



# Democratic Vulnerabilities of Small Systems: External Actors' Influence in Montenegro

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## Abstract

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This paper analyzes the external influence of Russia, China, Türkiye, and the Arab states of the Persian Gulf on democratic processes in Montenegro. By looking at the various dimensions of influence (economic, political, and cultural), the paper argues that Russia and China have significantly contributed to the process of democratic

backsliding in Montenegro. The extent of the influence was facilitated by the **(1)** stateness problem – the unresolved statehood issue of Montenegro based on societal polarization on “us” versus “them” in terms of identity-based features and **(2)** by the partial failure of competing external influence of the EU grounded in conditionality policy.

# Introduction

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How and why democracies break down emerged as a central issue of comparative politics in the last ten years. With some discerning voices arguing the scope and nature of the issue (see Schmitter 2015; Levitsky and Way 2015), scholars have reached a general conclusion that a type of democratic erosion is unfolding. While bearing some similarities with regime changes of the 20th century, the new process of democratic backsliding is distinct in two major aspects. First, it is primarily within a state process led by elected officials abusing the existing democratic institutions. Second, it is an incremental process rather than an abrupt regime change that witnesses the debilitation or elimination of the institutions that sustain an existing democracy (Bermeo 2016). As the processes that result in democratic backsliding are state-led and are unfolding within the democratic institutions themselves, the scholarship has rarely explored the role external actors play in facilitating these processes. This paper aims to explore these issues in the context of Montenegrin democratic development. In other words, the paper seeks to answer the question: *what is the role of external actors in facilitating democratic backsliding in Montenegro?*

Building on the general research question, the paper addresses the contextual factors that enable significant

influence from foreign actors, followed by examining potential motivation and strategies employed to achieve the identified goals. In that regard, this paper posits two streams of opposing external influences **(1)** EU conditionality that is a primary driver of democratization in Montenegro, and **(2)** the influence of autocratic regimes, primarily Russian and Chinese, is a factor contributing to democratic backsliding. The success/failure of both stems from the Montenegrin division over the statehood issue (Montenegrin independence, respectively) (see Milačić 2022). Internal societal and political division over the statehood issue opens the arena of contestation through which external actors can sway the direction of Montenegrin politics through various mechanisms explored below, aiming to shape internal political processes and foreign policy alignments as well. In the following sections, I build on this general argumentation, using process tracing to identify the mechanism in-between the primary driver (statehood issue), and the primary outcome (democratic backsliding). In short, explaining outcome process tracing is a qualitative analytical approach that begins from a known outcome (state of democracy/democratic backsliding) and works its way backward using the available evidence to uncover the causal chain that produced the specific result.

# Quantitative measures of quality of democracy in Montenegro and identification of potential backsliding episodes

This paper begins with contextualizing available quantitative measures of democracy/democratic performance in Montenegro. For this purpose, I have identified four indices that report significant variation over time, reflecting the changes within the system in Montenegrin politics and the political system as a whole<sup>1</sup>. All four indices are congruent on a one-time point – in 2016, Montenegro experienced a drop in the quality of democracy. Freedom House Global freedom score records the change from Free to Partly Free, corresponding to

a transitional or hybrid regime (Figure 1). The V-Dem Electoral democracy index continues to record the electoral autocracy score (Figure 2). The Economist Investigative Unit Democracy Index records a change from flawed democracy to a hybrid regime (Figure 3). In contrast, BTI political transformation index records a drop of 10% in score, marking the onset of a backsliding episode. Additionally, V-dem (Figure 2) and EUI indices (Figure 3) report that the onset of backsliding can be identified as early as 2012.

Figure 1: Freedom House – Global Freedom scores across time for Montenegro



<sup>1</sup> Polity IV index was omitted as it reports an unchanged value of 9 since 2006 (scale -10 to 10).

Figure 2: Varieties of Democracy – Electoral Democracy Index for Montenegro

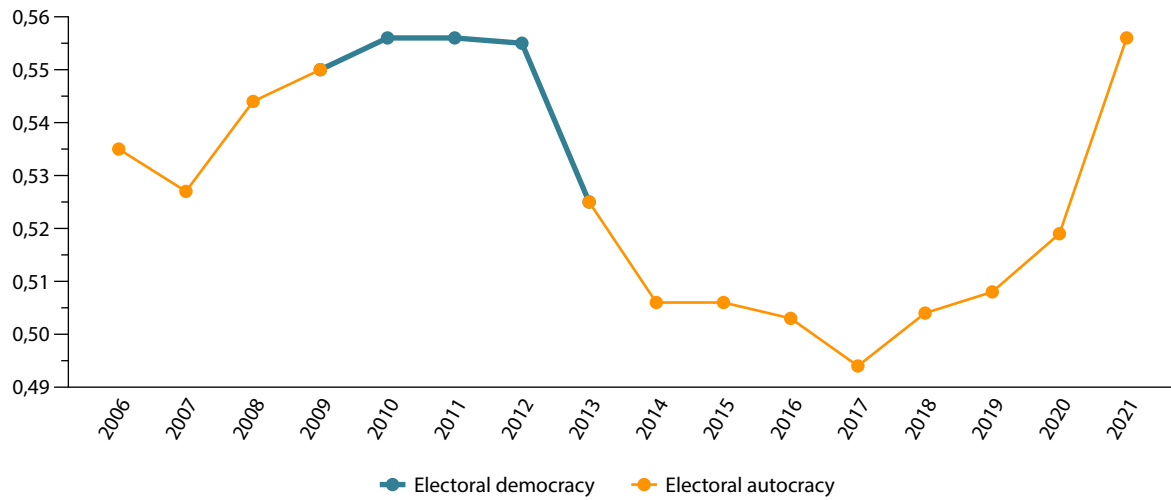
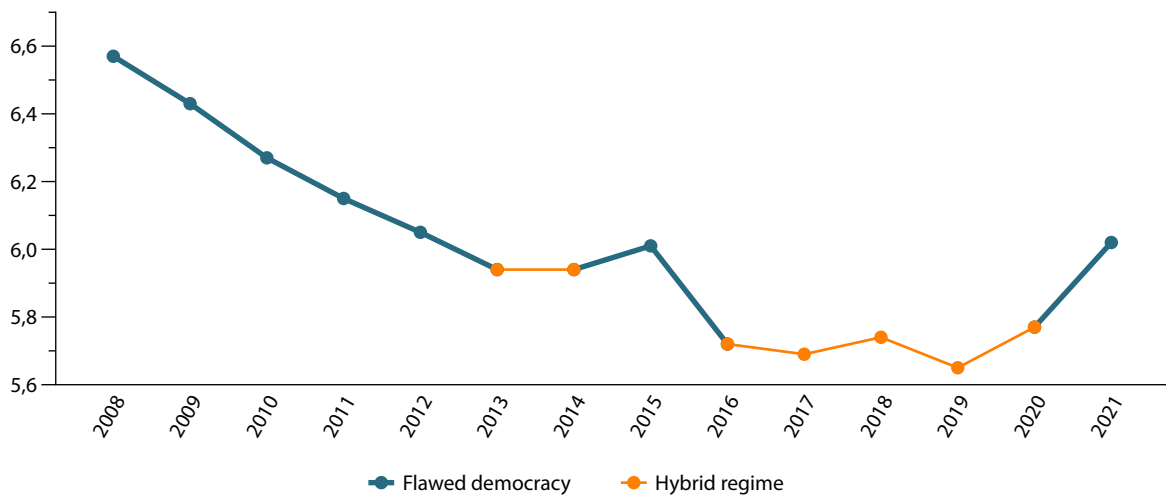


Figure 3: Economist Investigative Unit – Democracy Index for Montenegro



The indices considered here paint a different picture regarding the onset of backsliding in Montenegro, which is not surprising considering the fact that they are focusing on different dimensions of democratic functioning and the quality of democracy. Freedom House evaluates the state of political and civil freedoms, V-Dem the integrity of the electoral process. At the same time, EIU and BTI are more general indices of the state of democracy. To provide more insight considering the issue of measurement divergence, I turn to qualitative evaluations of the state of democracy from the analytical perspective of democratic backsliding found in the works of Komar (2020) and Milačić (2022).

In the analysis of democratic backsliding in former Yugoslavia, Milačić (2022) posits that stateness problem creates conditions that facilitate backsliding practices

as it primarily fosters polarization on national identity-based issues. Milačić (2022) further adds that while blatant manipulation of stateness issue is not present in Montenegro, the creation of ‘us’ versus ‘them’ was an important part of the Democratic Party of Socialists (DPS) domination (Džankić and Keil 2017), with no interest from the political elites across the spectrum in resolving the dividing nation-building issue. In such an environment, the polarization has served to preserve the status quo in terms of democratic development, ultimately leading to a beginning of backsliding in 2016 (Milačić 2022). The identity-based contestation opened the space for, among others, **(1)** the use of state resources for electoral advantage; **(2)** the capture of the judiciary and creation of patronage networks; and **(3)** the weakening of checks and balances.

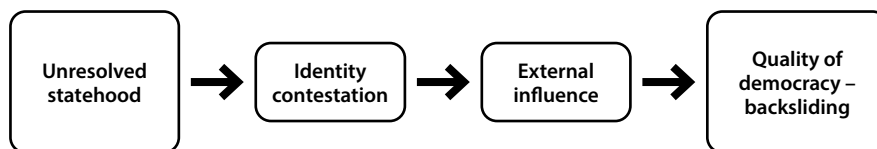
Similarly, looking at the instances of illiberal politics in Montenegro, Komar (2020) explores typical cases demonstrating backsliding practices, including **(a)** the monopolization of public resources and limitation on the freedom of expression through the capture of public state broadcasters RTCG<sup>2</sup> from 2016 onwards; **(b)** tilting the electoral playing field in favor of the incumbent (analyzed case from 2012); and **(c)** political control over independent institutions, in particular the case of the university of Montenegro from 2016 onwards. What appears to be the binding mechanism that joins these practices together is the underlying justification – the necessity to defend Montenegrin statehood against external territorial appetites and internal “subversive” actors, however, maintaining the pretense of legality.

Two previously mentioned papers outlined the general context conducive to backsliding practices in Montenegro, arguing that the identity-based politics nested in the unresolved statehood issue creates conditions that facilitate democratic backsliding. However, what is missing in both analyses is the examination of negative external

influence in terms of democratic development. External actors can easily establish political alliances to promote diverging interests when internal political competition is identity-based and highly polarized.

Arguably this process has resulted in a current constitutional and political crisis in the country.<sup>3</sup> On the one hand, the EU conditionality policy implemented through accession negotiations can be identified as the most successful external factor that enhances democracy (Milačić 2022) and fosters political stability within Montenegro. However, autocratic regimes such as Russia and China, can limit the scope of democratic reform and facilitate backsliding associated with, but not limited to, dysfunctional institutions. Along those lines, the general argument presented here is that the unresolved statehood issue opens space for identity-based political contestation through which external actors can interfere with internal politics and shape the outcomes of political processes, ultimately resulting in suboptimal democratic outcomes. Theorized causal mechanism is presented in the following chart.

Figure 4: Causal chain of external actors on quality of democracy in Montenegro



2 Radio Televizija Crne Gore – Radio and Television of Montenegro.

3 At the time this brief was finalized in January 2023, Montenegro did not have a functioning Constitutional court (3 out of 7 judges are appointed, while 4 are needed to reach decisions) and the country is governed by a government that has received a vote of no confidence in August 2022. Ambassador of Germany to Montenegro, Peter Felten, tweeted about the current political situation in the country on January 24th, 2023: Discussions on Montenegro’s constitutional and political crisis at EU Foreign Affairs Council yesterday is not a good sign for Montenegro’s EU ambitions. Montenegro has turned from the accession process frontrunner into a problem (@GERambMNE).

# Overview of external actors' presence and their role in Montenegro

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## Russia

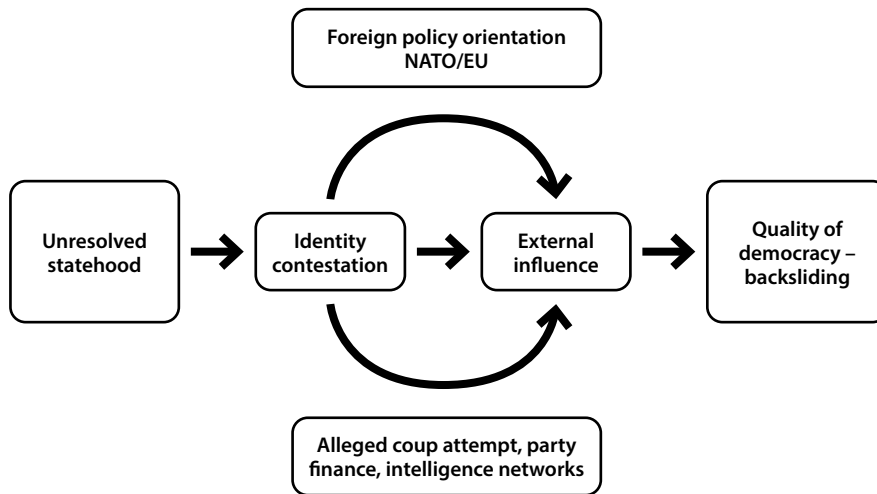
Sharing a history of political ties dating back to 1715 and Bishop Danilo I, Russia maintains a strong economic and cultural presence in Montenegro. With a slight variation in the last two decades, Russia is the biggest foreign direct investor in Montenegro (Central Bank of Montenegro – 13.5% in the first quarter of 2022) and, alongside Serbia, is the largest contributor to the tourism industry (National Statistic Office - 25.1% in 2018), the largest sector of the Montenegrin economy. The shift in political cooperation started in 2013 and intensified after 2015 after four significant events occurred. First, the Russian annexation of Crimea forced the hand of Montenegrin elites to introduce sanctions as a part of the integration process of both EU and NATO and to choose the country's foreign policy orientation firmly. Second, the economic ties between the political elites were severed with the declaration of bankruptcy of the Aluminium plant Podgorica KAP, owned by Russian oligarch Oleg Deripaska a close associate of Vladimir Putin from 2005 (when the company employed over 2000 people and accounted for 15% of the country's GDP). Third, in response to the previously described events, Russia started turning away from cooperation with the Montenegrin government and intensified political ties with the pro-Russian political parties (opposition at the time) in Montenegro (Bechev, 2018). The fourth event that solidified the political distancing between Montenegro and Russia was that in 2015 Montenegro received a formal invitation to join NATO and joined the Alliance in 2017. In conclusion, historical and cultural ties between Russia and Montenegro formed the basis of Russian influence in the country, which Montenegrin's commitment to the EU and NATO agenda challenged. The following paragraph elaborates on these issues in greater detail.

Russia based its influence on the overarching theme of Pan-Slavism, aiming to appeal to the broad notions of Slavic heritage, common Christian Orthodox faith, and historical ties with the region (Bajrović et al. 2018) to exert political influence and achieve foreign policy goals. As Russia perceives the Western Balkans as its sphere of influence, the goal is to limit the expansion of Euro-Atlantic alliances (both NATO and EU) and re-establish Russian presence and geopolitical influence in the region, particularly in Montenegro (see Analitika 2023). The increased interest in internal political processes in Montenegro can be attributed to its geographical position on the Mediterranean, where Russia has limited strategic capabilities vis à vis NATO. Control over a little more than 220 km of Montenegrin coastline on the Adriatic Sea with a reliable port in the Eastern Mediterranean, would greatly remedy the strategic capability of Russia to counter NATO presence in the region (for more detail, see Bajrović et al. 2018).

As stated in the previous section, Russian interference is enabled by the unresolved statehood issue. However, it will be severely limited by 2023, following the political and economic consequences of Russian aggression against Ukraine. The block polarization over identity and statehood issues in Montenegro, between the proponents of **(1)** independence and **(2)** joint state with Serbia, politically and socially follows the division between pro-Western and pro-Eastern forces. Russia builds on this societal division, supporting pro-Russian organizations through various channels, whose political actions ultimately shape the face of Montenegrin democracy. The following figure outlines the identified causal paths connected to Russian influence.



Figure 5: Causal paths of Russian interference in Montenegrin political processes



**Election interference – Alleged coup:** The day before the general parliamentary election in October 2016, Montenegrin police thwarted an alleged coup by arresting 20 people, confiscating rifles, spiked road barriers, handcuffs, batons, and other equipment exclusive to the state’s special police (Bajrović et al. 2018). According to government officials, the primary goal of the coup was to prevent the forthcoming Montenegrin accession to NATO. On the morning of the election, the special prosecutor’s office issued a statement that several Montenegrin and Serbian nationals conspired to disguise themselves as police officers to infiltrate the mass protest planned in front of the Parliament in case of DPS won the election. Allegedly, their plan was to open fire at the protesters to cause chaos and panic, providing an opportunity to storm the Parliament building and take control over the country’s institutions. Ultimately, the group planned to assassinate Prime Minister Milo Đukanović. Furthermore, according to Serbia’s Security Intelligence Agency BIA, 50 members of GRU<sup>4</sup> Special Forces troops entered the Montenegrin mountainous border region on the eve of October 15th but evacuated as they faced radio silence and received no further instructions from Milan Knežević (a Democratic Front MP) over encrypted phones (Bajrović et al. 2018). Shortly after the alleged coup, in November 2016, Montenegrin special prosecutor Milivoje Katnić stated that Eduard Shishmakov and Vladimir Popov (alias, later identified as Alexander Moiseev by Bellingcat and Russian outlet The Insider), officers of GRU, were the primary organizers and financiers.

In the aftermath of the events, the Special prosecutor’s office pressed charges against 14 individuals from Serbia, Montenegro, and Russia, including two MPs from the most prominent opposition party in Montenegro, Milan Knežević and Andrija Mandić. In a trial in front of the High Court in Podgorica on May 9th, 2019, all 14 individuals were found guilty of plotting to commit a terrorist act and undermining the constitutional order of Montenegro. However, the Court of Appeals annulled the verdict in February 2021 based on significant violations of the criminal procedure provisions. Currently, the case is in front of the High Court for a retrial.

**Election interference – Party Finance:** According to the Voice of America, in September 2022, following a briefing where a part of the report gathered by US intelligence agencies was made public, an unnamed high-ranking official of the Biden administration stated that Russia financed political parties in more than 20 countries in the amount of more than 300 million dollars. According to the US intelligence agencies, Russia attempted to provide an advantage to specific political forces and undermine democracy within these countries, identifying Democratic Front in Montenegro as one of the funds’ recipients. Associates of Oleg Deripaska<sup>5</sup> provided funding to Democratic Front in 2016, and probably in the 2018 presidential election, through invalid contracts and offshore companies’ (VOA, 2022).

4 Main Directorate of the General Staff of the Armed Forces of the Russian Federation.

5 Russian oligarch with close ties to Vladimir Putin, who was the majority owner of Aluminium Plant Podgorica - KAP from 2005-2013.

**Resurrecting Pan-Slavism:** Relying on historical and religious ties and shared Slavic heritage, Russia also implements a *soft power* strategy primarily through cultural institutions (for more detail see DFC, 2021). The most notable institution here is the Serbian Orthodox Church (SPC), which opposed Montenegrin independence, and denied the existence of Montenegrin ethnicity. SPC was a fierce opponent of NATO membership and is the most prominent (nominally) non-political organization that advocates for realignment with Russia. In a European parliament resolution (P9 TA (2022)0064), Russia was accused of exploiting ethnic tensions in the Western Balkans region to curb democratic development, which could potentially lead to destabilization. The resolution particularly stresses the role of the Serbian Orthodox Church in Montenegro as a promoter of Russia, as a protector of traditional family values and close relations between church and state. Furthermore, the resolution condemns the Russian influence through SPC, which facilitates biased writing of history and promotes anti-EU agenda.

The political influence of the Serbian Orthodox Church culminated in the October 2020 parliamentary election with the active participation of clergy in election campaigns. Following two years of weekly demonstrations against the Law on Religious Communities, when political parties publicly supported by the SPC (Democratic Front and Democrats) managed to win a parliamentary majority after 30 years of domination of Đukanović's DPS. Among other things, the Democratic Front coalition leader for the 2020 elections, Zdravko Krivokapić, a political novice and anonymous university professor, was suggested to the DF by the SPC and the 42nd Montenegrin government with Zdravko Krivokapić as its Prime Minister was negotiated and agreed on in the Monastery Ostrog with a facilitating role of SPC (Radio Slobodna Evropa 2022).

**Intelligence and espionage:** The involvement of Eduard Shishmakov and Alexander Moiseev in the alleged 2016 coup is the tip of the iceberg regarding the Russian intelligence agencies involvement in Montenegro. In September 2022, National Security Agency ANB searched the premises of more than two dozen people, searching for evidence of a Russian espionage network. As a result, 2 Montenegrin citizens were

arrested for espionage, including a retired official of the Ministry of Foreign Affairs, with an additional (at least) 6 under investigation, 6 Russian diplomats were declared persona non grata and expelled (in addition to 6 diplomats expelled in March, April and May 2022). An additional 28 foreign nationals were issued an entry ban to Montenegro. Shortly after the expulsion of Russian diplomats, interim director of ANB Savo Kentera was fired (20 days before his interim contract was set to expire), raising suspicions about the true reason behind his contract termination. Interestingly, Kentera was fired the day after the NATO Secretary General tweeted in support of the Montenegrin intelligence agency's effort to protect its sovereignty and democracy.<sup>6</sup>

In addition to the on-the-ground espionage, according to the Facebook (Meta) data retrieved for the U.S. Senate Select Committee on Intelligence, GRU created many fake think tanks, user accounts, and alternative media sources on various social media networks ahead of the 2016 elections in Montenegro (DFC 2021) to spread anti-western and anti-NATO content. Subsequently, the Ministry of Defence of Montenegro hosted a USA expert team for cyber security in 2018 to strengthen the institutional capacities ahead of the 2018 presidential election. Nonetheless, cyber-attacks became relatively frequent, especially after the Russian aggression against Ukraine, with the most recent ransomware attack occurring in August 2022, targeting critical government infrastructure and parliament web presentations. The attack was attributed to the Cuba Ransomware group with alleged ties with Russian intelligence agencies. Whereas no definitive evidence that Russia was behind the attack exists, Minister of Defense Raško Konjević and Montenegrin National Security Agency ANB suggested there are valid suspicions that the attack was sponsored by Russia (Al Jazeera Balkans, 2022).

**Summary of Russian interference:** In conclusion, it can be argued that Russia explored ethnic tensions and the unresolved statehood issue to solidify its influence in Montenegro, facilitating anti-NATO and anti-EU sentiment, through extensive support and financing of its *natural* allies – Democratic Front and Serbian Orthodox Church. By doing so, it enabled a vibrant and active community committed to nurturing cultural and historical ties between the two countries<sup>7</sup>.

6 #NATO stands in solidarity with our valued Ally #Montenegro, as it takes measures to protect its sovereignty and democracy faced with #Russia's spying and other destabilizing malign activities. The Western Balkans are of strategic importance for our Alliance & we remain vigilant. (@jensstoltenberg, October 5th 2022)

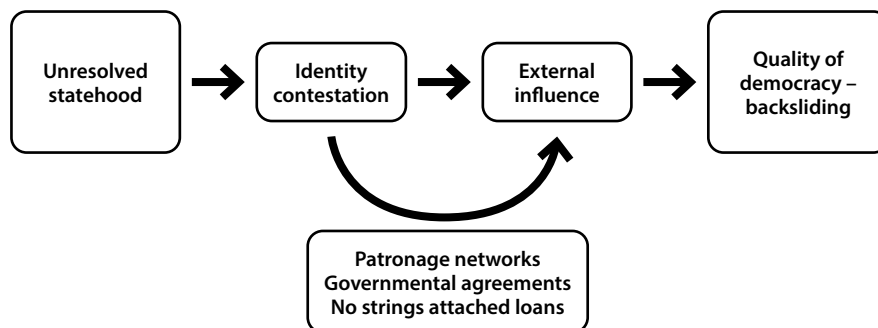
7 A recent example was the decision of Journalist Association of Montenegro to reward Sputnik Serbia for best news portal in 2022, Darya Dugina (Platonova) for lifetime achievement (posthumously), and a Monument of 150 years of journalism in Montenegro to the Journalist Association of Russia, at a ceremony organized in honor of The Day of Journalists (January 23rd).

## China

With the 2008 economic crisis and a subsequent partial withdrawal of the EU and US from the Western Balkans region, building on the Belt and Road Initiative, China aimed to strategically position itself in a country providing a port and access to the EU market (DFC 2022). While Chinese presence has drastically increased in the last 15 years, it does not seem to be linked with specific political aspirations that would result in interference with internal politics or a change of foreign policy orientation (DFC 2022). However, a negative side effect of Chinese presence on the quality of democracy in Montenegro can be identified primarily in the area of transparency and free and fair electoral competition. In their commentary on political processes in Montenegro Džankić & Keil (2017) and Keil (2018) posit that Montenegro is characterized by a weak or non-existent system of checks and controls, enabling the distribution of resources (privatization schemes, state employment, public contracts, and subsidies) to party cronies, who continuously demand increased rent-seeking

opportunities in return for political support. Furthermore, the existence of a patronage network is justified by the need to stay in power in defense from the “others”- the enemies of the state (Džankić & Keil 2017). In that regard, it can be argued that the regime’s necessity to maintain its patronage networks *in defense of the state* is facilitating the overall Chinese expansion strategy. This expansion strategy is based on the authoritarian model implemented in China, which is being exported to third countries through loans and investment facilities that challenge the governance principles of the West (Doehler 2019). Particularly in the Western Balkan region, Chinese incentives such as no-strings-attached loans, government-to-government agreements, and political propaganda opportunities are provided to the Balkan stabilocrats and their patronage networks (Soyaltin-Colella 2022). A summary of Chinese influence can be found in Figure 6, while a detailed account is presented in the following paragraphs.

Figure 6: Causal Paths of Chinese Influence in Montenegro



**Chinese investment – The highway project:** Since Montenegro’s independence in 2006, Chinese investments can be estimated to be roughly 1.15 billion dollars (Soyaltin-Colella, 2022), distributed mainly through loans from Chinese banks and less frequently as direct investments. However, the exact amount of investment and the share in the Montenegrin economy is hard to estimate as the Central Bank of Montenegro classifies private Chinese investments with a designation C, meaning that type of industry, banks and companies involved, and individual transactions are secret (DFC 2022). What can be gathered from public

information is that almost all investments are in the energy or transport sectors, both of which are connected with the EU market. The grand entry of Chinese investment in Montenegro was a 93.7 million dollar loan for the purchase of four transport ships (that were constructed in China) in 2013. This was followed by the construction of a wind farm on the hill Možura<sup>8</sup> with an estimated worth around 90 million dollars (Maltese consortium with a 33% Chinese ownership), and a bid for the ecological reconstruction of the thermal power plant in Pljevlja in 2019 (estimated value, 54.3 million dollars), among others.

8 The project was under investigation for alleged high corruption by a Maltese journalist Daphne Caruana Galizia, who suffered fatal injuries in October 2017 after a car bomb explosion. As a consequence of her investigation, the Prime Minister of Malta, Joseph Muscat, resigned in 2019 as a number of his close associates were tied to the alleged corruption.

The crown jewel was an 809 million dollar highway construction project (costs of the construction rose by an additional 134 million dollars, mainly as the Ministry of Transport and Maritime Affairs forgot to include a crucial highway interchange) financed through an Exim Bank of China loan (85%) and Montenegrin state budget contribution (15%). The primary contractor for the 41 km priority section of the highway was a Chinese state-owned China Road and Bridge Corporation (CRBC). Still, an estimated 30% of the work value was subcontracted to private companies linked to Montenegrin government officials (Gallop & Risteska 2017 p. 63), with Bemax securing 240 million dollar deals (MANS 2017). According to the civil sector in Montenegro, the subcontracting practices gave credence to the suspicions that the highway construction was set up to redistribute rents to party cronies (DFC 2022).

The construction was met with controversies over the legality and transparency procurement procedure that selected CRBC, the secrecy of contractual obligations (MANS 2018), and the risk of debt slavery. First, CRBC was selected in a manner that circumvented national legislation that pertains to public procurement procedures, made possible by government-to-government agreement (DFC 2022). Furthermore, the deal with Exim Bank of China and CBRC was closed after two feasibility studies deemed it financially unsustainable (Louis Berger in 2009 and URS in 2012), and two other consortia, Konstruktor from Croatia and a Greek Israeli Aktor/HCH, failed to reach an agreement with the Montenegrin government. Second, many documents are still under the veil of secrecy, which gave rise to a lot of speculation and misinformation about the contract's specific financial and legal details. Most prominent misinformation stated that per contractual stipulation, Montenegro's Port of Bar could be annexed by China, similarly as the Chinese did in Sri Lanka or Djibouti,

in the case of a payment default. However, what media presented as a slavery trap (article 5.5 of the contract)<sup>9</sup> Deron et al. (2021) argued is a standard sovereignty waiver found in all contracts between states and private companies, which allows for a judicial resolution if a dispute arises between the contracting parties. Third, this misinformation seriously threatened the stability of public finances in Montenegro, as the initial 809 million dollar loan drastically increased the level of public debt in Montenegro. The debt increase influenced the ability of the Montenegrin state to secure favorable terms on financial markets (Kovačević 2021). The deputy prime minister Dritan Abazović, plead to the European parliament in 2021 to provide a financial instrument to refinance Montenegrin state debt, arguing that Montenegro is at risk of debt slavery in the case of payment default on Chinese loans (according to Freedom House the totality of Chinese loans attributed 39% of Montenegrin state debt in 2021).

**Summary of Chinese influence:** Increased economic presence since 2013 that linked state-owned Chinese banks and companies with some of the most important developmental projects in Montenegro. On the one hand, while no direct evidence linking Chinese money to corruption activities could be presented, it is a fair assumption that following the secret financial details and non-existent checks and controls of the Chinese no strings attached loan policy, a portion of the money was probably redirected to the maintenance of patronage networks. On the other hand, the provisions of governmental agreements provided a basis to circumvent public procurement procedures that ensure transparency and legality, and no strings attached loans negatively impacted the state of democracy in Montenegro as they have arguably contributed to the political and economic (in)stability of the entire system.

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9 Article 5.5 The signing of this Agreement by the Borrower constitutes, and the Borrower's performance of its obligations under this Agreement will constitute commercial acts. Neither the Borrower nor any of its assets, except for those assets dedicated to military or diplomatic purpose, is entitled to any right of immunity on the grounds of sovereign or otherwise from arbitration, suit, execution or any other legal process with respect to its obligations under this Agreement, as the case may be, in any jurisdiction. (p. 34)

## Türkiye

With more than turbulent shared history, the political relations between Montenegro and Türkiye significantly improved after Montenegrin independence in 2006. Political ties are grounded in shared foreign policy goals – EU accession and allied status within NATO. The level of friendly relations and political cooperation between the two countries can best be summarized by the Agreement signed in 2020 according to which Türkiye will represent Montenegro in 23 states where it does not have diplomatic missions (Africa and Asia) and will provide consular services to Montenegrin citizens and issue Montenegrin visas for visitors.

Political cooperation is complemented by increasing economic activity (both trade and investment), as Montenegro has become a popular destination for Turkish small and medium size business owners, particularly after an autocratic turn in Türkiye.<sup>10</sup> According to the data from the National Statistical Office in 2020, there were 3250 Turkish-owned businesses in Montenegro, or 28.8% of all businesses with a foreign ownership structure. The number is particularly impressive considering that in 2017 there were only 250 businesses owned by Turkish nationals (Al Jazeera Balkans, 2021). Another point that illustrates the increased economic cooperation is the increase in bilateral trade volume from \$46 million in 2015 to \$182 million in 2022. Primarily, investments are made in construction and tourism, but the most prominent Turkish companies in Montenegro manage an iron and steel factory in Nikšić (Tosçelik Special Steel) and container terminals at the Port of Bar (Global Ports). The groundwork for the Turkish economic expansion was laid by Turkish International Development Agency TİKA, with its branch that opened in Montenegro in 2007, by investing over €20 million in nearly 400 projects focusing on education, healthcare, and cultural cooperation. An example of investment in education is

the financing of Muslim religious schools (for example, Mehmed Fatih Islamic Theological High School), which offers university students free Turkish language courses and scholarships for studying at both undergraduate and postgraduate levels at Turkish universities. Alongside TİKA, the Presidency of Religious Affairs-Diyanet frequently distributes aid packages coordinated through the Turkish Embassy in Podgorica, particularly during Ramadan. Lastly, a significant factor was the popularity of Turkish soap operas, which have completely taken over the Latin American or Indian series, becoming the most popular TV content in the country.

From the previous paragraphs, it is evident that Türkiye has a significant presence in Montenegro that has rapidly increased economically and culturally since 2017. In that regard, Turkish soft power has consequently increased; however, considering a partnership and ally status within NATO, politically malign influence is not present. Marović (2019) argued that while economic interests in Montenegro do exist, none of the non-western countries interfere in Montenegrin politics (with the notable exception of Russia). Along those lines, in an interview with Deutsche Welle about the influence of Türkiye in the Western Balkans region, Dr. Erdoan Shipoli from Virginia International University outlined the motivation behind Turkish involvement in the region, commenting on the specificities of Turkish influence in each Western Balkans country, but omitting Montenegro. The omission implies a lack of political influence in the country. A similar conclusion can be reached by looking at the National Democratic Institute (NDI 2020) examination of illiberal external influence in Montenegro and Serbia, according to whose analysis, stakeholders view Turkish economic presence as significant and visible, but their influence as apolitical.

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10 In an interview for Duvar English, Montenegrin ambassador to Türkiye pointed out Montenegro is an interesting investment destination for Turkish citizens as they do not need visa to enter and stay in the country for 90 days, foreign companies enjoy the same treatment as national companies with competitive tax system (corporate profit tax is 9%) and have access to established Business and Free-Trade Zones. Furthermore, favorable geographical location with the Port of Bar, air and railroad connections with Eastern and Central Europe is why Montenegro is perceived as “The Gateway to the Balkans” (Duvar English 2022).

## Arab states of the Persian Gulf

In terms of political involvement, no significant influence of the Arab states of the Persian Gulf (Gulf states) was identified. One notable exception is in the economic investment strategy of the United Arab Emirates, roughly estimated to be around \$320 million invested in Montenegro over the previous ten years (2013-2022).

# Conclusion and Policy Recommendations

In this paper, I have argued that the statehood issue fosters the primary political conflict in Montenegro, which in combination with the success or failure of the EU conditionality policy, can be related to the level of democratic development. To limit the malign influence of authoritarian external actors, it is crucial that the EU takes a more direct approach to the exercise of its political influence. Towards that end, I propose a series of institutional arrangements that would signal the EU's dedication to Montenegro and broader to the Western Balkans region. The recommendations are the following:

- ✘ Increase the number and presence of the international staff at the Delegation of the EU in Montenegro. The accession negotiation frequently relied on key expert contributions from EU member states, whose permanent positions in Montenegro would signal reaffirmed commitment to Montenegrin integration in the EU.
- ✘ Increase the frequency of meetings within the European Parliament EU-Montenegro Stabilization and Association Parliamentary Committee (SAPC), possibly by establishing a permanent international administrative body in candidate countries.
- ✘ Complement the bi-annual EU Western Balkans summit with an annual visit of the European Commissioner for Neighborhood and Enlargement to candidate countries.
- ✘ Work towards fostering a unified approach to the democratic development of Western Balkans between the EU and the USA.
- ✘ Take additional steps to reaffirm the Berlin process vis-à-vis the Open Balkans initiative.
- ✘ Montenegro should reaffirm its commitment to EU accession and devise a nationwide strategy to combat anti-Western sentiments.

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