

Im zweiten Teil der Diskussion gab Ünker einen Ausblick auf die Zukunft der türkischen Wirtschaftspolitik unter dem neuen Finanzminister Mehmet Şimşek und zeigte sich skeptisch, dass es den angekündigten Wandel wirklich geben werde: „Ich glaube nicht, dass es besser wird.“

In der anschließenden Diskussion mit dem Publikum wurde zudem thematisiert, dass die Internetseite der Deutschen Welle (DW) in der Türkei nicht zugänglich sei. Türk*innen, welche die Be-

richterstattung der DW finden wollten, könnten dies jedoch mittels „Zensurumgehungstools“ tun. Die Deutsche Welle gehe unterdessen anwaltlich gegen diese Entscheidung vor und fordere von der deutschen Politik eine „härtere Gangart“ im Umgang mit der Türkei bei diesem Thema. Die Deutsche Welle sei nicht bereit, die Zensur der Behörde RTÜK (Radyo ve Televizyon Üst Kurulu / Oberster Rundfunk und Fernseherrat) zu akzeptieren.

International Conference

The Politics of Geo-Economic Competition in Southeast Europe

How Can the EU and its Member States Stay in the Race?

Organizers: Southeast Europe Association (Südosteuropa-Gesellschaft / SOG, Munich) together with the Centre for Applied Turkey Studies (Centrum für angewandte Türkeistudien / CATS an der Stiftung Wissenschaft und Politik / SWP, Berlin) and the German Eastern Business Association (Ostausschuss der Deutschen Wirtschaft / OA, Berlin)
Berlin, 4/5 July 2023

Report by Jens Bastian, CATS-SWP, Berlin

Bringing together representatives from the government, civil society and the business community was the key aim of this international conference. Jointly organized by the first-time cooperation of CATS-SOG-OA, the deliberations were spread over two days and structured into four panels. These sought to identify socio-economic developments and external actor constellations in Southeast Europe, elaborate to what degree counter-strategies are making an impact and which geopolitical consequences emerge from a multipolar world. Under Chatham House rules the discussions proved to be vibrant, empirically rich and at times thought-provoking. The venue in the “Haus der Deutschen Wirtschaft” in Berlin provided ideal conditions for such engaging talks.

Over the course of the past decade, the region of Southeast Europe has become part of a geo-economic competition. The influence of non-EU external actors has expanded beyond

Russia (chiefly energy and media), Turkey (retail and trade) and China (with its Belt and Road Initiative). The engagement of the United Arab Emirates (as a credit provider) and Azerbaijan (as a gas exporting supplier) are notable.

Panel 1: The Socio-Economic Situation in Southeast Europe

The first panel debated the achievements and deficits of the socio-economic situation in the region during the past decade. Various macro-economic indicators such as GDP per capita, the reduction of poverty rates and attained educational levels point in the direction of achievements. However, various experts argued that country-specific improvements cannot obscure the fact that in some cases – such as life expectancy and demography – the socio-economic gap to the EU is widening; hence, convergence is declining.

In particular the rising number of young and educated professionals leaving their home countries in the region for the EU was flagged as a warning sign. Nor should rising foreign direct investment be viewed in isolation when it corresponds to jobless growth in recipient countries. Critics of these developments argued that the socio-economic relation between Southeast Europe, particularly the Western Balkans, and the EU is one of asymmetrical dependency. This aspect was illustrated with the observation that even since Croatia joined the EU in 2013, citizens still continue to leave the country and search for better perspectives abroad.

This rather sobering assessment led to a vibrant discussion about the question to what degree the citizens in Southeast Europe still consider the EU a credible alternative. It appears increasingly challenging to argue the case for EU membership while governing elites and citizens are looking for alternatives elsewhere. Put otherwise, for whom is the EU still the key point of reference in Southeast Europe? This momentum represents an opening for non-EU external actors making their mark in the region.

**Panel 2:
How and Where Do External Actors Seek Impact?**

When discussing the engagement and competition of different non-EU external actors in Southeast Europe one conceptual difference received heightened attention: are some actors seeking influence while others focus on impact? One way to distinguish the two elements concerns strategic priorities, the roadmaps of external actors and historical legacies they may bring to the table. This distinction applies prominently to Russia and China. The former has such legacies in the region, while the latter arrived in Southeast Europe without much baggage (with the possible exception of its past in Albania).

One vexing issue in the panel's discussions concerned the role of Turkey. It was argued that Ankara cannot be considered an external actor in the region. Its historical, cultural and economic ties are deep and an integral part of

the region's past as well as future. Turkish banks are entrenched in the financial sector of individual countries and Turkstream remains the main Russian gas pipeline corridor to different parts of Europe. Russian gas is not subject to sanctions in the EU. Austria and Hungary continue to import the fossil fuel for domestic use. The diplomatic engagement of President Erdoğan in the region is consistent with positioning Turkey as a key interlocutor between Southeast Europe, the Black Sea littoral states and towards Central Asia.

China's role in Southeast Europe is expanding beyond its flagship foreign economic policy, namely the Belt and Road Initiative (BRI). The COVID-19 pandemic created openings for so-called "vaccine diplomacy". In Serbia, China is expanding its security and defence cooperation with the government of President Vučić. In Republika Srpska in Bosnia and Hercegovina, Chinese companies have built coal-fired power plants. Mineral extraction is a key factor of China's activities in the region.

Still, various speakers and discussants underlined that this footprint in specific sectors of individual countries should not be confused with an expanding share of foreign direct investment or increasing trade volumes. Rather, what is noteworthy is that China can achieve visible impact in the region with rather little committed capital and only within the past decade. This observation stands in contrast to the EU which has provided large amounts of capital, but some observers of the countries lamented how little impact Brussels has achieved after decades of commitments. Instead, it now faces geo-economic competition on its own turf.

**Panel 3:
How Efficient Are Counter-Strategies?**

In reaction to the aforementioned debate, the third panel sought to identify how efficient counter-strategies devised by the EU are and on what policy areas they should focus. The debate over counter-strategies is twofold. For one, it reflects growing capacity building efforts on the part of the respective countries to address and challenge the role of non-EU external actors. Secondly, the counter-strategies

engage in the larger geopolitical controversy of seeking strategic autonomy and thereby reducing dependencies in critical areas of economic policy making.

Russia's invasion of Ukraine has allied almost all non-EU states in Southeast Europe to endorse the European Union's sanctions against Moscow. Moreover, China's tacit political support for Russia's aggression has caused governments in the region to reassess their relationship with Beijing, for example concerning cooperation in the 16+1 network. They are also seeking new cooperation formats to reduce their energy dependency with Russia.

Still, achieving coherence on counter-strategies is no easy task. There are countries in the region that reject the expanding sanctions regime. Turkey opposes the sanctions and has increased its engagement with Russia, for example in the field of energy cooperation. Neither Serbia nor Republika Srpska have adopted restrictive measures against Russia. Hungary considers the "de-risking" proposals of the European Commission's president vis-à-vis China a "brutal suicide" (Hungary's Foreign Minister Péter Szijjártó in a public statement on 3 July 2023).

The Berlin Process with recently adopted agreements in selected policy areas and the formation of the European Political Community or the Three Seas Initiative were illustrated as examples of alignment in multiple institutional configurations for non-EU members. In addition, the discussion underlined that counter-measures require local agency beyond governing elites, in particular within civil society, the media, and NGOs. However, participants highlighted the fact that the adoption of counter-strategies have social costs and that neither Russia nor China nor Turkey are in a position to compensate countries for the incurred losses.

Concluding Panel: Towards a Multi-Polar World

The concluding panel focused on the political economy consequences of a multi-polar world confronted with the simultaneous challenge of poly-crises (such as Russia's invasion in Ukraine, energy transformation, sustained price inflation and the ever more visible effects of climate change). Against this background the key objective was articulated as increasing resilience and decreasing dependencies.

How this translates into concrete policy action was illustrated in repeated appeals in favour of an accelerated EU integration of the countries in the Western Balkans. Some participants argued that all six countries should be offered membership together. Others cautioned in light of the three new candidate countries Ukraine, Georgia and Moldova. A vibrant debate ensued on the question whether the EU needed a "catalyst" for enlargement while the countries in Southeast Europe seeking membership required "fertilizer" towards that goal.

Whatever the answer(-s) to this vexing challenge, the conference agreed that no side should engage in a blame game towards the other. Of particular concern is the increasing disconnection between elites and citizens. The former are distancing themselves from EU integration while the latter are voting with their feet to reach the EU. While the conference focused on the politics of geo-economic competition in Southeast Europe, participants were keen to underline that there is no linear relationship between the economic presence of external actors and their respective political influence. In that respect, the four panels succeeded at providing vibrant discussions and presentations.