the Western Balkans as well as the course of interregional relations since the beginning of the 2000s.

Keywords: *Western Balkans, Gulf Countries, Food Security, Smart Power.*

KÖRFEZ BÖLGESİ VE BATI BALKANLAR: BÖLGELER ARASI İLİŞKİLERİN YAKIN TARİHİ

Öz

Körfez ülkeleri açısından Batı Balkanlar ekonomik ihtiyaçları ve sunmuş olduğu yatırım olanaklar düşünüldüğünde çok karlı bir hedeftir. Bununla birlikte, günümüzde iki bölge arasındaki ilişkilerde patlama her iki tarafın kar güdüsüyle açıklanamaz. Özellikle Körfez ülkeleri açısından bölge uluslararası ekonomik ve de siyasal profillerini muhafaza etmek hatta daha yükseltmek açısından diğer bazı olanaklar sunmaktadır. Bu çalışma Körfez ülkeleri ile Batı Balkanlar arasında 2000'lerin başından itibaren başlayan ilişkilerinin yanısıra tarafların birbirlerine olan ilgilerinin ardındaki temel saikleri gün ışığına çıkarmayı amaçlamaktadır.

Anahtar Kelimeler: *Batı Balkanlar, Körfez Ülkeleri, Gıda Güvenliği, Akıllı Güç.*

INTRODUCTION

Western Balkans and the Gulf region have distinct pasts, although recently their fates seem to have intersected. Although they shared some similar social and moral codes (Kaser, 2011), the nations in those distant geographies pursued separate

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paths of modernization which led to different forms of societies and governments (Jelavich, 1999; Ehteshami, 2013); a setting that predetermines the course of the future relations. This study aims at unfolding the evolving relations between the Western Balkans and the Gulf since the mid of the twentieth century by bringing to the fore the fundamental reshuffle of partnership relations in different phases of the recent history. By following a descriptive methodology based on a careful scanning of first-hand sources like print or digital media, the study elaborates on the recent economic, political and cultural interplays between the two regions that have gained a considerable dynamism, through the three leitmotivs urging the Gulf countries to engage in the Western Balkans.

HISTORY OF INTERSECTIONS

During the Cold War the relationship with the Islamic world was shaped by political developments around the problem of Muslims in Yugoslavia and Tito's Non-Alignment Movement (NAM) policies. The movement's call for Algeria's membership one year before its formal independence in 1962 and its recognition of the Palestine Liberation Organization (PLO) deepened sympathy of the Islamic World for Tito regime (Arnold,&Wiener, 2012:154-155). In 1967 Yugoslavia signed an agreement with India and Egypt lowering customs duties, which was invented to be a model for economic interdependence among the Third World countries (Hudson, 2003: 49). To many (Ramet, 2002; Benson, 2001; Swain, 2011), Tito's non-aligned bloc leadership was a reluctant foreign policy strategy, a second to the best personal option which invoked forming a reformed and solid communist bloc talking with a common voice, and consequently Yugoslavia's non-aligned strategy came to an end with his death (Benson, 2001:133). Hudson (2003:50) pointed out that indeed the post-colonial world had never been an alternative to Yugoslavia which had always been financially and technologically depended on the capitalist West. On the other side, the underdeveloped countries of the South could never replace the Soviet Union as the neat market for Yugoslav products. Trade with non-aligned countries fell from 17 percent of Yugoslav foreign trade in 1958, to less than 6 percent in the beginning of the 1970s, whereas the volume of economic relations with the West continued to grow (Hudson, 2003:50).

The NAM helped Tito build a considerable sympathy and prestige in the Arab world and particularly political openings regarding Bosnia Muslims reinforced his positive image further. On the other side, in the early 1970s relationships between the Yugoslavia's Muslim communities and the Islamic world continued to grow. Yugoslav authorities tolerated Libyan leader Qaddafi to financially aid the mosque-building program of Yugoslav Islamic community and allowed young Muslims to go to the Middle Eastern countries for Islamic theological training (Ramet, 2002: 118). In 1971 despite vociferous objections in the League of Communists, Muslims were promulgated among the peoples (narodi) of Yugoslavia (Ramet, 1992:177-178). Yet, the Iranian revolution in 1979 reinvigorated the former Islamic peril paranoia and led to persecution of Islamic groups (Ramet, 2002:118-119), thereby gradually souring the relations between Yugoslavia and the Islamic world. In the 1980s, as the relations with the non-aligned world lost momentum, activities of the Islamic community were more frequently labelled in political echelons and media as designs to make Yugoslavia the hub of Islamic fundamentalism in Europe (Ramet, 2002: 119).

The process of rapid dismemberment of Yugoslavia deepened further the non-Muslim communities' discontent with the Islamic world and vice versa. Izetbegovic's will for the Libyan leader Qaddafi to visit the country for the first time during the first multiparty elections, and his appeal for Bosnian membership in the Organization of the Islamic Conference (OIC) in 1991 exasperated these concerns (Hudson, 2003). During the Bosnian War, Islamic world overtly took sides with the Bosnian Muslims and large amounts of humanitarian aid and allegedly arms were supplied by the rich Arab countries -primarily Saudi Arabia and Iran-, whereas other partners like India pursued a lenient policy toward Belgrade to keep Yugoslavia in the NAM (Fisk, 1992). As the conflict developed, Gulf Cooperation Council (GCC) under dominance of Saudi Arabia became one of the most vocal supporters of the Muslim party in Bosnia. In 1993 both OIC and GCC called the UN Security Council to lift the arms embargo on Bosnia Herzegovina and enable the legitimate Sarajevo government to exert its sovereign right of self-defence against Serbian aggression (Bethlehem&Weller, 1997: 250). OIC members also pledged $80 million in emergency assistance for Muslims of Bosnia and seven OIC states –including Egypt, Jordan and Tunisia- announced that they would send troops to the United Nations' peacekeeping forces in Bosnia (UNPROFOR). In 1994 OIC members declared that they did not recognize the ongoing arms embargo towards Bosnia and Herzegovina as far as the Muslim community was concerned.

On the other hand, the Arabs' response to the conflict in Kosovo on its initial phase could be described as a 'deafening quiet', since many Arabs did not find Kosovar Albanians –mostly Bektashis- pious enough and considered the issue as not a problem of the Islamic world (Cigar&Clawson, 1999; Hardy&Muir, 1999). In addition, the sympathy to the non-aligned Yugoslavia as a result of its previous support regarding the Palestinian issue, and to Russia, which had once been a counterweighing power in the Middle East against US, prevented the Arab world to adopt an outspoken pro-Albanian political stand (Cigar&Clawson, 1999). The response of the Arabian dominated Islamic platforms to the developments in Kosovo was respectively elusive too. In the beginning of April 1999, OIC made its first 'meek' (Webman, 2001: 120) diplomatic demarche by issuing a statement that condemned the Milosevic regime and called on the international community for a decisive action to prevent human rights violations in Kosovo (Deen, 1999). The same month, a Saudi-led OIC delegation flew to Moscow to persuade the Russian side to force Serbia to the negotiation table (Webman, 2001:120). Following NATO attacks, OIC Contact Group in Geneva, including Saudi Arabia, issued a statement endorsing NATO and declaring readiness to send troops to UN peacekeeping operations in the future. Arabs also showed an impressive solidarity with Kosovar Albanians in NAM. Egypt, Saudi Arabia and other Gulf countries prevented one-page statement by NAM denouncing NATO attacks on a member country –Yugoslavia- endorsed by Cuba, India and Belarus (Deen, 1999).

To the contrary of some Islamic media, particularly in Iran, reflecting NATO strikes as if they targeted Muslims of Kosovo (Cigar&Clawson, 1999), in the Gulf press the NATO air campaign in Kosovo was 'roundly praised' (Gardner, 1999). Indeed, the majority of Arabs' approach to the NATO action was ambiguous due to legacy of the US attacks on Iraq in the mid-1990s. It was reported in the US press, that the Arab diplomats played an important role behind the closed doors to thwart Russia's efforts to push a UN statement denouncing the alliance's intervention (Curtiss, 1999). However, the Gulf Arab states, save United Arab Emirates (UAE), did not go further than providing humanitarian aid and setting refugee camps, and stood aloof to the international efforts to ensure security and stability in Kosovo after the war. When the United Nations' transitional authority (UNMIK) allowed Saudi humanitarian agencies to operate under the umbrella organization; i.e., the Saudi Joint Committee for the Relief of Kosovo and Chechnya (SJCRKC), they acted to meet 'the spiritual' as well as the material needs of the Kosovar Muslims (Krasniqi, 2010: 16).

After the collapse of the atheist regime in 1991, Albania's relations with the Islamic world also tended to normalize as observed from the arrival of official delegations from many Middle Eastern countries as well as an influx of Islamic charity organizations (Irwin, 1989: 403). No doubt, succeeding Berisha governments welcomed the flow of financial aid and investments especially from the Gulf region to cope with the economic crisis into which the country plunged in the beginning of the 1990s. Tirana's conciliation with the Islamic world begun with the Islamic Development Bank (IDB) in 1992 and continued with Albania's appeal to OIC the same year, leading to a noisy protest of the secular segment of the society, galvanized by Nano-led Socialist Party. In 1993 an Arab-Islamic Bank was set up in Tirana to promote business in accordance with 'Islamic principles' as a joint venture of the Bank of Bahrain and three Saudi-Arabian based banks holding %20 and %40 percent of the capital respectively (Esposito, 2004).

The six Gulf countries recognized the Republic of Kosovo between the years 2008 and 2011, with the UAE as the first among them (Kosovo MFA, 2015). The Gulf countries, except Oman, also took their side with Macedonia in the issue of the name problem with Greece and recognized this state with its official name; i.e. the Republic of Macedonia. Until 2011 the Macedonian embassy in Ankara had also been charged with running diplomatic relations to the Gulf countries. In 2011 Qatar and Macedonia opened their embassies in Skopje and Doha respectively and for the first time an Arab monarch, Qatar's Emir Hamad bin Kalifa al Thani visited Macedonia (Marusic, 2011). In 2013 Macedonia announced that it would open its missions in Saudi Arabia and the UAE. Four Western Balkan countries; Albania, Serbia, Montenegro and lastly Bosnia Herzegovina have so far recognized in line with the Gulf countries the observer status of the Palestinian state in the United Nations and forged diplomatic relations.

FROM DONORS TO COMMERCIAL PARTNERS: BASIC LEITMOTIVS OF THE GULF INTEREST TO THE REGION

The Gulf countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates) have recently made their presence felt in the global economy, now that their future is more heavily dependent on trade and investment in different parts of the world, as their natural gift, oil, is no longer a reliable asset to sustain their current prosperity. According to the Economist, it was observed in the final quarter of 2014 that emerging economies entered a period of low growth, while economies of several high-income countries started to pick up (The Economist, 2014). This new economic setting has furnished Gulf countries with some opportunities to implement long-term strategies to safeguard their leading financial and political positions on a global scale. As for the Western Balkan countries, foreign direct investments (FDI) constitute a vital requirement to boost their economies and cope with economic structural problems, like unemployment. Until 2010 the geographical proximity provided them with a considerable advantage to attract the interest of European investors. Nevertheless, the recent stagnation of the European economies has pushed tiny Balkan economies to look for new alternatives and the Gulf countries seem to promise much more in this respect. From the point of Gulf, the Western Balkans is a lucrative destination: desperately in need and offering a very suitable environment to invest. However, the recent boom in the interregional relations cannot be explained only by looking at both sides' appetite for mutual commercial gains. Particularly, for the rich Gulf countries the region offers some other opportunities to sustain and reinforce further their international economic and political profile as well. The following section aims at unfolding the basic leitmotivs behind the growing interest of the Gulf countries towards the Western Balkans as well as the course of interregional relations since the beginning of the 2000s.

Prospect for Lucrative Economic Relations

Since the late 1990s, the interregional relationships have attained commercial character particularly due to the flow of capital from the Gulf region to be invested in a variety of sectors in the Western Balkans. Foreign direct investment (FDI) inflow to the transition South-eastern European countries has seen a steady increase since the beginning of the 1993, from $58 million in 1993 to $937 million in 2001. By 2001 Macedonia got the lion share in total investment to the region ($442 million) and Bosnia Herzegovina was the most favoured state by the Gulf investors, particularly from Kuwait ($62.7 million) (Hunya, 2002: 12-14). There has been a considerable increase in FDI inflows to the Southeast Europe including Croatia since 2000, due to improved general political and economic environment and the increasing economic performance. In the Western Balkans Serbia took over the leadership from Bosnia Herzegovina during 2001-2010 period; those countries were followed in line by Montenegro, Macedonia and Albania (Estrin&Uvalic, 2013:17). By 2013 FDI flows almost halved as a result of economic crisis and subsequently reduction in investment from the European Union (EU) countries (UNCTAD, 2013:4), making the Gulf countries a more desirable alternative for growing economies of the region. The FDI flow into the Western Balkan countries since 2000 has shown a steady character, yet, although EU-based FDI flow drained in half in the years of 2010-2013, the volume of FDI has continued to grow thanks to GCC countries.

As mentioned above, since the beginning of 2008 BiH started to lose its charm and Arabian investors particularly in Qatar and the UAE turned to Croatia and Serbia which offered more lucrative returns. Indeed, previously Croatia and Serbia opted for EU and Russia respectively as their main economic partners and more than 80% of total investment came from the north, but the recent economic crisis in Europe and Serbia's recent diplomatic engagement with the EU led Zagreb and Belgrade to diversify their alternatives to sustain their economic growth. Both countries had already been highly suspicious of the appetite of the Gulf countries for the Western Balkans and perceived the Gulf countries' economic activities a strategy to tacitly diffuse radical Islamic ideology of Wahhabism/Salafism in the region. However, today especially Serbia has taken the lead in the region by establishing a growing network of commercial relations with the Gulf countries ranging from heavy industry to real estate.

After the 1997 economic crisis, the international community tended to lean more seriously to the problems of Albania. Kuwait was one of the donor countries that financed the process of transition to market economy in Albania (Bogdani&Loughlin, 2007:215). In the Albanian media it was reported that Saudi Arabia was prepared to invest large sums especially in the agricultural sector (De Waal, 2007:232). By the mid-1990s the volume of investments particularly from Saudi Arabia and Kuwait in the sectors of banking, telecommunication, transportation and textile continued to grow. Although at the beginning of the 2000s Gulf investments have not reached the desired level and remained limited with the country's natural resources, particularly in the sector of mining, Albania has offered a bright prospect for the Gulf investors. In addition, as confirmed by Khaled M. Al-Aboudi, the CEO of the Islamic Corporation for Development of Private Sector (ICD), the sectors of tourism and real estate offered great commercial potential. Islamic Development Bank (IDB) supported by Saudi Arabia, Qatar and the UAE was particularly used for important infrastructural projects like the reconstruction of the Albanian parliament ($160 mil. dollars), and Tirana-Elbasan Highway ($373 mil.) (Khan, 2013).

In 2009 Albania hosted an important gathering bringing together the member and non-member country representatives of the IDB. The conference confirmed the growing possibility for Albania to hub LNG (Liquefied Natural Gas) in the European market. GCC representatives announced that Albania could also market its water to the Gulf in return for LNG to be distributed in European market and they would assess the feasibility of the project by the Switzerland-based ASG Power that had already invested $60 million on design and technicalities (BqDoha, 2014). On the other side, Saudi Arabia-based Al Rajhi group disclosed its intention to invest in real estate market in Albania. For, Albania works on preparing the ground for lucrative commercial partnerships with the Gulf countries on bilateral basis by signing agreements on prevention of double taxation and financial evasion, and setting up institutional structure containing chambers of commerce, contact offices, joint business councils (BqDoha, 2014). For instance, Albania and Qatar signed a memorandum of understanding and regulating taxation issues. In addition, citizens of the four Gulf countries, Saudi Arabia, Qatar, the UAE and Kuwait have been exempted from visa in their entrance to Albania. Probably, one of the most important signs that Gulf countries have started to see Albania as a commercial hub in the Western Balkans is the opening of the UAE funded Shaikh Zayed Bin Sultan Al Nahyan Airport in Kukës in 2010 (Gulf News, 2010).

Among the Gulf countries, the UAE has been the one that has established the strongest economic and diplomatic ties with almost all the Western Balkan countries in a variety of sectors. The region offered vast opportunities to the UAE which has planned to use the region as a hub for its future aviation projects on a European scale. The Balkan airline companies which were about to go bankrupt and desperately sought for international partnerships, such as the Serbian airlines JAT, took the advantage of the Gulf capital looking for a regional venue in the sector. In August 2013, the Serbian company signed a strategic partnership agreement with the UAE national company Etihad Airways. Etihad would provide up to $100 million for further management of the company for at least the coming 5 years. The partnership company Air Serbia started its activity in December 2013 with a broad vision of being the leading airline in the Balkans and fostering tourism in both directions (World Bulletin, 2013).

Gulf countries have also become the major supporter of macro-economic policies aiming at transforming the obsolete infrastructure of the Western Balkans as observed in the case of $1 billion low interest loan from the UAE to Serbia (Gazeta Express, 2014). An agreement of cooperation in the field of civil aviation was also signed between the foreign ministers of the UAE and Kosovo on 12 March 2014 in order to open the Airport of Prishtina to international flights (Kosovo MFA, 2014). Montenegro also followed the same suit with other Balkan states in forging economic partnership with the Gulf; for instance, in July 2014 the Montenegrin Prime Minister and the Director General of Abu Dhabi Fund for Development started talks relating intensification of commercial bonds with investments in transport, agriculture, tourism and banking sectors in Montenegro (Government of Montenegro, 2013).

The UAE which spends over five percent of its Gross Domestic Product (GDP) on defence – as the fourth largest arm importer globally according to Stockholm International Peace Institute (SIPRI) (Boduszyński, 2015: 5-8; Donaghy, 2014), has also become the main contractor for the bourgeoning arms industry of Serbia. In 2013 the Emirates Advanced Research and Technology Holding (EARTH) and Serbian state-owned defence company Yugoimport stroke a deal involving joint development of advanced cruise missiles. It is estimated that the UAE invested more than €200 million for the joint venture and that Dubai also shows interest in purchasing armed vehicles from Serbia within the framework of its modernization program (Karasik, 2013). According to Boduszyński (2015:7), the reason why the UAE opted to arms deal with Serbia is the fact that the latter is not subject to any restriction as are the NATO or EU member countries in selling military hardware and technology, even though the secretive nature of the contracts led to some speculations in the regional media (Donaghy, 2014).

Qatar comes in second in terms of economic and political involvement in the Western Balkans, strengthening bilateral relations especially during the last years through bilateral agreements on several fields as well as trade and investments on various sectors. Since 2011 Qatar and Albania have signed a series of agreements related to cultural cooperation, collaboration in the health sector and the regulations concerning employment of Albanian nationals in Qatar (Al Meezan, 2011). Albania offered some advantages to the Arab investors in the last set of agreements in 2014 regarding encouragement and protection of mutual investments, and air services as well. The parties decided to develop their economic partnership especially in the tourism sector. In July 2014 a Business Council between Qatar Chamber of Commerce and Industry and the Albanian Chamber of Commerce was formed due to regulating the growing economic relations between the two countries (Independent Balkan News Agency, 2014).

In 2012 the Macedonian national media heralded the interest of the Arab investors in their country. In January 2013 the first official contact between the Macedonian and, Qatari officials who were interested in investing through an electricity company and in some projects related to tourism was publicized. The official talks culminated in establishment of a Joint Economic Cooperation Committee (Dudley, 2013). Qatar also stroke some other deals with Macedonia regarding air services (Al Meezan, 2012), the employment of Macedonian workers in Qatar (QNA, 2014), joint news exchange between Qatar News Agency (QNA) and the Macedonian Information Agency (MIA) and deepening cooperation in other fields like tourism, culture, education, health, economy and education (AP, 2011). Qatar also signed an agreement related to guest-workers with Bosnia Herzegovina and Kosovo. However, Qatar's interest in accepting guest workers from the region lured a popular attention and triggered some speculations in the regional media. According to Lynch, although the agreements have been put into force immediately, severe critiques appeared in the newspaper columns inviting public interest to their content, recalling so modern-day slavery (Lynch, 2013).

Kuwait, as another Gulf country depending nearly totally on oil, currently tries to diversify its investments in cash-poor countries of the world to safeguard its position among the wealthy members of international community in the future. Recently Kuwaiti investors have started to fly their flag in tourism sector in the Western Balkans. Although the country (Kuwait) has a great potential for becoming a global touristic destination, religious constraints have thwarted the development of its own domestic sector thereby driving Kuwaiti capital to search new havens in different parts of the world. Al Kharafi Group, for instance, which is one of Kuwait's largest developers, has an enormous tourism portfolio which currently targets Western Balkans and Albania in particular (The Gulf Online, 2008). Apart from the tourism sector, Kuwaiti investments have continued to concentrate on infrastructure projects in the Western Balkans. As the share of Kuwait in construction of railroads and motorways has continued to grow this country has become the major financer of other projects as well.

The Kingdom of Saudi Arabia initially shaped the bilateral relations with the countries of the Western Balkans with a focus on religious values and practices. The influence of Saudi Arabia in the countries of the Western Balkans in accordance with its foreign policy principles was based on Islam (Saudi Arabia MFA, 2011) and run mainly through construction and reconstruction of mosques and alike worship places as well as religious charity groups' activities (Poggioli, 2010). As mentioned above, the Saudis distinguished themselves as the most benevolent donor nation as the crises in the region went on. Although Saudi Arabia has been comparatively less outward looking among the other Gulf countries and more focused on inward development rather than external development (The Economics, 2014:5), as discussed below, since 2004 particularly due to their food security concerns, Saudis' revised their traditional policies. Of course the Western Balkans is among the destinations the Saudi capital particularly may flow as far as the food industry is concerned. Lastly, the Kingdom of Bahrain and the Sultanate of Oman are the Gulf countries which are less involved in the region although particularly Bahrain is seen as one of the most out looking, friendly economies in the Gulf region (The Economist, 2014:6). So far, they have just established positive diplomatic relations with the region and begun to show their interest in economic bilateral relations as observed in the growing volume of imports –mostly dairy products- from the region, especially from Serbia (In Serbia, 2013).

Western countries have been so far the leading commercial partners of the Gulf countries. Particularly EU has remained the largest trading partner despite the increasing competition from the Far East and China. Gulf capital has been channelled in the Western countries to mostly the energy sector in forms of joint ventures or finance sector. Although the benefits of purchasing formerly state-owned low-capacity companies or joint ventures in the Western Balkans are dwarfed by the revenues from gigantic enterprises with the Western partners, the region still offers a bright prospect for Arabs' long-term schemes designed to possess more hard-assets in the European market. From another point of view, the Arabs' economic endeavours in the Western Balkans can be seen as another phase of deepening economic relations with the wider European economic zone. Probably the most binding engagement for the involved parties is the EU-GCC Cooperation Agreement of 1988 as complementary to the EU-Arab dialogue, which places the EU member countries and GCC countries in a collective institutional and contractual framework. The agreement aimed at strengthening economic and political stability in the region, broadening economic relations and cooperation in a variety of realms including science and technology, energy, transportation and agriculture. The agreement envisaged that the bi-regional relations were to be carried out by joint councils manned by relevant ministers or bureaucrats on the yearly basis. The agreement also envisaged that the parties would accord to each other most-favoured nation treatment.[1]

Probably, what might place the Western Balkans into a larger institutional framework including EU and GCC are Euro-Med Partnership and the Union for the Mediterranean (UfM) of 2008 which include littoral states of the Western Balkans, Albania, Montenegro and Bosnia Herzegovina. Although the project of bridging Euro-Mediterranean and EU-GCC frameworks could not find considerable support in Europe and in the Gulf countries until 2008, this situation seems to be changing due to the rising interest of the Gulf investors in the Western Balkans. For the GCC countries the economic crisis from which Europe is gradually recovering itself has offered large opportunities to invest in the southern edge of the continent. It is anticipated that the Gulf investment would turn out more lucrative should the Western Balkan nations become full members to EU as promised in Thessaloniki summit. Besides, Western Balkans may be potential allies to the GCC countries in the halls of Brussels. On the other side, as Union for the Mediterranean (UfM) Secretary General Fathallah Sijilmassi signified, the partners started to consider the Gulf countries as Euro-Mediterranean region's natural partners once they are potential gateway to the Asian markets (Anna Lindth Foundation, 2015). From another point, the EU also welcomes the interest of the Gulf investors in the region and considers increasing investments as fresh factors contributing positively to the structural economic problems primarily such as unemployment. For the EU, economic benefits of commercial bonds with the Gulf region also help pro-European governments in the region, particularly in Serbia, to float their economy and lessens the probability of radical Euro-sceptics’ gaining power (Vasovic, 2013).

Food security

National governments have seen food security as a component of their comprehensive security strategies invoking self-reliance and development. In developing nations, food security is generally taken to be the key driver of population growth, urbanisation and industrialisation (Sommerville, 2014:249), which are the force multipliers for states in international fora. Dependency and social as well as economic costs due to fluctuating food prices have driven cash-rich but food-insecure states of the Gulf to seek for alternative strategies such as purchasing and operating expensive technologies, diversifying suppliers and if possible investing abroad. In Saudi Arabia only two percent of the land is arable despite intensive irrigation and modern technology, and it is estimated that food scarcity would be the most urgent problem of the country by 2050 if the young population continues to grow at its current pace (Lippman, 2010:90). According to Ministry of Economy in the UAE, "food consumption in the country has continued to grow at the rate of 12 percent per year and demand for food staples has increased 30 percent" thereby rendering agricultural investment abroad vital for ensuring food security (Lowe, 2012). Qatar is reported to have nearly depleted its groundwater and the country is expected to count on desalination and imports (currently %90 of its food needs) to sustain its food security (Siegel, 2013).

In the late 2000s the Gulf countries realised that despite their wealth they might be unable to purchase their needs if supplier countries restricted exporting agricultural products due to their own shortages or other political priorities (Lippman, 2010: 92). In order to expand their agricultural production, the Gulf countries allotted large sums to projects of desalination; however, it is expected that due to rapid population growth, desalinated water has to be reserved for human consumption in the decades to come. Unfortunate for the Gulf nations is that in the near future, it would also be much more difficult to raise funds for the construction of desalination plants as oil and gas reserves continue to decline (Malek, 2014b).

Since the mid-2000 Gulf monarchies such as the UAE and Kuwait, have started to endorse private companies to invest in land-rich, cash-poor countries in Africa, Eastern and South-eastern Europe and South-eastern Asia (Lippman, 2010:92). The UAE took the lead in investing on the agricultural sector abroad; the value of the Emirates' agricultural investment saw a jump forward from 2006 to 2008, from $10.9 billion to $15.8 billion (Shibeeb, 2010). As of 2009, this country diversified its investments into a chain of countries ranging from Egypt to Romania, from Cambodia to Latin America through either direct purchasing or long term leasing contracts (Shibeeb, 2010). Since 2009, when King Abdullah revealed his country's plan to invest in agriculture abroad, the government has endorsed private companies by offering interest-free loans and strategic partnerships through the state-owned Saudi Agricultural and Livestock Investment Company (SALIC) which was established in 2011. In the beginning of 2014 SALIC announced that its objective was to become a global agricultural investor primarily targeting Bulgaria, Hungary, Romania, the former Soviet Union republics, Egypt, Sudan and Ethiopia. Gulf countries have also become vocal in luring the attention of international community to the problem of growing food and water scarcity in a variety of platforms and they turned out major donors to underdeveloped nations using primitive techniques of agriculture to struggle with starvation (Kuwait Times, 2014) –Kuwait in the lead with $1.9 billion (WAM, 2014).

Critiques of ‘global land grab’ point out that concerns about a looming new crisis led to “a reshuffle in the global governance architecture around agriculture and food security, creating new political actors and allegiances and strengthened some other [actors]’ and ‘deepened global inequalities” in some other ways (Sommerville, 2014:242). So far, large-scale farmland acquisitions “have affected at least 71 million hectares of farmland and encompass a wide range of shifts in both de jure and de facto land control” (ibid). On the other side, financial superiority of some countries has continued to lay the foundations of new forms of exploitation, albeit in the long term, which are referred in some international political forums by the sceptics as ‘neo-colonialism’, ‘agro-imperialism’ or ‘agrarian colonialism’ (Hairong&Sautman, 2010:308)..’

Proponents argue that agro-investments invoke interplay at the end of which both parties win because it assists the host country to solve its long standing problems regarding poverty, rural development, infrastructure, modernisation of agriculture, unemployment and tax revenues. However, the opposite camp stresses that contracts are made between the foreign investors and in most of the cases corrupted political elite. Moreover, they are run to the expense of small land-holders, landless peasants and rural workers struggling for cultivable land and ultimately environment (Sommerville, 2014: 246). Of course, the fact that those investments are made almost totally in countries, including those in the Western Balkans where democratic accountability constitutes the most discernible domestic political problem, makes difficult to take those critiques merely speculations (Cabric, 2013).

Western Balkans poses high potential of becoming a trading partner for the GCC in the food sector. In the late of 2012 a number of statements of the Gulf officials regarding investment to the fertile land in the region took place in the national media. Particularly Serbia with more than 3.2 million hectares arable land seemed to have captured the hearts of the Gulf investors (Cabric, 2013). Gulf companies considered Western Balkans also as a convenient commercial base for the European food market thanks to its geographical proximity to the heartland Europe. Now, the UAE has taken the lead in diversifying source countries to import food so as to include Serbia – although the Emirate was the first Gulf country that recognized diplomatically independent Kosovo (Malek, 2014a). In 2013 it was announced that Al Dahra would invest €100 per hectare to buy 9.000 hectares of land %80 of which the company would take possession. It was also agreed that “Al Dahra would take 14.000 hectares of arable land under lease for €250 per hectare and invest €100 million into farming equipment and irrigation systems” (Cabric, 2013). Currently the UAE-based Al Dahra’s investment in Serbia is considered the biggest investment –approximately €300 million (Dudley, 2013) in the country’s agriculture for decades.

In addition, the Abu Dhabi Fund for Development announced a $400 million loan to Serbia’s agriculture sector (Maha El Dahan, 2013). In April 2013 Al Dahra and Abu Dhabi Fund for Development also signed memorandums with the Serbian government in regard with reviving river transportation in Serbia through respectively recapitalisation of Yugoslav River Shipping (JRB) company and construction of a river port in Pancevo on 24 acres land -at a cost of €10.000 per acre. Memorandum envisaged Al Dahra's takeover %30 to %49 of shares – the maximum percentage EU permits. The UAE company which took over formerly state-owned agricultural complexes in Serbia started its activities by the mid 2013 (Balkan News, 2013). With those preliminary agreements the Serbian party granted multi-annual food export including wheat, meat, dairy products and semi-processed and finished food products to the UAE (Krasik, 2013). In July 2014 the Serbian government revealed another agreement to establish a joint business organization with the Abu-Dhabi based company Al Rafawed. According to the joint venture agreement Serbia would have a 20 percent share without investing money in the company whereas the UAE partner would invest €140 million over the next four years. The parties announced that they would start their activities by buying and restructuring two formerly bankrupted agricultural enterprises in Sivac and Nova Gajdobra (Balkan News, 2014).

The UAE also entered energetically into the agricultural sector in Serbia, yet the final agreement between Belgrade government and Al Dahra delayed and in the beginning of 2014 hopes slowly left their places to critiques in the national media. The process slowed down because of the growing discontent among the localities with the agreement since its revelation the previous year. Government officials announced that street demonstrations against Al Dahra intimidated the Arab investors and drained their appetite to do business with Serbia (Sloan, 2014). Protests returned in the summer of 2014 following the reveal of the agreement with Al Rafaved on the sale of more than 3.000 hectares of land for €250 per hectare instead of €400, the amount offered to Serbian peasants, without public bidding. In the face of protests of locals reinforced with the support of the opposition parties, the UAE company had to cancel the deal (Farmlandgrab, 2014).

Of course, arable and comparatively very cheap lands in the rest of the Western Balkans have long been in the radar of the GCC governments. Macedonia is the second country the Gulf capital has destined, because it offers a stable investment environment, convenient legal system and sufficient qualified workforce for investors. Of course, the country's candidacy to EU contributed positively to its image among Gulf investors aiming accession to the larger European food market. In 2009 the Ministry of Agriculture went to an open call inviting foreign investors to lease 756 hectares of state-owned land in the regions of Kavadarci, Negotino and Demir Hisar for a period of 15–50 years (Farmlandgrab, 2009). Finally, in March 2011 Clarity, an Abu Dhabi-based financial consulting firm which ultimately aimed at supplying supermarket chains in Europe, especially in Germany, announced its first food project in Macedonia relating "commercial scale production of apples and other market fruits, with wholly-owned operational facilities such as cold stores, packing and grading facilities" (Zawya, 2011). Bosnia and Albania (around 695.000 hectares arable land) are thought to have a great potential and they wait for their turn "to boost food exports in niche markets such as organic fruit and vegetables, olive oil and herbs" (Tanner, 2010).

In 2009 Saudi Arabia launched a food security program in cooperation with the International Fund for Agricultural Development (IFAD) that identified Bosnia among the countries to be covered under the initiative (Avancena, 2009). However, Saudi investment in agricultural sector has been so far very limited. In 2012 Saudi Fund for Development (SFD) co-financed an IFAD-supported project in Bosnia (IFAD, 2012). In Albania the state owns around %20 of arable land (134.000 hectares) and legal regulations allow governments to offer in long-term leasing (99 years in fruit trees and olive-groves) or even concession (35 years) to foreign or local investors. In 2009 a concession contract was given for planting about 970 hectares with olive trees. However, the record of foreign investment in the agriculture sector has so far been so unpromising – only 1.000 hectares- due to some structural factors such as general reluctance in local administrations to open the land to investment and legal irregularities (Sallaku&Tarelli, 2013).

Even though it exposes considerable potential, Gulf region's agricultural investments in other parts of the world, particularly sub-Sahara Africa (around $15 billion), dwarf those in the Western Balkans. Of course geographical proximity, logistic factors, land prices, cultural kinship and comparatively loose political and legal structures have driven Arab investors to focus primarily on Africa (Reinl, 2009). Comparatively, Western Balkan countries have more sophisticated socio-political structures and despite some serious flaws, democracy is widely construed as the 'only game in town'. Obviously, democratic accountability of governments due to comparatively free media, judiciary and growing civil society as well as close EU scrutiny in the region make the things tough for the Arab investors. Yet, the region's geographical closeness to Europe and bright prospect for accessing EU market through back door, forces them to make carefully their opportunity-cost calculations.

Ideology or the Arabian Smart Power?

Since its entrance to the lexicon of international relations, the scope and content of the concept of soft power have remained ambiguous, despite the ongoing dispute on it in global academic and political echelons. It is basically a new way for one, projecting power so as to persuade or attract the other to the prudence, benefit, virtue and fairness of its own cause. Nye (1990:153-171) remarked that a country's soft power stemmed from three basic sources; i.e., culture, political values and foreign policy endorsing universal codes of morality. Although he claimed that "narrow values and parochial cultures were less likely to produce soft power" (2004: 11), he also agrees that all forms of power are context bounded (2004:16). Based on Nye's explanations, soft power is understood as a tool that can be used by any country or any actor who is willing to play a more efficient role in world politics, considering the recent growing literature on the soft power of China, Qatar or Saudi Arabia.

Can the growing influence of the Gulf countries in the Western Balkans be read through the lenses of soft power approach? If so, what may be their ultimate goal, of course within the dialectology of power politics? Some authors (Gallarotti&Al-Filali, 2012; Kamrawa, 2013; Hammond, 2014) agree that the Gulf countries are by and large source countries projecting their smart power in global scale. Notwithstanding the present literature related to the soft/smart power of Gulf seems squeezed within the narrow scope of Middle Eastern politics, it is possible to establish some parallels with the Western Balkans. Understandably some aspects of the interregional relations can well be invoking soft power if one takes into account the recent cultural closeness, depth and extent of social interactions. As in the case of grants, credits or investments in a variety of sectors, it is possible to observe in cultural aspect of relations a similar unidirectional flow from the Gulf especially to the Muslim half of the Balkans since the beginning of the 1990s.

Exporting an Arabian-style Islam, or the worst, jihadism to the Muslim parts of the region has been one of the most speculated issues in the Western as well as regional media. According to Deliso (2007) and Kolmann (2004), as the most vocal supporters of the idea of 'Islamic peril' in the Balkans, in the conflict-torn parts of the region Saudi royal-funded charity organizations have so far made a large effort to turn Muslim communities into a human stock available for jihadist movements in Europe. But can religion be considered as a part of deliberate smart power strategies of the Gulf countries, particularly Saudi Arabia and Qatar? Accordingly, what made Wahhabism a globally noticeable creed was Saudi monarchy's deliberate policies to keep at bay the enlarging puritanical groups with reformist political agenda, which did not spare even the Saudi rule (Commins, 2006: 205-206; Crooke 2015, Lacroix, 2011; Bronson, 2006). To flatten the internal dissidents, Saudi monarchy took the advantage of the conflicts in Afghanistan, Chechnya and Bosnia where Muslims were harassed, and helped Wahhabi/Salafi radical groups to run their 'jihad' against non-Muslim aggressors to brandish its profile as 'the protector of the nation of Islam or Ummah' in the whole Islamic world (Morrison, 2008:3; Hegghammer, 2008: 704). For instance, according to Hegghammer (2008: 704), 'to compensate for its problem at home and to outdo its competitors abroad' Saudis provided huge financial and military assistance to Bosnia 'almost twice as large as the amount given to Palestinians in the preceding 15 years'.

Despite the statements of international high officials such as High Representative Inzko in Bosnia (Bardos, 2014: 78-79) or EU Police Mission EUPM Chair Stefan Feller (Turbedar, 2011: 156) arguing that 'Wahhabism in the Western Balkans pose no threat to Europe', many observers (Armstrong, 2014: 24-29; Bardos, 2014: 79; Tziampiris, 2009) have continued to point out the disturbances the growing cobweb of Saudi prayers has created in Muslim parts of the Western Balkans. However, when the case is the merchant-minded UAE and Kuwait, the steady growth of commercial bonds with the Gulf until 2010 may require reconsidering those cultural incursions as the ingredients rather than fruits of a successful soft power strategy of these Gulf countries. Since 2010 the UAE and

Kuwait have made inroads to many sectors in the region, and over time sustaining investments have obviously become as much significant as diversifying them. From one point, capturing the heart of peoples will be a prudent strategy in the region where institutional loopholes, corrupted bureaucrats and politicians offer Arab investors some advantages, whilst simultaneously posing a threat to million-dollar deals. Particularly in the agricultural sector, large scale farmland acquisitions invoke considerable changes in de jure and de facto control of the land and has great potential to generate social unrest as observed in Serbia. Understandably, charity activities rather in the Muslim part of the region are used as a part of deliberate public relations strategy by those countries to win peoples first.

Then what about the target societies of the Gulf smart power in the Western Balkans? Despite claims that in some distant enclaves in Bosnia Sharia-based life style has gradually prevailed (Bardos, 2014: 75) or young people with short hair-long beard on the streets of Prizren or Skopje have recently popped out, it is very likely that despite instruments at their disposal, Gulf countries' cultural influence will remain limited due to the presence of some factors. Firstly, in some parts of the Balkans, the so-called 'religious awakening' has pragmatic leitmotivs involving material expectations (Drake, 1997, Bogdani, 2007: 82). Even in Bosnia where Gulf States spent hundreds of millions of dollars for constructing new mosques and madrasas and offered education to thousands of students in Islamic universities, the majority of Muslim Bosnians seems repulsive to the trend of Islamic radicalization in their country. According to data by a research company, 'Prism Research', about 70 percent of Bosnians reject Wahhabi teachings. The data shows that, those who are sympathetic to Wahhabist ideals have remained around 13 percent (Rakic&Drusic, 2012:657). Secondly, the transforming impact of the European Union, based on its long standing conditionality policies and American life style that continues to enchant young generation leaves limited space to religious radicalism even in the Muslim corners of the region.

CONCLUSION

The Gulf investments in the Western Balkans have recently gathered pace. This trend could be explained with the recent economic stagnation of the European economies pushing the Western Balkans countries to look for new alternatives to survive, and those countries prospect for the EU membership promising the Gulf countries long run economic and diplomatic returns in their relations with the EU. The Gulf countries seem to have followed all together the similar strategy that is characterized by primarily getting involved into large state-owned businesses such as banks, military technology and airlines, to let for a further spill over into a broader market followed by the private sector companies that behave in conjunction with their governments' long-term policy agendas (Dudley, 2013). Majority of the Gulf countries with the exception of Saudi Arabia has chosen to separate politics from economy to safeguard their benefits in the long-run. In contrast with the general belief, religion seems not to be the primary leitmotiv of the Gulf interest in the region; even far behind those relevant to profit and food security. For instance, Bosnia and Herzegovina, Albania and Kosovo are the countries with the highest Muslim populations; nevertheless, as was previously mentioned, among the Western Balkan countries Serbia has attracted by far the highest volume of trade and investments from the Gulf countries. As for the Saudis, they are coming far behind in economic relations with the region; yet they are expected to keep up with the other Gulf countries, albeit a fundamental shift in their ideological stand is a distant possibility (Poggioli, 2010).

Despite growing volume of commercial relations, the region has serious competitors like Southeast Asia and Africa in terms of luring investment from the Gulf region. From the point of the Gulf countries, interregional economic relations are likely to remain under mortgage of the commitments that the Western Balkan states had already made to the EU. It is certain that Gulf investors have so far preferred destinations where they can easily overrun loose bureaucratic and judicial constraints through their personal relations with high officials or political elite who controls developed patronage networks. Of course, running business in such environments is as much risky as profitable; indeed, a factor that makes the nature of interregional relations more volatile in the longer run. For now, the Western Balkans has offered the Gulf such convenient business atmosphere. On the other side, structural reforms in the Western Balkans in regard with, for instance, struggle with widespread corruption by reinforcing democratic accountability, as demanded by the EU, may slow down ongoing economic interplay between the regions. Brussels has so far approached positive to the growing economic relations with the Gulf now that Western Balkans found a temporary alternative to sustain their economic development before membership without EU assistance while Europe struggles to recover from the recent crisis. However, the current way to make business with the Gulf just serves to keep intact the already crooked bureaucratic and political codes of behaviour that have long plagued the Balkan states; a complication to which the EU would never turn a blind eye.

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