

**WORKING
PAPER**



№ 77 / 2023

The Prospects for Russian-Serbian Relations Amid Sanctions



Ekaterina Entina
Ekaterina Chimiris
Milan Lazovich

RUSSIAN INTERNATIONAL AFFAIRS COUNCIL

MOSCOW 2023

Russian International Affairs Council

Authors:

Ekaterina Entina, Dr. of Political Science; **Ekaterina Chimiris**, Ph.D. in Political Science; **Milan Lazovich**

Reviewer:

Alexander Pivovarenko, Ph.D. in History

Editors:

Elena Karpinskaya (Lead Editor), **Katerina Trotskaya**, **Svetlana Gavrilova**, Ph.D. in History (Publishing Editor)

The Prospects for Russian-Serbian Relations Amid Sanctions: Working Paper No.77 / 2023 / [E. Entina, E. Chimiris, M. Lazovich; edited by E. Karpinskaya, K. Trotskaya, S. Gavrilova]; Russian International Affairs Council (RIAC). Moscow, NP RSMД, 2023. 32 p. Information on the authors and the editorial board is provided on the copyright page.

ISBN 978-5-6049977-8-9

The following working paper discusses Russia–Serbia relations amid multiple sanction packages that have been imposed on Russia after the start of the special military operation in Ukraine. This paper reviews key areas of bilateral cooperation between Russia and Serbia, considering today’s international climate and the influence of third-party states on these relations. Looking forward, the paper also assesses the probability of Belgrade tagging onto the anti-Russian sanctions in the future.

The opinions expressed in this working paper reflect solely the personal views and analytical outlook of the authors and may not necessarily represent the views of the Russian International Affairs Council NP (Non-Profit Partnership).

The full text of the working paper is available at the RIAC website. Feel free to download it and leave feedback directly at russiancouncil.ru/paper77

© Энтина Е.Г., Чимирис Е.С., 2023

© Составление, оформление, дизайн обложки, введение, заключение. НП РСМД, 2023

© English edition, translation in English, drafting, design. NPMP RIAC, 2023

Table of Contents

Introduction	4
Russia–Serbia Relations in Leu of the Ukraine Crisis	5
Serbia’s Stance on the Russia’s Special Military Operation	5
Russia’s Reaction to Serbia’s Stance on the Special Military Operation	8
Serbia in the Context of Russia–West Relations	11
Russia–Serbia Cooperation After February 24, 2022	13
Areas for Cooperation Development	13
Russia–Serbia Trade Relations	13
Serbian Public Sentiments	18
Military-Technical Cooperation	22
Human Capital Inflow from Russia to Serbia	22
Areas of Cooperation Currently Lacking Positive Results	24
Counter-Sanctions Collaboration	24
The Prospects of Serbia Imposing Anti-Russia Sanctions	26
Conclusions	27
Recommendations	28
About the Authors	29

Introduction

Within the Balkans, Serbia and other countries in the region have traditionally played a rather important role for Russia. This is defined not only by the extensive cultural, historical and religious ties between the nations, but also by the geopolitical changes taking place both in the Balkans and generally in Europe. Overall, the recent decade has borne witness to intensifying dynamics within international relations in the Balkans.

The shift is caused by a distinct distribution of influence by the region's major players (Russia, the European Union, Turkey, the United States and China, and others) the same international players with which Belgrade has tried to work with to diversify its cooperation as part of its multi-vector foreign policy strategy. However, such a policy has been increasingly harder to pursue given the current international conditions, with the conflict in Ukraine, recurring tensions in Kosovo, and the growing confrontation between the West with Russia and China.

Today, Moscow and Belgrade share largely similar positions on a host of issues that make up the international agenda, regardless of the West's tremendous pressure on Serbia and its sanctions against Russia. Also note, back in 2013, the two countries entered into a strategic partnership, which in itself implies a high degree of mutual trust.

Russia–Serbia Relations in Leu of the Ukraine Crisis

The Chinese character for “crisis,” as is commonly understood, has two meanings: “danger” and “opportunity.” For Serbia, the Ukraine crisis fully reflects these two meanings. The outcome of this crisis will decide, to a considerable degree, the future of the “Serbian world” – its boundaries and the geopolitical bearings of its power elites.

On the one hand, it was the Serbian people who were the first in modern history to experience “cancel culture”, as well as international comprehensive sanctions. Sanctions against the Federal Republic of Yugoslavia not only exacerbated the collapse of its economy, which had previously been reeling from the hard-to-predict economic disruptions taking place across Yugoslavia, but it was also culturally isolated from the rest of the world. More importantly, mass Western informational campaigns succeeded in creating an image of Serbs as “aggressors”, “retrogrades”, “imperialists” and “anti-European” nearly everywhere. The Ukraine crisis clearly demonstrated the presence of these stereotypes among Western Europe’s political elites.

On the other hand, no one in the Balkans has benefited as much over the last ten years from the hostile international environment than the current Serbian political elites. They have been perfectly content with the crisis and growing competition between the “big West” and the “big non-West”. It expanded their freedom to politically maneuver around the crisis, which back in the 2000s seemed minimally bound by all of Southeastern Europe’s integration into the Euro-Atlantic. Recently, Belgrade has been gradually easing itself into all Euro-Atlantic formats, reaping the benefits of its cooperation with Moscow, Beijing, Ankara, and the Middle East. This even allowed Serbia, at some point, to blackmail Brussels, and set up more favorable conditions for inter-state cooperation, as had happened during the Covid pandemic. This differed from neighboring Slovenia and Croatia, who were entirely confined to upholding European solidarity. Neither the political nor the economic center in Belgrade had anything to gain from the worsening relations between Russia and the West and between the West and China.

Thus, the Ukraine crisis has created a rather odd and somewhat puzzling situation for Serbia today: the country upholds emotional solidarity with the Russian people, but at the same time, Serbia’s current interests are completely disconnected from its development strategy. Importantly, this raised the question of what the future “Serbian world” may look like,¹ despite the long-standing status quo generally accepted by most Serbs (even on a psychological level) that established their ethnic community, sealed by the agreements passed in the 1990s.

¹ The issue primarily concerns consolidation of the Serbian people and guarantees of security/development opportunities for ethnic Serbs outside of Serbia, given that the Serbs are split between several countries, while Serb populations in Montenegro, Macedonia and the so-called “Republic of Kosovo” have neither minority, nor state-forming nation rights.

Serbia's Stance on the Special Military Operation

All the above factors explain the reaction of both Belgrade and the Serbian people in Serbia and Republika Srpska. It reflects both the opportunities and dangers that Serbian power elites have felt.

The political motivation of the leadership in both Serbian capitals is quite clear. For Belgrade, it is critical to show the duality of the adopted interpretations of international law and to show its ability to take a relatively independent stance, citing its own tragic experience of sanctions and why they should not be accepted in the modern world. Belgrade has consistently voted for all resolutions adopted by the UN General Assembly to condemn Russia's actions in Ukraine. The concluding statement released by Serbia's National Security Council on February 25, 2022,² sounds more like a list of political declarations and could potentially become part of the Republic's official foreign policy doctrine.

According to its sanctions policy, despite regular complaints by President Aleksandar Vučić about the West raising pressure on Belgrade, Serbia has managed to take a reasoned position of non-alignment and reap visible benefits from it. argued for its nonalignment posture which has yielded tangible results. Air Serbia is the only European airline that still has flights to Russia. Its status of being a "friendly" country has attracted a massive influx of Russian relocated companies. In the short term, their location on Serbian territory will help establish a considerable national IT cluster, which would have been highly unlikely otherwise.

Belgrade's rapidly evolving relations with China is another compelling argument against joining in on the sanctions. It stands to reason that any potential adoption of anti-Russian sanctions would be followed up by calls from Brussels and Washington to cut ties with Beijing. In this sense, the Serbian anti-sanctions argument is less about supporting Russia (or the very idea of banning unilateral restrictive measures, since Belgrade regularly joins sanctions against a number of Asian countries and Belarus), but at preserving the former strategic balance of Russia/China-EU/US.

As for Banja Luka in Republika Srpska, the political motivation here is even more transparent: within the international arena, Russia has been a consistent and practically sole guardian of this Serbian autonomy. Yet beyond that, the Ukrainian crisis allows Republika Srpska to demonstrate vividly, on an international level and by mere example, the constructed governmental failures of Bosnia and Herzegovina (B&H). B&H's voting in international organizations on issues related to the Ukraine crisis depends directly on who the Bosnian representative is: a Bosnian, a Croat or a Serb. The B&H presidency has not passed a single anti-Russian decision regarding the special military operation thanks to Serbians and their stance on the matter. However, considering gridlock brought on by the decisions made by Croatian and Muslim representatives, this shows that the administrative system installed by the international community in B&H does not work; the

² Conclusion of the National Security Council of Serbia from February 25, 2022 // Ministry of Foreign Affairs of the Republic of Serbia. February 25, 2022. URL: <https://www.mfa.gov.rs/mediji/vesti/zakljucak-saveta-za-nacionalnu-bezbednost-republike-srbije-broj-1-10-2022-od-25-februara-2022-godine>

preferences of state-forming nations are diametrically opposed to those of their political elites. The unified state apparatus does not work even under the super-authority of the High Representative.

The position taken by the Serbian political leadership on the Ukraine crisis in Belgrade and Banja Luka is largely driven by their electorate's sentiments. The forgotten civil wars, NATO's aggression and national humiliation experienced by the Serbs in the 1990s have resulted in multifaceted attitudes of the Ukraine crisis among the public. These attitudes can be broken into three components. The first one is understanding the war as an entangled web of personal tragedies. This explains Serbia's readiness to receive Ukrainian refugees as well as "relocated" Russians and provide humanitarian support without making clear distinctions regarding those they see as Slavs and those generally viewed as victims. The second element concerns blaming NATO, and the United State in the first place, or, in a slightly broader context, the Anglo-Saxon world – not Russia or Ukraine – as the principal warmongers and culprits responsible for what happened. The dominant narratives include: "Ukraine fell prey to NATO's ambitions" and "Russia was forced to take such a step". The final take on the conflict is the sudden spike in support for Russia and the opposition of potential sanctions. It seems that the latter, although it has historical traditions (Serbia has never opposed Russia in any conflict), is primarily related to the accumulated resentment against NATO and the Western world as a whole, which has not accepted Serbs as "their own" and "equals", despite all the concessions and efforts of Belgrade over the past twenty years. In this regard, the main feature of the Serbs to balance between Europe and Russia, alternately shifting the scales of their preferences to one side or the other in the dichotomy "rational choice - historical justice" has come full circle.

However, this combination of international-level political motivations and the public perception of the Ukraine crisis has created several deadlocks in domestic politics in Serbia and Republika Srpska that pose a real danger to the power elites, as well as the general public. For Banja Luka, its campaign for independence from B&H, which has been on the rise over the last 18 months under M. Dodik's leadership, has become the only policy option. While previously it was used mostly as a tool for mobilizing the electorate and occasionally twisting the arm of the High Representative, today the situation has structurally changed. The US, EU and NATO are increasing pressure to centralize B&H, betting on the replacement of all political elites in both entities. With the Ukraine crisis portrayed as a consequence of Russia's imperialistic ambitions, there is more leeway to take a more aggressive stance against Russia and turn up the heat in the media. In these conditions, there are basically only two scenarios: either Republika Srpska will be preserved through secession, or it will face dissolution into a concept of a centralized "civil" B&H by replacing the existing political elites. The second scenario, although considered the most probable and is the goal of the Euro-Atlantic partners, is extremely difficult to realize in practice: the country has not been able to form non-ethnic systems and institutions for almost thirty years.

As for Belgrade, there are clear signs of a domestic political crisis. Undoubtedly, the beginning of the special military operation in Ukraine has reversed Belgrade's

previous strategy regarding Kosovo and Metohija: to drag out a final solution, making various concessions and demonstrating cooperation with the West amidst the intransigence and acrimony of Pristina Prime Minister A. Kurti. To a certain degree, the Ukraine crisis, once over, may open a window of opportunity to revisit all territorial decisions made following the collapse of the bipolar world order. For Serbs, the issue of Kosovo and Metohija will become central in this context. Aware of this, Brussels and Washington are trying hard to persuade Belgrade to voluntarily sign the final agreements as soon as possible. For the Serbian people, such a step prior to end of the special military operation would be tantamount to a groundless surrender, something Vučić cannot go through with. Neither can he dodge Western pressure. As a result, he and his team face an extremely unpleasant situation of growing dissatisfaction on the part of both Western partners and the general population. The former believe that he unjustifiably “fell out” of the hawk’s nest of those stigmatizing Russia and can be punished for it; the latter believe that he actually “surrendered” Kosovo by agreeing to the March 2023 negotiation format proposed by France and Germany and its planned outcome, which will give Pristina a seat in the UN and, before that, almost certainly in the Council of Europe and NATO.³

The greatest danger to Serbia’s leadership in this crossfire position is that their long-established tactic of delaying the final decision on Kosovo and Metohija, using cycles of stoking/defusing tensions, which Belgrade appears to have embraced even more so after the start of the Special Military Operation. This disregards the possibility that the conflict around Ukraine may go on well beyond 2023.

Russia’s Reaction to Serbia’s Stance on the Special Military Operation

Probably the last year and a half has been a time of the greatest increase of Serbia’s presence in Russian media, political discourse and everyday conversations since the NATO bombings on the Federal Republic of Yugoslavia. Serbia’s position, and the fact that few in Moscow believed in Belgrade’s ability to maintain itself for a long time (and still do), reveals the main contradiction in Russia’s foreign policy of the last two decades: the bet on pragmatic, economically sound bilateral relations have no direct correlation with the political position of a country and its people in crisis.

Since at least the early 2000s, Russian political and business elites largely undervalued Serbia. At first, Serbia was simply regarded as a transit link to Europe in Russia’s strategy for building itself up as a global energy power and as a possible amenable and historically familiar future EU partner. Then the country was viewed mainly in terms of Kosovo and Metohija as mirror cases for South Ossetia, Abkhazia and Crimea. Now, Serbia is viewed as a strategic location in terms

³ Agreement on the path to normalization between Kosovo and Serbia”, a slightly modified French-German proposal based on the “two Germanies agreement” // European Western Balkans. March 6, 2023. URL: <https://europeanwesternbalkans.com/2023/03/06/agreement-on-the-path-to-normalization-between-kosovo-and-serbia-a-slightly-modified-french-german-proposal-based-on-the-two-germanies-agreement/>

of the “war of words” amid the growing confrontation with the “collective West” on establishing a multipolar world order. All the above required neither consistent campaigning to shape public opinion nor any unique mechanisms to interact at the government level. All that was needed to get the Russian agenda going was the willingness of Serbia’s political and business elites to maintain dialogue with the country. Russia, however, had never considered these groups pro-Russian or set its sights on having them fully support Moscow and Beijing. This probably explains the absence of specific references to the Balkan region in any of Russia’s recent foreign policy concepts. The same applies to the reluctance of Russian media to work in the region’s information space given the poor commercial viability.

It is important to note that despite the rhetoric about Russia and Serbia being traditionally allies and the countries sharing a common civilizational community (which was revived in the Russian media and political statements following February 24, 2022), there has been no serious change regarding Russian perceptions of Serbia. From a social level, the friendship and love shared between Russians and Serbians is seen as a curious phenomenon. Serbians are attracted to Russia as being a symbol of great power yet communicate with them in English (most Serbs do not speak or read Russian). Russians, for their part, seem to love Serbians for their outwardly mirrored national tendencies, but do so without knowing anything about what goes on in the country. Commonalities underlying the loving relationship between the people of the two states are that they are very similar, if not identical, in terms of justice and equality. Like Russia, Serbia never saw itself as an ordinary country and this is why both states understand each other’s concerns about their own international situation, both at the level of political elites, to common citizens.

Yet, even after February 24, 2022, the dominant view among the Russian political and expert establishment is that Serbian support, however distinguishable it is against the overall European landscape, is unlikely to last long.⁴ Serbians have little room for political maneuvering, being surrounded by NATO members. Their fence-sitting leadership actively tries to get the best of both worlds, which makes them rather unreliable as allies. The support shown by the Serbian people has not prompted the Kremlin to seek closer cooperation or look for specific formats, which could be used by Russia to take initiative and offer Serbia an alternative option to European integration.

At the same time, Serbia facilitates Russia’s justification of its grievances against the West. Used as a reason for Yugoslavia’s disintegration, and as a critique for NATO’s 1999 bombing of the Federal Republic of Yugoslavia, Serbia became a turning point in the history of Russia–West relations, the result of which was culminated via the special military operation in Ukraine. This has recently become a key element in Russian political rhetoric. The narrative of Russia being weak at the time of the Yugoslavia crisis has been used to mitigate Russia’s great-power guilt, claiming that it abandoned its brethren in distress and failed to play a

⁴ Peskov says Russia values its relations with Serbia // TASS. 10.05.2023. URL: <https://tass.ru/politika/17718161>

decisive role in resolving the conflict. Its comeback as a global power compelled Russia to use Yugoslavia as a glaring example of the injustice that has taken place in the post-bipolar Western world and a symbol of Western hypocrisy. In the context of the Special Military Operation, Serbia has been augmented with another important message: Serbians are labeled as “the people defying the West”.

Notably in Serbia and Russia, both the ruling government and the opposition are firmly convinced (although they draw different conclusions) that they have done their best to build a dialogue with the West. The West, however, never cared enough to listen and understand them. So, the “Yugoslavia tragedy” discourse, in Russia and Serbia alike, is essentially a call to go back to a more fair, multilateral and diverse world order. It is precisely this discourse that becomes a determining factor in bilateral relations between the two states, and what objectively restrains all Serbian political elites from taking any drastic steps in the international arena until the end of the special military operation.

Serbia in the Context of Russia–West Relations

For over a century, Serbia, along with the entire Balkan region, has been a watershed between the West and Russia. However, the start of the special military operation has challenged, at least in the eyes of the “collective West”, Ukraine’s official border. Hasty proposals for the political integration of Moldova, Georgia and other countries that are considerably behind the EU negotiations for the Western Balkans Six (WB6) is an excellent demonstration of this shift. Both the European Union and NATO now consider the former Yugoslavia territory as the zone of its own undivided geopolitical influence. Previously, the modernization of the post-conflict Balkans along European lines and its success only helped to prove the effectiveness of the regional strategies proposed by the Euro-Atlantic community or to legitimize the cruel and illegal treatment of the Serbs during the civil wars of the 1990s and NATO bombing in 1999. Today, it has become a matter of winning the fight for the established world order, a fight that is right near the EU. Simply speaking, the West views the relationship between Russia and Serbia as equivalent to how Russia perceived the interaction between Kiev and Brussels until recently.

In this context, Serbia has clearly become important again for Moscow, as well as for the West. The unresolved “Serbian question”, is to some extent helpful for the Euro-Atlantic players as it causes additional ricocheting problems for Russia. Rising tensions over the Serbian issue allows Brussels, Washington, London, Paris and Berlin, on the one hand, to position themselves collectively as global regional players on which everything depends. On the other hand, it completes the Euro-Atlantic project in Southeastern Europe without any material investment. Aiding their agenda is a very popular narrative across Europe that “the Serbs are small Russians” with all the associated negative connotations. This was the message, preferred over any other, that western media was keen to promote immediately after Belgrade refused to impose sanctions against Russia. In the current situation, it can be readily used to interpret any foreign policy steps taken by Serbia as manifestations of expansionism and revisionism. The only appropriate step in these circumstances, according to the West, would be to accelerate NATO expansion, primarily by opening itself up to the self-proclaimed Kosovo as a legal pathway to join the Alliance.

As a backup option, western countries are also toying with interchangeable scenarios of either centralizing Bosnia and Herzegovina or splitting the country up, but with the obligatory expansion of NATO in this direction as well. Thus, the West is trying to close the “window of life” for Serbia to exclude the most undesirable scenario: an outright breakaway of the Serbs from the strategic framework of the European and Euro-Atlantic project. So, Washington and Brussels’ motivation could be summed up as follows: they can afford to let the modernization project fail in the Balkans, but should, under no circumstances, allow the region’s geopolitical realignment. The key method of achieving that objective is to keep ratcheting up pressure on Belgrade. This is done by making increasingly tougher demands to settle the Kosovo question and join the EU’s foreign policy and secur-

ity policy line. It does this while simultaneously exploiting any opportunity to destabilize the domestic political scene for the less-than-accommodating political regime in Serbia. It joins the EU's foreign policy and security policy line. It does this while simultaneously exploiting any opportunity to destabilize the domestic political scene for the less-than-accommodating political regime in Serbia.

Though Russia has limited options available to prevent such scenarios from happening, they still exist. They are associated with the gradual emergence of the so-called “global majority” countries as independent actors. The scenario pursued by the “collective West” in the Balkans, however small and insignificant this region may appear to be, runs against the fundamental interests of the majority, and not just Russia. The realization of this scenario implies that the Balkan republics and other states of Southeastern Europe will be assigned the status of “periphery”, without allowing any alternatives. This implies that small countries in general - in the global context - do not have their own choice as to which path of development to follow. To a large extent, this is indeed true, as has been repeatedly seen in post-colonial countries in Asia and Africa. Yet, what is different in today's world is that these same countries are being described as “waking up”. They have all tested the western model and nearly no one has succeeded. The wheel of history is behind new ideas. Today they emanate from essentially new global political organizations, such as BRICS and the Shanghai Cooperation Organization. In the context of Russia–Serbia relations, such opportunities have immense potential because Belgrade itself has substantially expanded its political and economic ties with former participants of the “Non-Aligned Movement”. Serbia is quite capable of incorporating itself into frameworks as an independent partner without any external protection. This trajectory would correlate with Russia's historical mission regarding the Serbs: it would promote their national identity without impeding their country's development as an independent actor and Moscow's strategic partner in the international arena.

Russia–Serbia Cooperation After February 24, 2022

Areas for Cooperation Development

The gradual introduction of multiple sanctions packages forced Russia to look for alternative economic partners. Serbia, which has not adopted any anti-Russia sanctions against Russia so far, remains “an island in Europe” with which it is possible to develop economic cooperation. Despite many attempts by the West to persuade Serbia to follow suit, the country is unequivocally committed to maintaining close relations with Russia.

As Serbian President Aleksandar Vučić said in February 2023: “We have no problems with cooperating with the Russian Federation, we are open to that as we pay for gas, we are never behind with the bills, we pay for everything with foreign currency, and we don’t depend on anyone. If they [Russia’s elites – E.Chirimis] have an interest and there are investors, they are always welcome, but unfortunately, at present, they have other things to worry about.”⁵

Serbia’s current foreign policy is notably driven by general distrust towards the West, stemming from the legacy of the Balkan wars and the difficult position of Kosovo Serbs today. On the other hand, it never loses sight of its pragmatic objectives to support the development of Serbian economy. Therefore, it is useful to note the main areas of cooperation between Russia and Serbia after February 2022:

1. Trade and export intensification from Serbia to Russia and purchase of energy resources from Russia.
2. Russian company and labor migration registration as a factor behind the transfer of active social capital to Serbia.
3. Military-technical cooperation.

Russia – Serbia Trade Relations

Trade relations between Russia and Serbia have never been actively developed. Although Serbia signed a free trade agreement with the Eurasian Economic Union (EAEU),⁶ the list of exported and imported goods is fairly modest.

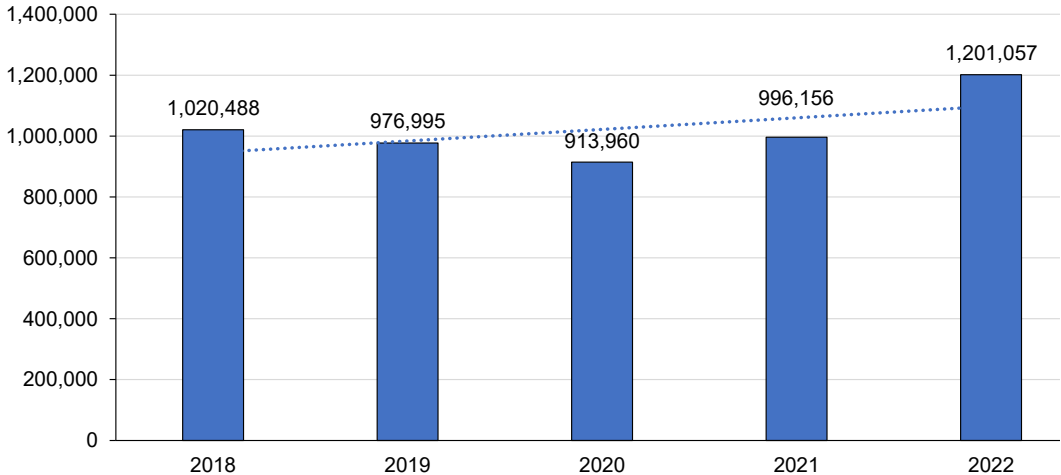
Serbian Exports to Russia

After a challenging year in 2020, both Serbian exports to and imports from Russia have grown. Since 2020, Serbia’s exports to Russia have increased by 31% (see Fig. 1).

⁵ Vučić: Serbia is open to cooperation with Russia and will welcome new investments // TASS. February 3, 2023.
URL: <https://tass.ru/ekonomika/16957275>

⁶ Serbia–EAEU: Integration Prospects in a Free Trade Area. Working Paper No. 37/2018 / [Y.D. Lisovolik, E.S. Chimiris]; [I.S. Ivanov, Editor-in-Chief]; Russian International Affairs Council (RIAC). Moscow: RIAC NPP, 2018. 28 pp.

Figure 1. Serbian exports to Russia from 2018 to 2022 (US Dollar, thousands)



Source: ITC Trade Map.⁷

Far from being Serbia’s greatest trade partner, Russia, in 2022 (USD 996 million), was ranked sixth in terms of imports from Serbia after Germany (USD 3,243 million), Italy (USD 2,177 million), Bosnia and Herzegovina (USD 1,847 million), Romania (USD 1,411 million), and Hungary (USD 1,289 million). Serbia has been increasing its exports to Russia, but Russia’s share in Serbian exports is only 4.2% compared to the 14% held by Germany, Serbia’s top trade partner.⁸

The largest category of Serbian exports to Russia in 2022 included machinery and mechanical appliances, nuclear reactors, and boilers. In second place were fruit and nuts. Electrical machinery, equipment and their relevant parts show high annual export growth. Note, fruit and berries are products Russia still cannot supply 100% from its own domestic sources. Thus, the level of self-sufficiency in this category in the EAEU does not exceed 46%.⁹

In 2019, Serbia exported USD 237 million worth of services to Russia, including construction services (USD 86.2 million), transportation (54.9 million) and other business services (53.7 million).¹⁰

Looking at Serbia’s general export trends in 2022, Russia found itself among the economies where imports from Serbia grew more than imports from other countries worldwide (see Fig. 2).

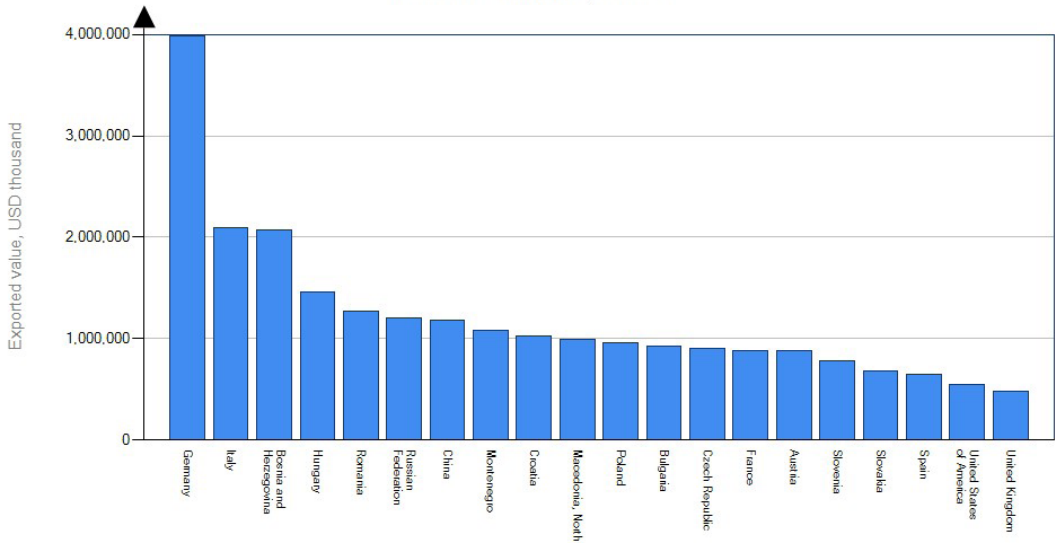
⁷ ITC Trade Map. URL: <https://www.trademap.org>

⁸ UN Comtrade. URL: <https://comtrade.un.org/labs/data-explorer/>

⁹ Food Security in the Eurasian Economic Union: Problems and Possible Solutions // EEC. May 13, 2022. URL: <https://eec.eaeunion.org/news/speech/prodovolstvennaya-bezopasnost-v-evrazijskom-ekonomicheskom-soyuzе-problemy-i-puti-resheniya/>

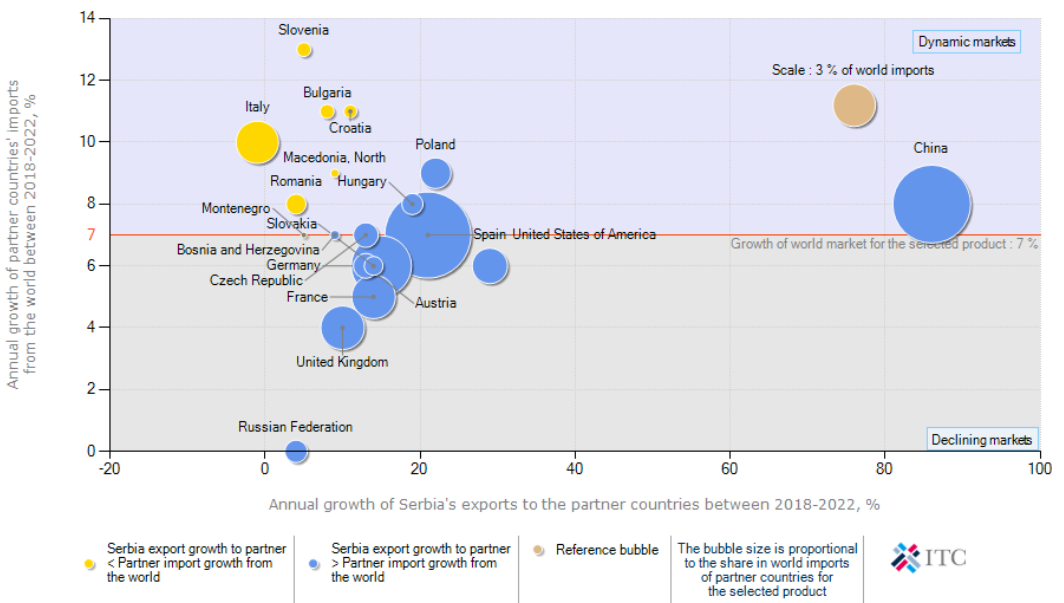
¹⁰ Russia / Serbia // OEC.world. URL: <https://oec.world/en/profile/bilateral-country/srb/partner/rus?redirect=true>

Figure 2. Countries importing products from Serbia in 2022



Source: UN Comtrade.¹¹

Figure 3. Growth of demand for all products exported from Serbia in 2022



Source: ITC Trade Map.¹²

¹¹ UN Comtrade. URL: <https://comtrade.un.org/labs/data-explorer/>

¹² ITC Trade Map. URL: <https://www.trademap.org>

Table 1. Top products exported by Serbia to Russia in 2022

Product Code	Product Label	Value in 2022 (US Dollar, thousands)	Annual Growth Rate from 2018 to 2022 (%)	Share in Serbian Exports (%)
84	Nuclear reactors, boilers, machinery and mechanical appliances	192,973	16	9
08	Edible fruit and nuts; peel of citrus fruit or melons	159,142	-4	18
61	Articles of apparel and clothing accessories, knitted or crocheted	117,622	-3	21
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television	87,051	37	2
30	Pharmaceutical products	64,556	-4	17
39	Plastics and articles thereof	47,255	3	3
34	Soap, organic surface-active agents, washing preparations, lubricating preparations	47,153	39	9
23	Residues and waste from the food industries; prepared animal fodder	38,629	31	11
04	Dairy produce; bird eggs; natural honey; edible products of animal origin, not elsewhere specified or included	32,762	-3	30

Source: ITC Trade Map.¹³

Imports to Serbia

Imports to Serbia have also grown steadily after 2020 (see Fig. 4).

In terms of imports to Serbia, Russia (USD 1,806 million) comes fourth after Germany (USD 4,458 million), China (USD 4,159 million), and Italy (USD 2,726 million) based on 2021 data. Compared to 2020, Serbia's imports from Russia were up 21%.¹⁴ In 2022, Russia moved up to the third position (see Fig. 5).

Serbia mostly imports fuel and refinery products (USD 2,170 million in 2022), mineral and chemical fertilizers (USD 333 million) from Russia. Characteristically, crude oil and refined oil products account for 36% of total Serbian imports (see Table 2).

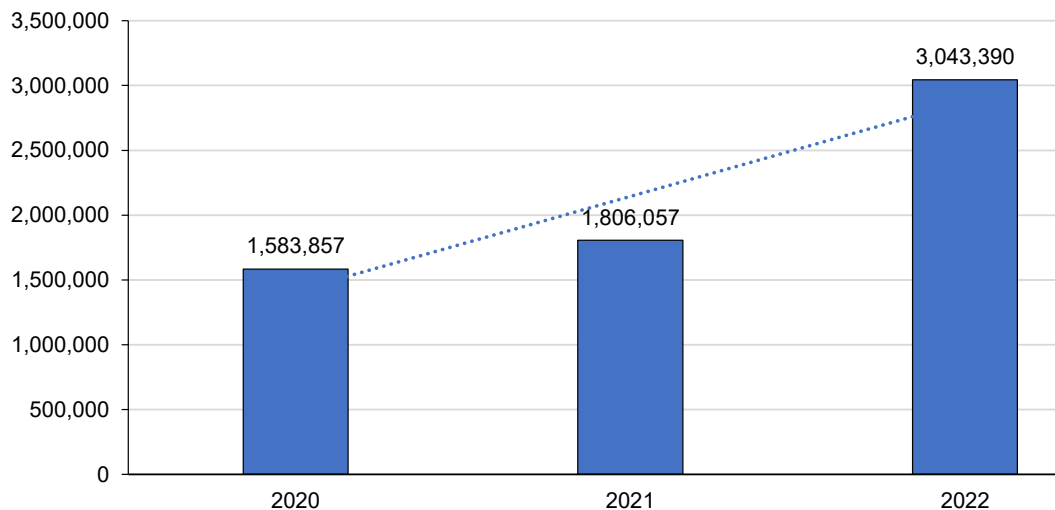
In January 2022, the incremental exports from Russia compared to the same period year-on-year were mostly driven by increased exports of metals (USD 2.4

¹³ ITC Trade Map. URL: <https://www.trademap.org>

¹⁴ UN Comtrade. URL: <https://comtrade.un.org/labs/data-explorer>

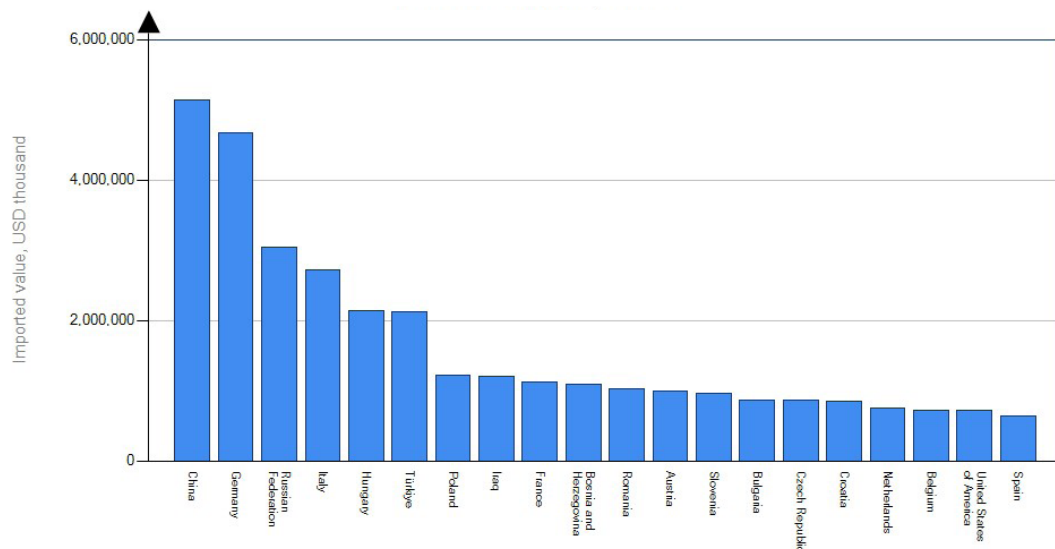
million or 137%), measuring instruments, and unprocessed lead. The growing imports to Russia from Serbia were the result of bigger imports of lifting equipment, detergents and rubber tires.¹⁵

Figure 4. Imports to Serbia from Russia from 2020 to 2022 (US Dollar, thousands)



Source: ITC Trade Map.¹⁶

Figure 5. Countries exporting products to Serbia in 2022



Source: UN Comtrade.¹⁷

¹⁵ Russia / Serbia Countries Comparison // OEC.
URL: <https://oec.world/en/profile/bilateral-country/rus/partner/srb?subnationalTimeSelector=timeYear>

¹⁶ ITC Trade Map. URL: <https://www.trademap.org>

¹⁷ UN Comtrade. URL: <https://comtrade.un.org/labs/data-explorer/>

Table 2. Top products imported to Serbia from Russia in 2022

Product Code	Product Label	Value in 2022 (US Dollar, thousands)	Annual Growth Rate from 2018 to 2022 (%)	Share in Serbian Imports (%)
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances	2,170,000	4	36
31	Fertilizers	333,625	42	55
24	Tobacco and manufactured tobacco substitute	80,066	10	27
39	Plastics and articles thereof	56,833	7	3
99	Commodities not elsewhere specified	52,377	17	1
28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals	46,407	1	15
48	Paper and paperboard; articles of paper pulp, of paper or of paperboard	44,596	24	5
88	Aircraft, spacecraft, and parts thereof	41,303	-10	12
26	Ores, slag and ash	39,680	20	14
40	Rubber and articles thereof	26,975	-8	4
44	Wood and articles of wood; wood charcoal	21,317	9	5

Source: ITC Trade Map.¹⁸

As for services trade, Russia exported to Serbia USD 240 million services, including construction services (USD 104 million), other business services (USD 82.9 million), and transportation services USD 20.3 million).¹⁹

The total Russian exports to other countries worldwide in 2022 demonstrated a higher growth rate than Serbian imports from Russia (see Fig. 5, 6).

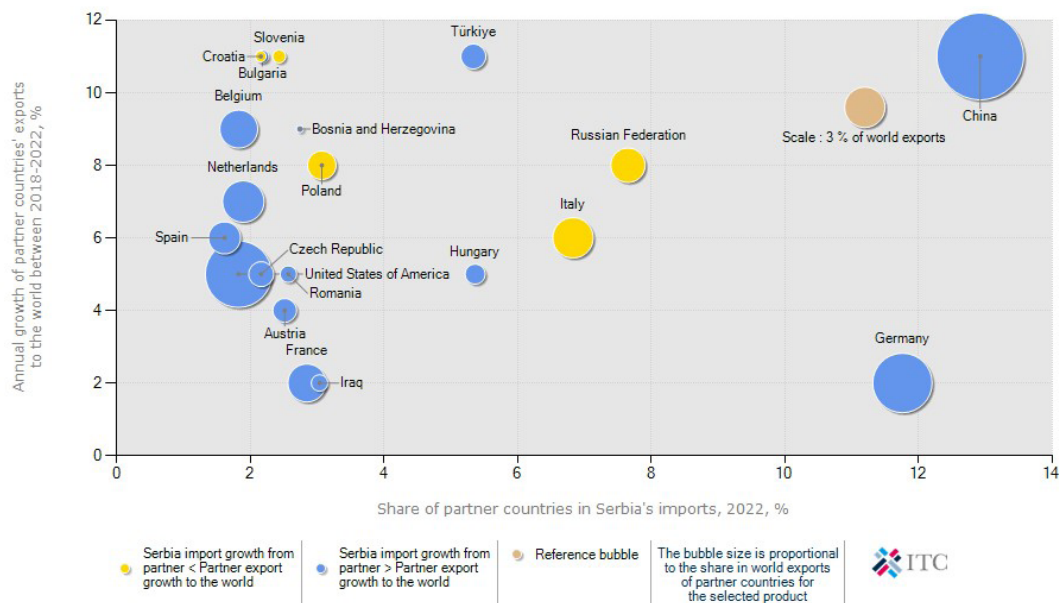
Serbian Public Sentiments

With the ongoing conflict in Ukraine, it is important to consider Serbia's public attitudes towards Russia and the EU. One particular trend, which should worry the EU, stands out as the number of people in Serbia supporting EU accession in 2022 was lower than in 2021: 54% supported joining the EU in December 2021 compared to only 43% in December 2022. Besides, 32% of those polled responded they would vote against Serbia's accession to the EU, 35% have a negative image of the EU, 32% have a positive image, and the remaining third

¹⁸ ITC Trade Map. URL: <https://www.trademap.org>

¹⁹ Russia / Serbia // OEC.world. URL: <https://oec.world/en/profile/bilateral-country/srb/partner/rus?redirect=true>

Figure 6. Potential for diversifying Syrian product consumers in 2022



Source: UN Comtrade.²⁰

remain unsure.²¹ The surveys show rather conflicting responses, but they also appear to be quite pragmatic. In foreign policy and security, the Serbs see Russia and China as their key allies (see Fig. 7 and 8). As for the economy, they are willing to cooperate with the EU, Germany and China.

In March 2023, Russia was viewed as an important political partner by 34% those surveyed in Serbia. Notably, China (17%) ranked as a more popular partner than the EU (14%).

Interestingly, Germany, Serbia's primary trade partner, is not viewed as an important political and security partner by Serbians.

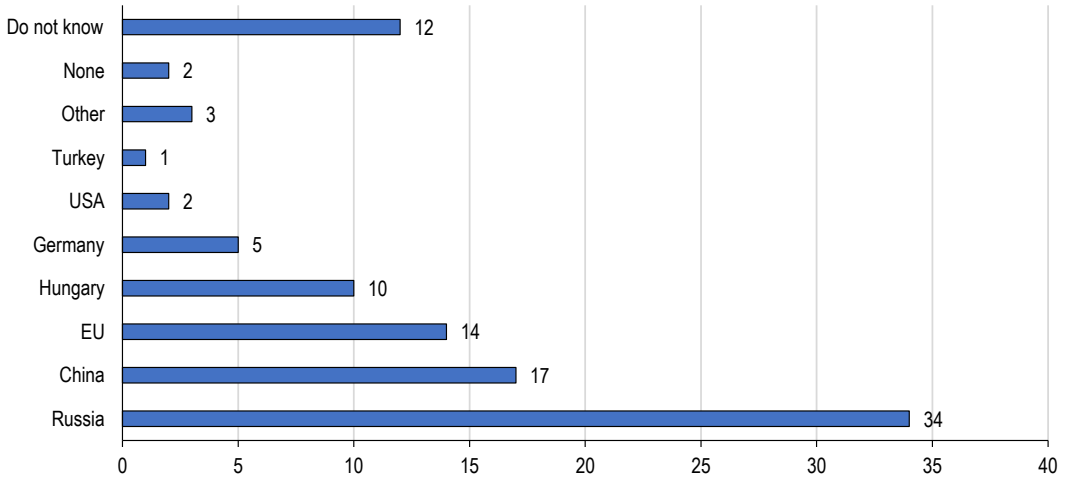
Economically, however, Serbia's public surveys reveal a different pattern: 25% consider the EU to be Serbia's top economic partner, 22% prefer China, 16% go for Germany, and only then comes Russia with 15%.

Regarding Serbia's foreign policy, society appears to be split in almost two equal camps. The more radical flanks believe that Serbian foreign policy should be focused only Russia (10%) or only on the EU and the West (8%). Two bigger groups (30%) support keeping all around good relations, but with a different key partner (see Fig. 10).

²⁰ UN Comtrade. URL: <https://comtrade.un.org/labs/data-explorer/>

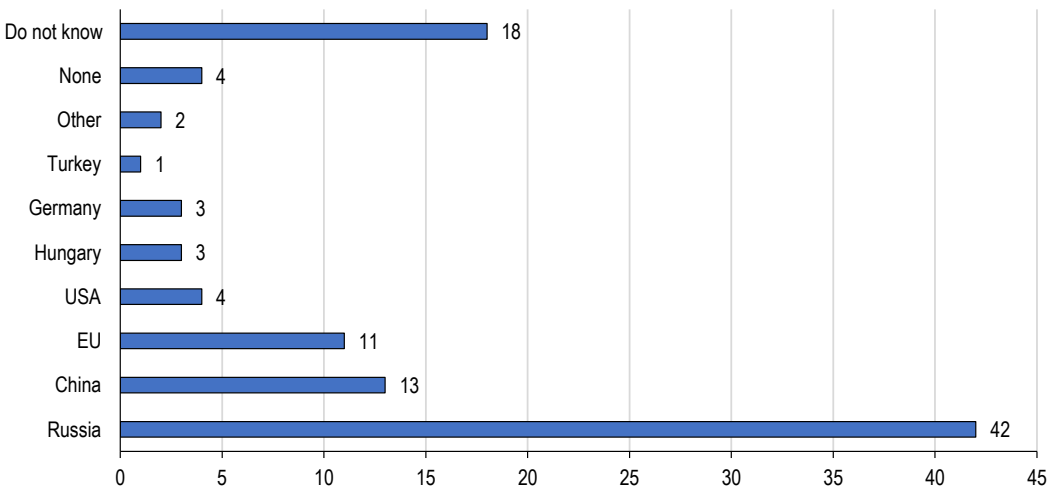
²¹ European Orientation of Serbian Citizens. Public opinion poll (December, 2022) // Ministry of European Integration, Government of the Republic of Serbia. URL: https://www.mei.gov.rs/upload/documents/nacionalna_dokumenta/istrazivanje_javnog_mnjenja/opinion_poll_dec_2022.pdf

Figure 7. Serbia’s most important political partner in 2023 (% of respondents)



Source: CRTA.²²

Figure 8. Serbia’s most important security partner in 2023 (% of respondents)



Source: CRTA.²³

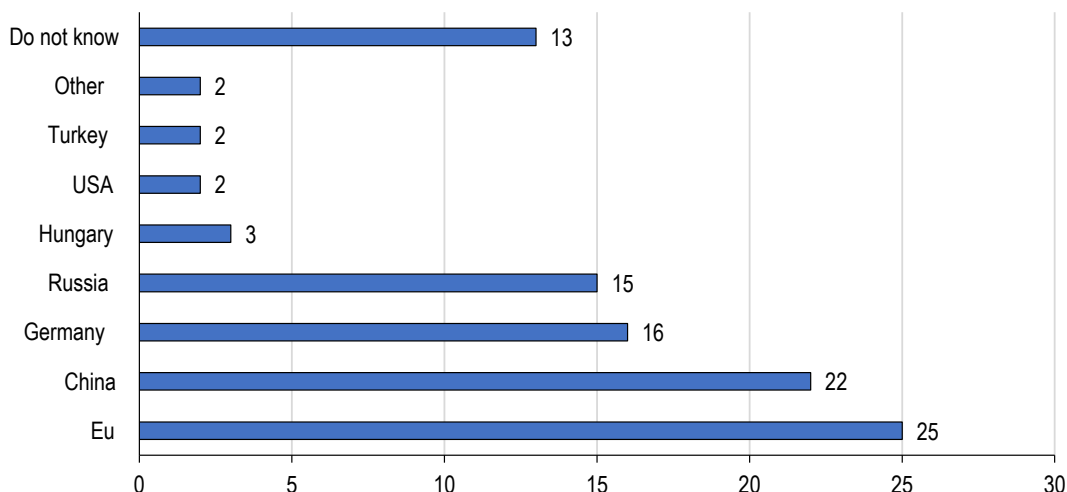
Notable is the Serbian response regarding the conflict in Ukraine: 69% are convinced that Serbia should maintain ties with Russia even if this would mean breaking with the EU. Only 13% support imposing sanctions Russia to harmonize relations with the EU.²⁴

²² CRTA. URL: <https://crt.rs/>

²³ Ibid.

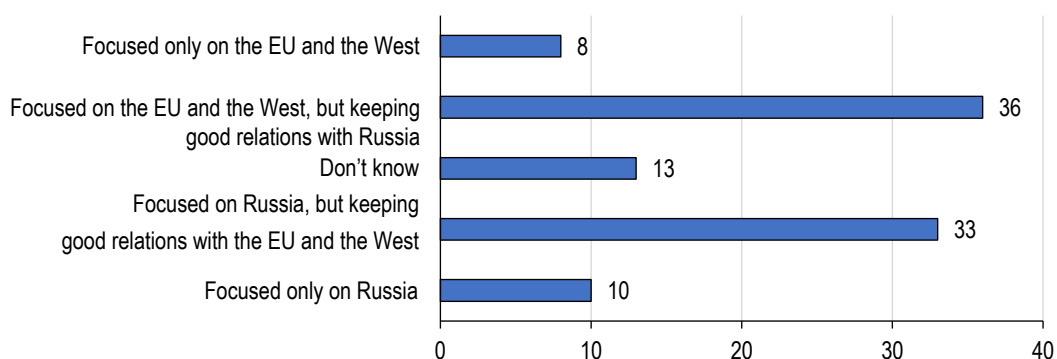
²⁴ Political attitudes of citizens of Serbia February 2023 // CRTA. URL: <https://crt.rs/en/political-attitudes-of-citizens-of-serbia-february-2023/>

Figure 9. Serbia’s most important economic partner in 2023 (% of respondents)



Source: CRTA.²⁵

Figure 10. Serbia’s foreign policy goals in 2023 (% of respondents)



Source: CRTA.²⁶

To better understand the context, if the EU accession vote were to happen tomorrow, 44% would vote “yes” and 42% would vote “no”. Also, 43% believe that Serbia will never meet all the requirements to join the EU.

The issue of sanctions against Russia proved to be closely interlinked with the long-lasting conflict in Kosovo. Around 20% of the respondents consider the Franco-German proposal to normalize relations between Belgrade and Pristina is a way of putting pressure on Serbia over anti-Russian sanctions.²⁷

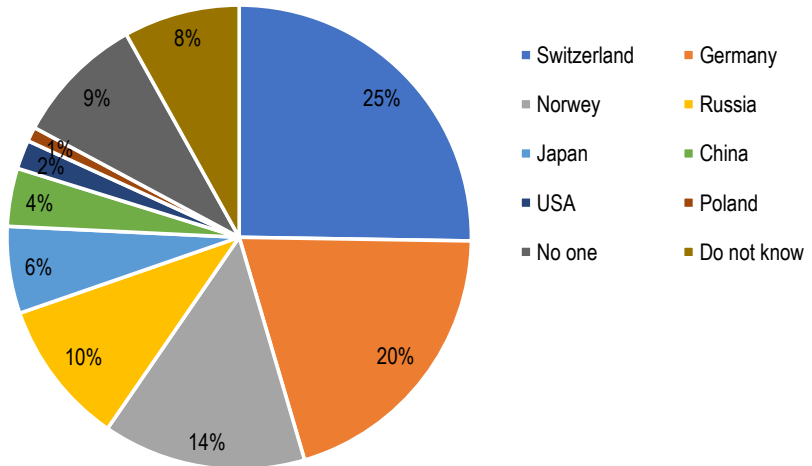
²⁵ CRTA. URL: <https://cрта.rs/>

²⁶ Ibid.

²⁷ Political attitudes of citizens of Serbia February 2023 // CRTA. URL: <https://cрта.rs/en/political-attitudes-of-citizens-of-serbia-february-2023/>

One of the most significant indicators of a long-term commitment to a particular foreign policy among the citizens is the preferred development model. Around 25% see Switzerland as a model country for where people would like to live in, while 20% choose Germany, and only 10% opt for Russia (see Fig. 11).

Figure 11. If you could choose a model for building the country you would like to live in, which of the countries would you choose for Serbia?



Source: Ministry of European Integration of the Republic of Serbia.²⁸

Military–Technical Cooperation

Russia is one of Serbia’s few weapons suppliers, along with Belarus, China and France. In terms of deliveries in 2021–2022, Russia ranks third after China and Belarus. Starting from 2015, Russia, according to SIPRI, has exported transport and combat helicopters, reconnaissance armored vehicles, a fighter aircraft, ground attack (FGA) aircraft, tanks, self-propelled air-defense systems, anti-tank missiles to Serbia.²⁹

Human Capital Inflow from Russia to Serbia

Since February 2022, Russian citizens have registered 789 companies and 2,134 sole proprietorships in Serbia, mostly in the IT sector.³⁰ This opens some opportunities for Serbia to become a new “Switzerland”, which in its own time attracted top talent, taking advantage of the massive emigration flows before and during the Second World War. Already in 2021, migrants mainly arrived from China (21.4%) and Russia (14.8%). Note, migrants include people who move to and

²⁸ European Orientation of Serbian Citizens. Public opinion poll (December, 2022) // Ministry of European Integration, Government of the Republic of Serbia. URL: https://www.mei.gov.rs/upload/documents/nacionalna_dokumental/istrazivanje_javnog_mnjenja/opinion_poll_dec_2022.pdf

²⁹ SIPRI Arms Transfers Database // SIPRI. URL: <https://www.sipri.org/databases/armstransfers>

³⁰ Why Would Anybody Come Here? Serbia’s Migration Spike: Consequences for Policy and People // Routed Magazine. 26.03.2023. URL: <https://www.routedmagazine.com/serbia-migration-spike>

stay in the country for 12 months or more. In 2021, 1,049 Russian citizens were granted temporary residence and 1,264 were given permanent residence permits to stay in Serbia. Also, Serbia issued 1259 work permits to Russian citizens.³¹

Table 3. Arms exports from Russia to Serbia

Supplier/ Recipient (R)	Ordered	Designation No.	Weapon Description	Year(s)		Quantity Delivered
				Order Date	Delivery Date	
Russia R: Serbia	2	Mi-8MT/Mi-17	Transport helicopter	2015	2016	2
	30	BRDM-2	Reconnaissance AV	2016	2019-2021	30
	1	MiG-29	Fighter aircraft	2016	2017	1
	5	MiG-29S	FGA aircraft	2016	2017	5
	30	T-72	Tank	2016	2020–2021	30
	(150)	57E6	SAM	(2018)	2020	(150)
	6	96K9 Pantsyr-S1	Self-propelled AD system	(2018)	6	
	4	Mi-35M	combat helicopter	(2018)	2019	4
	3	Mi-8MT/Mi-17	Transport helicopter	(2018)	2019	3
	(6)	96K9 Pantsyr-S1	Self-propelled AD system	2021		
(300)	Kornet	Anti-tank missile	(2021)	2021	(300)	

Source: SIPRI Arms Transfers Database³² (as of June 22, 2023).

Up until now, Serbia has been regarded as the primary labor exporter to Western Europe. Of those born in Siberia, 14% live abroad, which is a high percentage compared to global levels.³³ By 2045, Serbia’s population is expected to shrink down to 5.6 million people, which is 28% less than now.³⁴ Serbia has been hit hard by an aging population, poor birth rates and growing migration outflows. With its well-educated population and proximity to developed European markets, Serbia has been struggling to retain its human capital. A similar brain drain has been plaguing countries like Romania, Croatia and Bulgaria. If Serbia were to join the EU, the exodus of educated citizens would only increase, as proven by the experiences of other EU novices.

In terms of what constitutes Serbia’s human capital, outward migration from Ser-

³¹ Migration Profile for the Republic of Serbia 2021 // The Commissariat for Refugees and Migration of the Republic of Serbia. URL: <https://kirs.gov.rs/media/uploads/Migracije/Publikacije/Eng/Migration%20Profile%20of%20the%20Republic%20of%20Serbia%20for%202021.pdf>

³² SIPRI Arms Transfers Database // SIPRI. URL: <https://www.sipri.org/databases/armstransfers>

³³ How Migration, Human Capital And The Labour Market Interact In Serbia // European Training Foundation. URL: https://www.etf.europa.eu/sites/default/files/2021-04/migration_serbia.pdf

³⁴ Lutz W., Gailey N. Depopulation as a Policy Challenge in the Context of Global Demographic Trends // UNDP Serbia. 2020. URL: <https://eeca.unfpa.org/en/node/53482>

bia has been disproportionately concentrated among the high-skilled and low-skilled workers.³⁵ Students and people with university degrees believe that leaving Serbia will give them access to better living standards and jobs in their field that are not available in their home country.

Areas of Cooperation Currently Lacking Positive Results

There are several areas within Russia–Serbia relations that continue to lack attention and development. While those themes attracted little notice prior to the Ukraine Crisis, the current lack of development may lead to a lack of cooperation between Russia and Serbia.

First of all, disinterest in Serbia has had an impact on Russia’s soft power in nation’s public space. Although the world appears to have embraced hard power policies, it is still important to use soft power tools and expand the symbolic presence of Russia. Sadly, most collaborative opportunities and initiatives for academic exchanges of both students and professors (joint research projects, etc.) have yet to be implemented, and those that were once considered have been put on hold.

Additionally, Serbian businesses are poorly represented in Russia. There is a Business Council of Russia and Serbia under the auspices of the Chamber of Commerce and Industry of the Russian Federation, and a multimedia catalog has been launched to search for business partners in Russia and Serbia.³⁶ However, judging by various sources, this is exactly where the cooperation between the two nations ends.

Counter–Sanctions Collaboration

To mitigate risks related to sanctions, Russia and Serbia should focus on expanding their cooperation in developing their economic and scientific-technological cooperation. Today, Russia can hardly be called Serbia’s major trade and economic partner. However, the West’s unprecedented sanction spree against Russia has forced it to seek possible alternative ways to access global markets. In fact, the new hostile environment has pushed Russia and Serbia to look for additional cooperation options. The crisis has stimulated both sides to intensify their cooperation.

As Russia insists on ruble payments for Russian natural gas, Milorad Dodik announced in May 2023 that Serbia is considering the possibility of purchasing Russian gas for rubles.³⁷ Russia, in turn, keeps natural gas prices low for Serbia, in the range of USD 310 to USD 408 per 1,000 cubic meters.³⁸

³⁵ Lutz W., Gailey N. Depopulation as a Policy Challenge in the Context of Global Demographic Trends // UNDP Serbia. 2020. URL: <https://eeca.unfpa.org/en/node/53482>

³⁶ Multimedia Business Catalogue: About the Project // Chamber of Commerce and Industry of the Russian Federation. URL: <https://www.tikrf.org/ru/мультимедийный-бизнес-каталог/>

³⁷ Serbia Considers Paying for Russian Gas in Rubles // Oil and Gas Information Agency. 26.05.2023. URL: <https://www.angi.ru/news/2907853-Сербия%20рассматривает%20возможность%20оплаты%20российско-ро%20газа%20в%20рублях/>

³⁸ Vučić Says Serbia is Buying Russian Gas at “Fantastic” Prices // RBC. 27.05.2022. URL: <https://www.rbc.ru/politics/27/08/2022/6309f8fd9a794750af31960b>

Will Serbia be able to seize the moment and take advantage of comfortable energy prices, along with the influx of human capital from Russia to boost its economic development? In other words, will Serbia become the “new Switzerland”? After all, economic independence and development translate into political independence and greater security. The economic indicators reviewed in this section indicate that Serbia currently heavily depends on trade with Europe. Nevertheless, Serbia has consistently demonstrated its political will and a significant degree of autonomy when tackling its political and economic issues internationally.

The Prospects of Serbia Imposing Anti–Russian Sanctions

Serbia's stance on the endless sanctions imposed against Russia appears rather unambiguous. In this respect, both Serbia's political leadership and people share similar attitudes. A recent survey run by Gallup International has found that 73% of Serbia's population consider sanctions against Russia to be too harsh, 65% think that the EU is destabilizing the world, 86% pin the blame on the US, and 45% believe Russia is a stabilizing force in the world.³⁹

The greatest challenge for Serbia is its high economic dependence on the West. Whereas its potential accession to the EU is now becoming a lackluster prize for Serbia in the future, its economic dependence may be exploited as a powerful lever by the more developed Western countries.

Also noteworthy is the increasing activity of China in Serbia, both in trade and in migration policy. Will Russia be able to retain its leadership when the Chinese economy can offer an extensive program via technology transfers, investments and contracts? According to CHOICE (China Observers in Central and Eastern Europe), China's activity within the 17+1 Platform became more than prevalent in 2020.⁴⁰ Experts regard Serbia as one of China's major partners in the Balkans. President Aleksandar Vučić strongly supports projects funded with Chinese loans or direct foreign investments. Such intense cooperation raises the question of reshaping relations with Russia to account for China's growing role in Serbia's economy. However, China's policy in the region remains quite cautious and discreet as the PRC takes utmost care to respect the strategic interests of Russia.⁴¹

The current relations between Russia and Serbia still harbor unlocked potential, not only in trade and economic cooperation, but also in science and technology and humanitarian/cultural ties. The high level of support for Russia in Serbia should not be "reassuring". Quite the opposite, this should incentivize Russia to establish a long-term sustainable partnership that is that will not be dependent on the regional and global situation.

³⁹ Public Opinion of European Citizens on the War in Ukraine // Gallup International. URL: https://www.gallup-international.com/fileadmin/user_upload/surveys_and_news/2022/PA_Charts_GL_Ukraine_25032022.pdf

⁴⁰ New Publication: Empty Shell No More: China's Growing Footprint in Central and Eastern Europe // Belgrade Security Forum. URL: <https://www.belgradeforum.org/new-publication-empty-shell-no-more-chinas-growing-footprint-in-central-and-eastern-europe/>

⁴¹ Empty shell no more: China's growing footprint in Central and Eastern Europe // CHOICE. URL: https://chinaobservers.eu/wp-content/uploads/2020/04/CHOICE_Empty-shell-no-morB.pdf

Conclusions

Russian-Serbian relations have always been characterized by the prevalence of a special warmth, which was also skillfully combined with a fairly high level of pragmatism, fully taking into account the national interests of the two states. As proof, Serbia has steadfastly refused to join any anti-Russian sanctions introduced since 2014, including those after 2022, despite tremendous pressure from the West.

Today, however, the political situation in Europe is becoming increasingly tense. It is also much harder for Serbia to maintain close relations with Russia as there are no common borders between the two countries and it is largely surrounded by unfriendly states, most of them NATO members. On the other hand, the demand in Serbia for strategic-level relations with Russia remains persistently high. For Belgrade, relations with Moscow are imperative for several reasons: it is important to having strong relations with a great Eurasian power, historical and cultural proximity, Russia's support for the Kosovo issue, Moscow's support for the Bosnian Serbs (Republika Srpska B&H), and the need for Russian energy resources, which Serbia receives at a significant discount.

At the same time, it is important to remember that Belgrade, being in a highly vulnerable political and geographic position, must at times submit itself to Western pressure and play by "Western rules" simply to survive. The most illustrative case is Serbia's anti-Russian vote at the United Nations. What really matters here is that Moscow and Belgrade both understood the ulterior motive behind the move. In fact, Serbia does not officially share this position with the others, but being forced balance out its foreign policy, Belgrade is compelled to take such ambivalent steps, which Moscow understands as was confirmed on many occasions by the Russian President's spokesman Dmitry Peskov, as well as the Foreign Minister Sergey Lavrov.

Optimistic forecasts assume that Serbia is unlikely to join the anti-Russian sanctions in the near future since this goes against its fundamental principles of Serbs. Besides, there is another, more significant factor: during the Yugoslav wars in the 1990s, the Serbs went through a crisis similar to the Ukraine conflict. Serbia was also immediately designated as an "aggressor" and then was virtually showered with international sanctions after it had taken action to defend the Serbian people. Today, the same thing is happening to Russia which has been protecting the Russian population. Some statements and moves made by Belgrade that clearly cater to Brussels and their foreign policy agenda come as no surprise to Moscow. They might have some negative effect on Russian-Serbian relations in the short term, but this does not equate Serbia as being "anti-Russian", as the West would like it to be.

Recommendations

In lieu of today's sanctions, Russia and Serbia must enhance collaboration through the Business Council of Russia and Serbia, to develop industrial cooperation programs, and offer preferential terms for Serbian and Russian companies to participate in industrial forums and exhibitions.

The states should strengthen cooperation in education, academic mobility, and develop science and technology.

Russia and Serbia are facing similar brain-drain challenges with the outflow of high-quality human capital; this could become a productive focus area to share experience and expertise in tackling the problem.

It is critical to take advantage of today's growing trade between Russia and Serbia and explore the unrealized export potential of the two states.

About the authors

Ekaterina Entina – Dr. of Political Sciences, Head of Black Sea and Mediterranean Studies Centre, Institute of Europe, Russian Academy of Sciences; Professor, Higher School of Economics National Research University (HSE University).

Ekaterina Chimiris – Ph.D. in Political Sciences, Head of the Center for Social and Political Research, Institute for the Development of Integration Processes, Russian Foreign Trade Academy of the Ministry of Economic Development of the Russian Federation (IDIP RFTA); Associate Professor, Financial University under the Government of the Russian Federation.

Milan Lazovich – Program Coordinator, RIAC.

Russian International Affairs Council

The Russian International Affairs Council (RIAC) is a non-profit think tank focused on research in international relations and offers practical advice on foreign policy and international affairs for the benefit of Russian government agencies, businesses and non-profit organizations. The Council was established by the Resolution of the Board of Trustees, pursuant to the Order of the President of the Russian Federation of February 2, 2010.

RIAC is a leading Russian think tank with an annual research program that covers over 20 subject matter areas. The Council's expertise is widely used by the Russian government, academic community, and domestic and international companies involved in international activities.

Apart from its analytical projects, RIAC is deeply involved in building a strong network of young foreign policy professionals and diplomats. The Council takes an active part in expert diplomacy through ongoing partnerships with international research centers, universities, and business associations.

RIAC's Board of Trustees is chaired by Sergey Lavrov, Minister of Foreign Affairs of the Russian Federation. The President of RIAC is Igor Ivanov, Corresponding Fellow of the Russian Academy of Sciences, who served as Russian Foreign Minister in 1998–2004 and Secretary of the Russian Security Council in 2004–2007. RIAC's General Director is Ivan Timofeev. RIAC's Academic Director is Andrey Kortunov.

Notes

Russian International Affairs Council

THE PROSPECTS FOR RUSSIAN-SERBIAN RELATIONS AMID SANCTIONS

Working Paper No. 77 / 2023

Cover photo credit:
picture alliance / Zoonar | Leonid Altman / Vostock Photo

Layout—Olga Ustinkova

Format 70×100 $\frac{1}{16}$, 100 copies.

Printed in Russia



Tel.: +7 (495) 225 6283
Fax: +7 (495) 225 6284
welcome@russiancouncil.ru

119049, Moscow,
8, 4th Dobryninsky pereulok

russiancouncil.ru