

## 2. Political risks in CESEE 2024-2024: Strategic outlook

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### SUMMARY

- › Over 18 months on from the start of the Russian invasion of Ukraine, its fallout continues to be the key driver of political risks in CESEE.
- › Security aside, the cost to CESEE states of severing their various economic ties with the Russian Federation is proving high – especially for those that are EU members.
- › The Russian and Ukrainian governments remain uncompromising on the possibility of a peace settlement.
- › Military strategies remain attritional, as each of the two sides seeks to degrade the weaponry, logistics, infrastructure and morale of the other. The Ukrainian counteroffensive continues but is grinding along only slowly.
- › It is our assessment that there are four scenarios that could realistically play out over the 12-month outlook period (the likelihood is given in brackets):
  1. A breakthrough by Ukraine in the south (or alternatively east), allowing it to sever the land corridor between Crimea and the Russian Federation (15%);
  2. A modest advance by Ukraine in the south, bringing the land corridor within range of its artillery and increasing attrition among the Russian forces (40%);
  3. Stalemate, with a failure by both sides to make any significant breakthrough (40%);
  4. A breakthrough by Russia in the east, increasing the likelihood that it can consolidate its control of the Donbass region (5%).
- › The war will continue to be influenced by such key variables as manpower, equipment, ongoing Western support for Ukraine and the political outlook in Russia.
- › Overall, the strategic advantages that Russia and Ukraine enjoy are, respectively, numerical and qualitative.
- › Political instability in the US represents a major risk to the Ukrainian war effort, while elections in Slovakia, Poland and Austria may lead the EU consensus surrounding sanctions and aid to begin to unravel.
- › At the same time, the US and the EU have taken major steps to ensure that Ukraine continues to receive military support in the long term; this will sustain its defences, even if it cannot deliver victory.

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- › Russian President Vladimir Putin is unopposed, but his regime is brittle – as the mutiny by the Wagner private mercenary group demonstrated.
- › Another key issue in CESEE is that of EU enlargement: progress will remain uneven in the 12 months ahead, stalling in Serbia, Kosovo and Bosnia and Herzegovina, while tentatively advancing elsewhere.

## 2.1. MILITARY OUTLOOK IN UKRAINE: THE STATUS QUO

The possible outcome of the war will shape the risk outlook in CESEE politically, economically and in terms of security. Since the Russian Armed Forces (RAF) failed to subjugate Ukraine in the first half of 2022, the administration of Russian President Vladimir Putin has sought to prosecute a war effort that focuses largely on defending its gains. Indeed, the onus has been on the ability of the Armed Forces of Ukraine (AFU) to liberate the 15% of Ukrainian territory that remains occupied by the RAF. Neither side has shown any willingness to compromise on reaching a potential peace settlement, not least because both consider the possible outcome of the war to have existential implications.

The war that is being fought is primarily attritional. Throughout 2023, only very modest amounts of territory were captured by either side. The RAF, following the declaration of partial mobilisation in autumn 2022, sought to grind Ukraine down with bloody attacks on its positions in the Donetsk region, while bombarding the country's infrastructure with missiles and drones. It is also seeking to systematically destroy Ukraine's agricultural sector: by blowing up the Kakhovka dam, in a devastating act of ecocide; by shelling grain silos and ports; and by allowing the expiration of the Black Sea Grain Initiative, which was brokered by the UN to guarantee the safe maritime passage of Ukrainian foodstuffs to developing markets.

The primary objective of the AFU is similarly to wear down RAF positions, with a view to severing the land corridor connecting Crimea with the Russian Federation. The AFU has used Western-supplied long-range artillery and drones to degrade Russian logistics and artillery, especially in the southern regions of Kherson and Zaporizhzhia, but also in Crimea itself. Dozens of hybrid attacks have also been carried out in the Russian Federation, most of which have been low in impact, though they are exhibiting increasing sophistication.

In June 2023, in an attempt to break through down to the Sea of Azov, the AFU launched a major counteroffensive along three axes of advance in the Zaporizhzhia and Donetsk regions. Initially, it attempted a mass mechanised assault through the triple-layered network of trenches, fortifications and minefields known as the Surovikin line. However, it reverted to an attritional approach after losing a fifth of its Western-supplied equipment, amid difficulties in conducting large-scale combined-arms operations.

At the time of writing, the AFU had breached the first, most heavily defended part of the Surovikin line at the villages of Robotyne and Verbove; but it remained to be seen whether it could break out towards the cities of Melitopol and Berdyansk along the coast of the Sea of Azov. It was, however, possible that the AFU could succeed in advancing the 10-15 kilometres necessary to bring the east-west land supply route along the Sea of Azov within range of its artillery, perhaps even capturing the logistical hub of Tokmak.

## 2.2. MILITARY OUTLOOK IN UKRAINE: SCENARIOS

Strategic momentum in the war shifted to Ukraine in autumn 2022, but defeat of the Russian invasion is unforeseeable within the next 12 months. The most likely scenarios that will play out include (with the likelihood given in brackets):

1. A Ukrainian breakthrough in the south, liberating territory and surrounding Crimea; or alternatively a breakthrough in the east, as the RAF has to redeploy units to stabilise the southern front (15%);
2. A Ukrainian breach of the southern defences, amounting to advances that are gradual, but not strategically decisive, even as the RAF and its positions in Crimea are worn down (40%);
3. Stalemate, with neither side achieving a strategic advantage (40%);
4. A Russian breakthrough in the east later in the winter (5%).

The first scenario would considerably improve the odds of victory on Ukrainian terms within the 12-month outlook and beyond. The second scenario would improve the strategic position of Ukraine in the conflict, but a strategic outcome would remain distant. The same is true of the third scenario, which would increase the likelihood of a frozen conflict. In the fourth scenario, the odds of an overall Russian victory would not increase as such, but it would generate greater pressure for a diplomatic settlement that favours Moscow, especially if Russia manages to consolidate control over the four regions it unilaterally annexed in 2022.

## 2.3. MILITARY OUTLOOK IN UKRAINE: STRATEGIC VARIABLES

The ability of both Ukraine and Russia to continue to prosecute the war effectively (if at all) is governed by strategic variables that include how well they can sustain their militaries, as well as by their economic resilience.

In the case of Ukraine, the continued provision of Western support is crucial. In the case of Russia, the political consensus surrounding the mobilisation of society and the economy for war needs to be maintained, while at the same time both need to be insulated from the costs of the war.

### *i. Manpower: Russia*

Militarily, the balance of superiority consists in the ability of both sides to generate manpower and equipment. In the case of manpower, it is estimated that the RAF has suffered between 50% and 200% more casualties than the AFU.<sup>7</sup> Yet Russia retains a numerical advantage, since its population is around five times larger than that of wartime Ukraine. The Putin administration has laid the foundations to leverage this advantage, improving the efficiency of the 2022 decree on mobilisation by raising the maximum draft age by five years, while establishing an electronic system that issues binding summons to eligible recruits. In the 12-month outlook, between 400,000 and 700,000 more recruits could be mobilised.

More generally, the RAF has bolstered its manpower advantage through a combination of coercion, incentivisation and propaganda. On the one hand, blocking units are deployed to shoot recruits who retreat. On the other hand, recruits are paid three times the average salary in Russia; and if they are killed or disabled, their families receive compensation equivalent to between one and four times the

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<sup>7</sup> [https://en.wikipedia.org/wiki/Casualties\\_of\\_the\\_Russo-Ukrainian\\_War#Russian\\_invasion\\_of\\_Ukraine](https://en.wikipedia.org/wiki/Casualties_of_the_Russo-Ukrainian_War#Russian_invasion_of_Ukraine)

average annual salary in Russia. The overall quality of the RAF is mixed at best, and anecdotal evidence consistently suggests that morale is low. But Russia's mobilisation of manpower is strategically useful, in that it frees up experienced units to conduct specialised operations.

*ii. Manpower: Ukraine*

Meanwhile, the AFU is beginning to struggle with manpower. Endemic corruption in the recruitment process has led to tens of thousands of eligible recruits dodging the draft. In August, President Volodymyr Zelensky accordingly fired all the heads of regional recruitment centres nationwide. Concurrent reshuffles at the Ministry of Defence, which saw Oleksii Reznikov replaced by Rustem Umierov as defence minister, will facilitate attempts to resolve organisational issues, as well as corruption. If manpower issues persist, full mobilisation remains an option.

Where the AFU does command an advantage is in the quality of manpower. The existential nature of the conflict has kept morale relatively high. Furthermore, tens of thousands of recruits are being trained by NATO forces. Issues have emerged surrounding the quality of the training, as it is too short for new recruits and focuses too little on operations in a full-scale war. However, it is likely to improve as training programmes adapt.

*iii. Equipment: Russia*

The effective use of manpower is influenced by the quantity and quality of equipment. Russia and Ukraine share a commonality in this regard, in that they are both at the mercy of external factors in the procurement of high-quality equipment. Ukraine relies on its Western allies, while Russia relies on its ability to circumvent Western sanctions.

After the war began and sanctions were imposed, the Putin administration quietly reactivated illicit Soviet-era procurement networks, thereby facilitating the import of Western technology used in modern weapons systems such as battle tanks and ballistic missiles. While it is not possible to produce such equipment at anywhere near the rate (or cost) as before, it does support strategic planning by providing predictability around production.

For example, Ukrainian military intelligence estimates that the Russian defence complex can produce up to 70 high-precision missiles per month, meaning that its stock, while badly depleted, will never run out. Meanwhile, low-quality missiles – such as the Shahed-136 – may be produced rapidly and at scale, allowing for disruptive barrages.

This is similarly the case with tanks. Visually confirmed equipment losses indicate that two thirds of the RAF's active tank fleet at the beginning of the war has been neutralised, bringing it to numerical parity with the increasingly large and modern Ukrainian fleet. Furthermore, of the approximately 2,300 Russian tanks that have been destroyed, damaged or captured, some 700 were modern battle armour, such as the T-80 and T-90 models.<sup>8</sup>

Yet the RAF has considerable strategic reserves thanks to its Soviet-era stocks, which consist of some 9,000 decommissioned tanks. These are largely dated or otherwise low-quality models, but nevertheless

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<sup>8</sup> <https://www.oryxspioenkop.com/2022/02/attack-on-europe-documenting-equipment.html>

they reduce the need for new production (which is limited to approximately 200 tanks per year),<sup>9</sup> since they can be quickly deployed after the necessary retrofitting and augmentation. Such reserves are unlikely to provide the RAF with a strategic advantage as regards offensive operations, but they are an important defensive stopgap.

The ability of the Russian wartime economy to generate the equipment necessary to sustain the war is unclear, as the various datasets are contradictory. Although 2023 defence spending targets were tripled to USD 100bn,<sup>10</sup> the ability of the defence complex to absorb the funds is limited, owing to general underinvestment over the past two decades, as well as systemic corruption. Nonetheless, these factors are not likely to be relevant in the 12-month outlook. On the other hand, if Western sanctions were to be enforced more strictly, that would further reduce Russia's ability to reproduce modern weaponry and would significantly undermine its war effort.

#### *iv. Equipment: Ukraine*

Ukraine is outnumbered by Russia in most equipment categories, but its capabilities have increased steadily thanks to Western supplies, and even qualitatively outstrip those of Russia. While Ukraine does have domestic production capacity (e.g. of drones), the qualitative expansion of its arsenal depends on the political will of Western states to make different types of modern weaponry available, as well as on their ability to sustain popular consensus on the need to provide Ukraine with military aid. Alongside continuation of this aid, the speed and rate at which equipment is supplied are key variables that directly influence the possible outcome of the war.

The rate of supply has been sufficient to reinforce the strategic momentum that Ukraine seized in 2022. However, it has not been enough to decisively boost the likelihood of outright victory by Ukraine. This is partly because the US and the EU are wary of crossing certain 'red lines' drawn by Russian nuclear doctrine, which permits the use of such weaponry if the existence of the Russian state – as defined by the Kremlin prior to 2022 – is jeopardised.

Since the war began, the AFU has received Western weaponry that includes long-range artillery (US M142 High Mobility Artillery Rocket Systems (HIMARS), US M270 Multiple Launch Rocket Systems (MLRS), UK and French Storm Shadows); air defence systems (US MIM-104 Patriot and German IRIS-T systems); and modern battle tanks (German Leopard-2 tanks, UK Challengers). These have permitted the AFU to devastate Russian supply logistics (which have had to be relocated further away and reorganised), and have greatly improved the efficiency with which Russian missiles and drones can be shot down.

However, the Zelensky administration insists that this is not sufficient, arguing that the AFU requires modern airpower and longer-range missiles to drive home its advantage. The former would greatly improve the air defence necessary to cover ground advances, while the latter would enable Russian targets to be struck hundreds of kilometres behind the front line, including in Crimea and the Russian Federation itself.

Western governments have duly been prevaricating, but the weaponry is likely to trickle through. The Netherlands and Denmark are set to deliver over 60 F-16 fighter jets in 2024, while the UK and France

<sup>9</sup> <https://www.nytimes.com/2023/09/13/us/politics/russia-sanctions-missile-production.html>

<sup>10</sup> <https://www.reuters.com/world/europe/blood-billions-cost-russias-war-ukraine-2023-08-23/>

have led the way in sending Storm Shadow and SCALP missiles, which have a range of up to 250 kilometres. The next step would be the provision of US Army Tactical Missile Systems (ATACMS) and German TAURUS cruise missiles, which have a range of 300-500 kilometres.

Neither of those weapons systems will be a panacea. A Ukrainian breakthrough – as outlined in scenario 1, for example – would require not only such weapons, but also the ability of the AFU to conduct large-scale combined-arms operations. However, such supplies would increase the likelihood of scenario 2, bringing Crimea (and the supply routes into it via the land corridor and the bridge over the Kerch Strait) under fire control. If scenario 2 transpires, then the likelihood of scenario 1 occurring in the 12-month outlook will also increase.

Nonetheless, the baseline is scenario 3, given that the West is committed to supplying the AFU with ammunition and training on a long-term basis. This hedges against the risk of political instability in Western states, which could destabilise policy on Ukraine. This is discussed in subsections (vi) and (vii).

v. *Political stability: Russia*

The stability of the Putin regime is a key variable that may influence the possible outcome of the war, at the same time as being influenced by that same outcome. Putin has invested political capital in the war, to the extent that the future trajectory of his career will be fundamentally determined by it. In the sense that the war did not achieve its aims quickly, but instead led to the international isolation of Russia, the political position of Putin and his regime was already weakened in 2022.

However, the Putin regime succeeded in stabilising its position by creating a totalitarian culture surrounding the war, systematically neutralising anti-war dissent, while incentivising participation. It also proved adept at weathering the immediate impact of Western sanctions, establishing parallel import routes, cashing in on unprecedented windfalls as it engineered spikes in commodity prices in the first few months after the start of the war and, more recently, diverting the bulk of its oil exports to Asia.

In March 2024, Putin will seek to confirm his political supremacy when presidential elections are held, which he is certain to 'win'. Polling in Russia is mostly state controlled, but independent surveys tentatively indicate that the population would ideally prefer Putin to retire, with two thirds desiring a president who is younger than 70.<sup>11</sup> Despite this, Putin commands the necessary support to continue in office, especially given that he will not be challenged by any genuine competitors in the election.

Yet multiple events in 2023 have indicated that the position of the Putin regime, although openly undisputed, is brittle. Since the war began, the regime has not tolerated anti-war sentiment, but it has permitted pro-war commentators to criticise the war effort. Chief among these have been Igor Girkin, a former colonel in the Federal Security Service (FSB) who led the hybrid invasion of Donbass in 2014, and Yevgeniy Prigozhin, founder of the Wagner private mercenary company (PMC).

As the war effort has floundered, so pro-war criticism has increased. It came to a head in June 2023, when Wagner PMC, which had fought a prolonged and bloody battle for the town of Bakhmut in Donetsk region, joined Prigozhin in mutinying against the leadership of the Ministry of Defence. Wagner PMC

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<sup>11</sup> <https://meduza.io/en/news/2023/09/20/more-than-two-thirds-of-russians-do-not-want-a-president-older-than-70-according-to-independent-survey>

units entered the Russian Federation practically unopposed, capturing the cities of Rostov-on-Don and Voronezh, before driving on towards Moscow. A settlement was brokered within a day, ending the mutiny. Two months later, Prigozhin was killed when his private jet exploded. His motive for the mutiny was probably to strengthen his personal position ahead of the planned dismantling of Wagner PMC by the Ministry of Defence; but the passive response of the military and security services indicated that the Putin regime could be vulnerable in the event of future mutinies or coup attempts.

Consequently, the Putin regime is acting to neutralise dissent altogether, including the 'pro-war' opposition. In July, Girkin was arrested on charges of extremism. Elsewhere, three generals have been dismissed since June for openly criticising the leadership, including Sergei Surovikin, who briefly led the Ukraine campaign before apparently backing the Wagner mutiny. Known ultra-nationalists in mid-ranking positions in the National Guard and Moscow garrison of the RAF have quietly been reshuffled or demoted.

If the morale of the RAF continues to deteriorate, further rebellions and mutinies will become more likely. If the perception takes root that the Putin regime is losing its grip, the likelihood of a coup d'état will increase, even if the chances of success are remote. Nonetheless, political instability in Moscow would very likely create uncertainty on the Ukrainian front.

*vi. Political instability: US support*

Ukraine remains dependent on the US and the EU for both its military and its financial support. The US has played a pivotal role in regard to the former, providing over USD 46bn since the war began. That is very likely to increase in the next 12 months. In August, the administration of President Joe Biden began negotiations with Congress for the approval of USD 40bn in further aid, nearly USD 15bn of which will be military. According to recent polls, the willingness of the electorate to increase support to Ukraine is peaking, but remains robust.<sup>12</sup>

Policy makers in Washington, as well as in the EU, are increasingly aware that support for Ukraine must be long term, and are acting accordingly, because withdrawal of that support would have global implications, not least regarding the potential invasion of Taiwan by China. On the other hand, it is possible that pressures elsewhere could result in a reshuffling of policy priorities. For example, in October, Hamas carried out mass terrorist attacks in Israel, killing hundreds of people and calling for other Arab states and organisations to join its efforts. If armed hostilities with Israel widen into a regional war, this would have a major impact on the diplomatic and material resources the US may allocate to Ukraine.

Furthermore, the continuation of US support for Ukraine may be threatened by presidential and congressional elections in November 2024. Biden will stand again as the nominee of the Democratic Party, while the most likely nominee of the Republican Party will be the former president, Donald Trump. If Trump is elected, the ability of Ukraine to continue fighting will be compromised. Trump is pledging the rapid negotiation of a peace settlement, which would likely be facilitated by the suspension of support for Ukraine, as a means of exerting pressure. As president, Trump would have considerable power to do that without congressional support. Even then, despite being split on Ukraine policy, the Republican Party has repeatedly shown itself to be subservient to Trump.

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<sup>12</sup> <https://www.atlanticcouncil.org/blogs/new-atlanticist/americans-support-for-helping-ukraine-remains-strong-just-look-at-the-polls/>

In the unlikely event that Trump does not receive the Republican nomination, he has very considerable influence – if not control – over policy discourse within the party. In October 2023, amid congressional negotiations over the raising of the federal debt limit, the Speaker of the House of Representatives, Kevin McCarthy, was ousted from his post by fellow Republican representatives opposed to the provision of further aid to Ukraine. His successor is very likely to be sceptical about, if not in opposition to, further aid. If bipartisan consensus around this issue breaks down, US support of Ukraine will become far more difficult to legislate.

Furthermore, Trump's main challengers, such as Florida Governor Ron DeSantis and businessman Vivek Ramaswamy, tend to duplicate his policy positions, rather than contradict them. Nonetheless, polls indicate that it is far from certain that the Republican nominee will win the presidential election.

*vii. Political instability: EU support*

If the US Republican nominee does win the election, and subsequently curtails support for Ukraine, there are tentative signs that this would matter less than it might once have done. Indeed, Ukraine's dependence on the US is weakening in relative terms. Under a new 'three track' proposal, Ukraine is due to receive crucial military support from the EU via its Act in Support of Ammunition Production (ASAP) – and on a long-term basis.

Under the first track, Ukraine will receive EUR 1.1bn in ammunition that has already been procured. Under the second track, the European Commission is coordinating the provision through the European Peace Facility of EUR 50bn in military aid to Ukraine between 2024 and 2027. This increases the hitherto modest military aid provided by the EU to parity with that provided by the US.

Under the third track, the European defence complex will accelerate and increase production, with a view to supplying Ukraine, or otherwise restocking the depleted arsenals of NATO member states. Already in September, the European Defence Agency concluded eight procurement contracts to produce 155mm artillery shells.

This is a significant development – not only because it reduces the structural dependence on the US, but also because it offsets the provision of bilateral aid by EU member states. As in the US, popular support for Ukraine in the EU is robust. According to Eurobarometer, 70% of respondents support the provision of military aid to Ukraine, while 80% support sanctions on Russian companies and individuals.<sup>13</sup> However, at the level of individual member states, the outlook is mixed.

The risks posed by political changes in individual member states are increasingly likely to have an impact on support for Ukraine and the continuation of sanctions. In Slovakia, Smer-SD, an illiberal centre-left grouping which led successive governments in 2006-2010 and 2012-2020, emerged in first place in parliamentary elections that were held at the end of September. Its leader, former Prime Minister Robert Fico, is a populist who succeeded in capturing parts of the security apparatus and judiciary while in power. Fico did not previously challenge the geopolitical consensus established after 1998, but since 2018 he has become increasingly Eurosceptic and pro-Russian.

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<sup>13</sup> <https://euneighbourseast.eu/news/latest-news/poll-eu-residents-still-willing-to-support-ukraine-and-its-refugees-and-to-stop-using-russian-energy/>



Slovakia is among the economies most exposed to the fallout from the Russian war in Ukraine. Owing to the cost of subsidising its gas-dependent energy sector, the general government deficit is projected to increase to 6.2% of GDP in 2023, the highest level in the EU. Inflation has steadily fallen from its summer 2022 peak of 15.5%, but remains high at 9%. This offers fertile ground for Fico, who is pledging to veto EU sanctions on Russia, as well as aid to Ukraine. At the time of writing, Smer-SD was negotiating with other parties on the formation of a coalition government.

The challenging economic outlook that Slovakia is facing, combined with its dependence on EU funding, may ultimately temper the incoming government. Yet there will be uncertainty over the provision of military aid to Ukraine, including under the EU plan to manufacture ammunition. President Zuzana Caputova already suspended the provision of military aid pending the formation of the new government. Slovakia has exhausted most of its Soviet-era stocks of arms in supplying Ukraine, but is nevertheless one of the few countries in the EU that is capable of manufacturing large-calibre artillery rounds, with investment and production in 155mm ammunition set to double. Furthermore, Slovakia's Konštrukta-Defence and Ukraine's Kramatorsk Heavy Duty Machine Tool Building Plant are discussing plans to launch the joint production of 155mm artillery systems. Assuming Fico is successful in forming a government, there is a possibility that such contracts will be cancelled or amended. Alternatively, a Fico government will maintain the contracts to assuage its industrialist base and agitate over the provision of aid through the EU instead.

Similarly significant elections are to be held in Poland in October 2023 and in Austria by October 2024 at the latest. Like Slovakia, Austria has been hit hard by the economic fallout from the war – not least because of its stubborn dependence on Russian gas and the relative lack of alternatives. Amid high inflation and wider political disaffection, the far-right Freedom Party (FPÖ) of the former interior minister, Herbert Kickl, is consistently ahead in the polls. It has pledged to veto EU sanctions on Russia, which – in an echo of Fico – it blames for the high inflation. The only realistic coalition partner of the FPÖ is the centre-right People's Party (ÖVP), which heads the incumbent government and has been relatively supportive of Ukraine. However, the regional business clientele of the ÖVP is increasingly sceptical of sanctions, and this may increase its willingness to begin challenging at the EU level if it enters a coalition with the FPÖ.

In Poland, the situation is different. The right-wing Law and Justice Party (PiS) has been embroiled in legal disputes with the European Commission over judicial independence, but has been among the staunchest supporters of sanctions and aid for Ukraine. Yet relations with Ukraine have increasingly come under strain, mainly owing to disagreement over imports of Ukrainian grain. Soon after the war began, the European Commission lifted trade controls on all Ukrainian imports. This was crucial for its agricultural sector, facilitating as it did the rapid export of key foodstuffs (e.g. grain), mostly to countries outside the EU. But logistical bottlenecks and the difficulty of exporting grain via the Black Sea meant that large volumes of Ukrainian grain have built up in storage facilities in Poland, Slovakia, Hungary, Romania and Bulgaria. Some of it is being sold onto the domestic market, prompting PiS to argue that it is undermining the competitiveness of local producers. This prompted the European Commission to impose a temporary ban on Ukrainian grain imports – now lifted after Kyiv pledged to increase controls over its agricultural exports.

Unhappy with this compromise, Poland has said it will impose its own ban, alongside Hungary. This move is partly motivated by the upcoming election, which will be very close. PiS and its right-wing allies

are attempting to prevent the loss of their absolute majority to the centrist and left-wing groupings spearheaded by the Civic Coalition of the former European Council president, Donald Tusk. As such, it is attempting to target the farming constituency, which has traditionally supported PiS, though a large portion of it has become disaffected over the impact of Ukrainian grain. Young farmers, in particular, are being targeted by the far-right Confederation party, which furthermore is opposed to support for Ukraine.

Yet if PiS and its allies lose their majority, the only partner that they could realistically approach to shore it up is Confederation. Although such a scenario is not likely to prompt a major policy shift by a PiS-led government, the provision of support may slow amid domestic opposition. Likewise, if the Civic Coalition ousts PiS, the majority commanded by whatever coalition it manages to negotiate is likely to be slender and could potentially require support from Confederation to be sought in parliament.

The effect of the Slovak, Austrian and Polish elections will be to consolidate a Central European axis opposed to, or at least sceptical of, EU policy on Ukraine and Russia. Hitherto, the only sceptical voice has been that of the Hungarian government of Prime Minister Viktor Orbán and his Fidesz-KDNP alliance. The Orbán government has rhetorically opposed sanctions, but ultimately toed the line on them. It has repeatedly threatened to veto EU aid to Ukraine, albeit mainly as leverage in disputes over the withholding of EU funds earmarked for Hungary. The incidence of such vetoes and the associated threats will increase if Smer-SD, PiS and the FPÖ, in particular, lead the governments of Slovakia, Poland and Austria, respectively.

This will complicate the negotiation of decisions in policy areas where unanimity is required, such as Common Foreign and Security Policy (CFSP). Even where Qualified Majority Voting (QMV) is possible, the EU nonetheless aims for unanimity. One scenario that may result from blockades is that the EU could simply bypass disruptive member states: sanctions and aid could be coordinated by the Commission, but ultimately implemented at the national level. A precedent for this was set when, in 2011, the UK government threatened to veto the EU treaty changes concerning national budgets, prompting all the other member states to circumvent the veto in this way.

It is worth noting that elections to the EU Parliament are also scheduled for June 2024. However, these are not likely to alter EU policy on Russia and Ukraine in any significant way. Although the ruling majority of the European People's Party (EPP), Socialists and Democrats (S&D) and Renew Europe has been eroded somewhat, the broad centre is likely to hold. In any case, the governments of the EU member states rather than the European Parliament are likely to choose to the president of the European Commission, as they did in 2019.

## **2.4. GEOPOLITICAL OUTLOOK: EU ENLARGEMENT**

In June 2022, the EU member states agreed to grant membership candidate status to Ukraine and Moldova. The European Commission estimates that the timeframe for accession will be 10 years, as the Ukrainian and Moldovan governments need to implement certain measures to fulfil the various chapters of the EU acquis. Successful accession will also require solutions to deal with the fact that the territorial integrity of both states is perpetually compromised: that would usually scupper accession, given the risks it would pose to external borders and the single market. Nevertheless, some greater convergence

between Ukraine, Moldova and the EU economy is probable. For example, Moldova is set to participate in the EU Single Market Programme, thereby deepening its trade and investment ties.

Yet strategic drift persists with respect to EU enlargement. This is evident in the Western Balkans, where the process has stalled in key states, despite advancing on paper. In December 2022, the EU member states similarly agreed to grant Bosnia and Herzegovina candidate status. And in February 2023, the EU mediated the Ohrid Agreement, which established the conditions for the normalisation of diplomatic relations between Serbia and Kosovo.

In reality, however, the conditions required for progress in the accession negotiations are unlikely to be met. In Bosnia and Herzegovina, the Serb entity of Republika Srpska maintains a secessionist course, with its parliament rejecting the authority of both the Constitutional Court of the Federation and the internationally appointed high representative for Bosnia and Herzegovina, Christian Schmidt. If the de facto leader of Republika Srpska, Milorad Dodik, cannot be stopped by state prosecutors, further such unilateral steps are very likely, which would increase the probability of a military standoff – or even low-grade civil war.

Similar deadlock persists between the government of Serbian President Aleksandar Vučić and Kosovan Prime Minister Albin Kurti. Although they both signed the Ohrid Agreement, profound disagreements over its implementation have resulted in bilateral relations reaching their nadir. Belgrade even violated one of the terms of the agreement by voting against the admittance of Kosovo as a member of the Council of Europe, while also threatening the territorial integrity of states that voted in favour or abstained, with specific mention being made of Montenegro, Bosnia and Herzegovina and Ukraine.

Meanwhile, the northern part of the Kosovan district of Mitrovica has become a flashpoint, as it is home to an ethnic Serb majority that has undertaken to boycott the political process in Kosovo until such time as Pristina establishes an autonomous institutional structure for Serb municipalities. In September, Serb paramilitaries with high-grade equipment engaged in a shootout with Kosovan police, resulting in four deaths. Belgrade responded by deploying the military to the border with Kosovo, resulting in warnings being issued by the US and EU. Pristina believes that the paramilitaries were sponsored by the Serbian state.

Interstate war between Serbia and Kosovo is very unlikely, given that the latter is a protectorate of NATO, which has a force of some 4,500 troops based there. Yet the situation is tense and further localised violence highly likely. Bilateral relations have reached such a nadir that it will be virtually impossible for the implementation of the Ohrid Agreement to occur. The US and EU may choose to exert pressure on Serbia through sanctions, as it has with Kosovo. The EU has suspended development funding earmarked for Kosovo and has threatened to delay visa liberalisation for Kosovan citizens. However, this coercive approach, which is likely to be maintained in the 12-month outlook, is not having the intended effect on Pristina and is similarly unlikely to sway Belgrade.

The situation in Serbia, Kosovo and Bosnia and Herzegovina is symptomatic of the failure of the US and EU to develop a strategic concept for resolution of the outstanding territorial issues. This partly reflects the fact that the development of such a strategic concept is unrealistic so long as authoritarian, irredentist governments are in power in Belgrade and Banja Luka.

Indeed, these governments have been moving away from EU standards. According to the Worldwide Governance Indicators of the World Bank, since 2012 Serbia has deteriorated markedly on such key measures as 'voice and accountability' and 'control of corruption'.<sup>14</sup> Furthermore, not only does Serbia have a free trade agreement with the Eurasian Economic Union, but it is negotiating one with China, effectively disbaring itself from membership of the EU customs union.

For as long as such deadlock persists, the EU accession process of these states is unlikely to advance beyond formal commitments. The outlook is less bleak in Montenegro, Albania and North Macedonia, the latter two of which began their accession negotiations in July 2022 after nearly three years of delay. Similarly, in Montenegro, which began accession negotiations in 2012, the process may gain momentum following presidential and parliamentary elections that saw its long-time authoritarian leader, Milo Đukanović, step down.

However, political instability still poses a considerable risk to the accession negotiations of these three states. In Montenegro, President Jakov Milatović's Europe Now! party is struggling to form a ruling majority, due to internal disputes. In North Macedonia, the coalition government led by the Social Democratic Union of Macedonia (SDSM) must pass constitutional amendments to address the rights of the Bulgarian minority, but faces widespread opposition. In Albania, accession negotiations are at risk from bilateral disputes with Greece, one longstanding issue being that of maritime jurisdiction. Meanwhile, the Socialist Party (PS) leader Edi Rama has been prime minister for 10 years, with institutional authority becoming increasingly centralised over that time.

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<sup>14</sup> <https://info.worldbank.org/governance/wgi/Home/Reports>