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# The Future of the Trilateral Cooperation among Bosnia and Herzegovina, Turkey, and Serbia

Đorđe PAVLOVIĆ\*

## Introduction

Turkish engagement in the Balkans has attracted the attention of both politicians and scholars, due to its numerous results and interesting development in an unstable international surrounding. The trilateral cooperation among Bosnia and Herzegovina (B&H), Turkey, and Serbia is a unique mechanism of Ankara's foreign policy created in 2009, which at first aimed at improving the political relations of Sarajevo and Belgrade, with Turkey as a facilitator in the trilateral dialogue. After initial political achievements, this multilateral forum established its economic dimension, while the political layer experienced growing difficulties. In order to anticipate the future of the trilateral cooperation, the author of this paper will compare the state of affairs before the creation of this multilateral forum, and after the first five years of its existence. The mechanisms that initiated and propelled the trilateral cooperation are also presented, singling out the greatest barriers to mutual collaboration. The paper concludes with a determining of the main factors that have influenced the prospects of the trilateral cooperation, and makes suggestions for improving both the political and economic aspects of this multilateral format.

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## Political Achievements of the Trilateral Cooperation

Since the beginning of the trilateral cooperation in October 2009, the initiative has had three institutional multilateral forms: a trilateral consultative mechanism (foreign ministers' trilateral meetings), trilateral summits (trilateral conferences of the heads of state), and trilateral gatherings of economy and trade ministers. The first format has represented a forum for making arrangements for the trilateral summits, while the latter has been the central body of the trilateral cooperation. The third institutional form of cooperation, comprised of the ministers in charge of economy and trade, evolved into the trilateral trade committee. It took five trilateral consultative mechanism meetings to prepare the first trilateral summit, whereas the second and the third required only one foreign ministers' session each to arrange.<sup>1</sup>

The first trilateral summit took place on 24 April 2010 in Istanbul and was hosted by Turkish president Abdullah Gül. Serbian head of state Boris Tadić and the Chair of the Presidency of Bosnia and Herzegovina, Haris Silajdžić, also took part in the summit. The fact that the Bosnian side was not represented in full capacity, with the Serbian and Croatian members of the Presidency of B&H missing, raised some critique, which led to the presence of the complete Bosnian head of state at the subsequent trilateral summits. The participants of the first summit recalled the first achievements of trilateral cooperation reached by the three foreign ministers: after several months of delay, B&H had been given an agrément for her ambassador to Belgrade, the Serbian National Assembly had passed a resolution condemning the crimes of Srebrenica, and the President of Turkey had paid a visit to Belgrade, the first in 23 years. The three leaders adopted a declaration setting guidelines for trilateral cooperation development, and accentuating the need for further institutionalization of this multilateral forum. Therefore, the declaration envisaged that the trilateral summits would be held regularly, every 8<sup>th</sup> month in the period to come, and that there would be an extension of trilateral cooperation to the sectors of economy, environmental protection, culture, energy and traffic. Agreement was also reached providing for the presence of the three leaders at the 15<sup>th</sup> anniversary of the crimes in Srebrenica.

The second trilateral summit, on 25 April 2011 in Karađorđevo, Serbia, assembled five leaders: Tadić, Gül and all three members of the Presidency of B&H – Haris Silajdžić, Nebojša Radmanović and **Željko** Komšić. The main conclusions of the meeting concerned mutual support in the European integration process, and a commitment to the improvement of relations between Serbia and B&H. In that context, Serbian President Tadić declared that he would not support a referendum that would endanger B&H territorial integrity, while the Bosniak<sup>2</sup> member of the Presidency of B&H distanced himself in advance from eventual support for the autonomy of the Raška region (Sandžak) in the southwest of Serbia. The leaders reiterated once more the need for the inclusion of issues of economy, culture, sport, education, interreligious dialogue and science in the trilateral cooperation.

The first meeting of economy and trade ministers was held on 11 April 2013, and represented an introduction to the third trilateral summit in Ankara on 14/15 May 2013. Namely, during the summit, another meeting of the economic dimension of the trilateral cooperation resulted in the adoption of the Declaration on economic and trade cooperation and the Protocol on the establishment of the Trilateral Trade Committee. A business forum of the three states was also arranged along with the third summit, which further emphasized the focus on economic matters. The trilateral summit participants agreed to organize their future meetings once a year, and called for the creation of a parliamentary dimension of the trilateral cooperation.

## Economic Achievements of the Trilateral Cooperation

The establishment of the trilateral cooperation has significantly improved trade exchange among the three states. In order to present the complex business-related cooperation among B&H, Turkey and Serbia, the following section will use official figures describing their trade relations, along with major investments, and a short history of the economic dimension of the trilateral cooperation.

## *Trade Statistics*

On 26 October 2009 a free trade agreement for industrial products was signed between Serbia and Turkey, which increased the volume of trade between them by several times, although the global economic crises had a negative effects on it. In fact, Serbian-Turkish trade exchange increased more than two times in the observed period: from \$338.9 million in 2009, it rose to \$819.7 million in 2014.<sup>3</sup> Serbian exports to Turkey expanded five times in the same period (from \$45.1 to \$230 million), while at the same time Turkish exports to Serbia doubled (from \$293.8 to \$589.7 million). In spite of the fact that Serbian exports showed bigger growth, the Serbian trade deficit with Turkey has continually increased since 2011 (Serbian export coverage ratio with Turkey totalled 45.2% in 2011, falling to 39% in 2014). The biggest growth in Serbian-Turkish trade was seen after the conclusion of the mentioned free trade agreement (trade volume between the two countries increased by 42.5% in 2011 alone), but the growth started slowing due to the fact that the agreement left numerous goods out of the free trade regime. The trade growth decrease to 4.7% in 2012 and 9.3% in 2014 could be explained by the effects of the global economic crisis, as well as by the limits of the present Serbian-Turkish free trade agreement.

Trade exchange between Turkey and B&H has also expanded, but with the improvement of the Bosnian trade balance. The trade volume between the two countries in the period 2009-2014 rose from \$278.7 to \$493.4 million, with Bosnian exports to Turkey more than tripling (from \$52.1 to \$171,4 million), while Turkish exports to B&H increasing by 40% (from \$226.6 to \$322 million).<sup>4</sup> Contrary to the Serbian case, Bosnian exports succeeded in decreasing the country's trade deficit with Turkey (trade ratio coverage in 2011 totalled 23%, whereas in 2014 it amounted to 53.2%). The biggest growth in Bosnian-Turkish trade exchange was noticed before the global economic crisis (in 2011 the growth amounted to 21.1%), and after the decision of the Turkish Government to allow the imports of 15,000 tonnes of beef from B&H in 2014 and 2015. In 2014 Turkey was the second largest trade partner of the Brčko District and the 8<sup>th</sup> of the Federation of Bosnia and Herzegovina (FB&H), while she wasn't on the list of the first eleven trade partners for the Republic of Srpska (RS).<sup>5</sup>

Trade between Serbia and Bosnia also expanded in the mentioned period, with the surplus on the Serbian side. Namely, the trade volume of the two countries increased by nearly 30% (from \$1.48 to \$1.85 billion).<sup>6</sup> At the same time, Bosnian exports to Serbia rose by a quarter (from \$432.2 to \$534.6 million), while Serbian exports to B&H grew by almost 30% (from \$1.02 to \$1.32 billion). The trade deficit remains on the Bosnian side, keeping in mind that the Serbian surplus in bilateral exchange amounts to 2½ times (the Serbian trade ratio coverage in trade with B&H is 246.8%). It is worth noting that the Serbian trade structure with the entities inside B&H in 2014 was directly opposite to the Turkish case – Serbia was the first trading partner of the RS and Brčko Districts, and the fifth of the FB&H.<sup>7</sup>

Even before the establishment of the trilateral cooperation, visits to the important fairs in certain sectors took place among the three countries. Probably the best example of this is the Turkish products fair, which has been held in Sarajevo since 2003. The last such fair was held in May 2015, with the attendance of around 60 Turkish companies from various economic sectors.<sup>8</sup> Generally speaking, Serbian and Bosnian firms had demonstrated modest participation levels at international fairs in Turkey. In order to change such a tendency, the Bosnian example was followed in Serbia, which made it possible to organize three events. The first one was the *Serbian-Turkish business forum*, which has taken place once a year since 2010, with a fluctuating number of Turkish companies, ranging from 26 to as many as 76. The second event is the textile companies fair *Balkan Textile*, which has occurred since 2012 in Novi Pazar, Serbia, with the participation of companies from Turkey. The third example was the Congress of Turkish producers and distributors of pharmaceuticals and cosmetics *Days of Good Opportunities*, organized by *Hedef Alliance* in Belgrade from 3-15 August 2015. The event represented the largest occasion of congressional tourism in Serbia in that year, with 75 Turkish companies present. Aside from that, the first trilateral business forum was held along with the third summit in May 2013.

### *The Most Important Investments*

Given that the Turkish economy is by far the largest of those included in the trilateral cooperation, Belgrade and Sarajevo

have expected a greater presence of the Turkish companies in Serbia and B&H. Even though the ratio of Turkish investments in the Western Balkans in comparison to other regions is very low (around 0.9% or \$1.3 billion in 2013), Serbia and B&H managed to attract an important part of that sum.

Concerning Turkish investments, Serbian vice Prime Minister and Minister for trade, tourism and telecommunications, Rasim Ljajić, said that there were around 70 Turkish companies working in Serbia in August 2015. A clearly positive example is the textile enterprise *Jeanci Serbia*, which has three factories in Leskovac and one in Krupanj. The company expanded its production capacities in Serbia in 2014/2015, and it now employs a little over 1,000 workers in Serbia.<sup>9</sup> The Turkish producer of domestic appliance and consumer electronics, *Beko*, opened its Balkans hub in Belgrade in June 2015, which is in charge of the markets in Serbia, B&H, Montenegro, and Macedonia.<sup>10</sup> One of the latest privatizations in Serbia is the purchase of the textile enterprise *Štofara* in Paraćin by Turkish *Fiset International* in July 2015. Speaking about the development activities of the Turkish Cooperation and Coordination Agency (TIKA) in Serbia, they were focused on the south-western part of the country, inhabited mainly by the country's Muslim population. In 2013, TIKA invested \$6.06 million in Serbia, for the reconstruction of schools and hospitals, as well as for several agricultural projects.<sup>11</sup>

On the other hand, the presence of Turkish enterprises is of greater importance for the Bosnian economy, having in mind their positive impact on B&H's trade balance. *Kastamonu Entegre*, a part of Turkish *Hayat Holding*, bought in April 2005 the paper company *Natron* in Maglaj. It managed to expand the factory production and now employs around 840 workers. Another successful example of privatization is *Fabrika sode Lukavac*, which was purchased by Turkish chemical enterprise *Soda Sanayii* in 2006, which invested more than \$150 million. The Turkish company *Cengiz İnşaat* was also present in the Bosnian economy, winning several tenders for road construction. In the agricultural sector, Turkish *Sezer group* invested in the Bosnian *Lijanovići* company after its founders were charged with fraud. The latest investment of Turkish company *Kirlioglu kimya sanayi ve ticareti* in August 2015 made it the majority shareholder of the Bosnian enterprise *Pobjeda-Rudet*, which produces electronic detonators.<sup>12</sup> In the education sector, two Turkish universities

opened branches in B&H - *Burch University* and the *International University of Sarajevo*. Speaking of TIKA development aid, in 2013 a little over \$22 million was invested in B&H, but mostly for the reconstruction of cultural and religious buildings closely connected with Islam or with the former Turkish Empire.<sup>13</sup>

An informal precondition for a substantial inflow of Turkish investments in the Western Balkan countries is the presence of Turkish banks. Given that the Turkish *Ziraat Bank* has been operating in B&H since 1996, could explain the earlier arrival of companies from Turkey into the Bosnian economy. Apart from that, it could be noted that Turkish enterprises are focused on FB&H, which corresponds to the business network of *Ziraat Bank*. The last credit line of the bank, amounting to 50 million Euros, was created in May 2015, and is dedicated to small and medium-sized companies. On the other hand, Turkish *Halkbank* has been present in Serbia since March 2015, when it became the majority shareholder of *Čačanska banka*, which illustrates the rise in Turkish investments in the Serbian economy in 2015.

One of the positive economic effects of the trilateral cooperation is the rise of air traffic among the three countries. When it comes to flights between Turkey and Serbia, on 6 April 2014 a cargo line Istanbul-Belgrade was reintroduced on a regular basis after 25 years. Even though more passengers than goods are transported by air between Serbia and Turkey, *Turkish Cargo* intends to set up a transport centre at Belgrade Airport *Nikola Tesla*, and to improve its own network of road traffic lines to the airport.<sup>14</sup> Turkish companies *Corendon Airlines*, *Bora Jet Airlines* and *Turkish Airlines* obtained half of the total number of permissions for charter flights to Serbia in 2015,<sup>15</sup> while Air Serbia got the approval to conduct charter flights to Turkey in the same year,<sup>16</sup> which demonstrates potential for future development. Turkish *Pegasus Airlines* expressed its intent to organize flights from Niš Airport,<sup>17</sup> which could lead to further development of the business environment in Serbian southern regions, where Turkish firms have already established their presence. Moreover, the Turkish Government's decision on duty free beef imports from B&H led to the development of cargo transport from Sarajevo and Banja Luka airports. The latter has been particularly successful in expanding its capacities by constructing a cold storage at the airport, and by developing standard in and out procedures for such kinds of goods. The air cargo transport lines between



Istanbul and Banja Luka are run by two Turkish companies – *Sky Airchartering* and *MNG Airlines*.<sup>18</sup> Bosnian Trade and economic relations minister, Mirko Šarović, announced the improvement of the Tuzla and Mostar airports' capacities in order to be fully fledged for beef transport to Turkey.<sup>19</sup>

### *The Establishment of the Economic Dimension of the Trilateral Cooperation*

The number of international agreements among the three countries was considerably expanded in the field of economy during the first five years of trilateral cooperation. The first document with economic implications was the Agreement on Cooperation in Tourism, concluded by B&H and Serbia on 13 April 2010. The visit of Turkish Prime Minister Recep Tayyip Erdoğan to Belgrade followed on 12 July 2010, when the visa regime between Serbia and Turkey was abolished. On the same occasion, five international agreements in the field of infrastructure were signed by the representatives of the two countries. On 27 June 2012, Turkey and B&H concluded in Ankara the Agreement on Agriculture and Rural Development. In the sector of defence industries, the same states signed a cooperation treaty on 7 May 2013.<sup>20</sup> The latest international economic agreement in the course of the trilateral cooperation was concluded between Turkey and B&H on 20 May 2015, concerning road traffic of passengers and goods.

The trilateral cooperation established its economic dimension in 2013, charging the Trilateral Trade Committee with guiding activities in that field of cooperation. After the two initial meetings in Ankara, the three economy and trade ministers met on 18 August 2015 and adopted the Rules of Procedure of the Trilateral Trade Committee. The main topic of this session was the possibility of extending the free trade regime among the three countries. In that context, the Turkish economy minister, Nihat Zeybekci, suggested that the sectors of services, public government, agriculture, food and tourism should also be included into the free trade agreements. Along with that, he expressed Turkey's readiness to finance the opening of a joint Serbian-Bosnian trade representation office in Istanbul. Priorities of the trilateral economic dimension set on that occasion were: the energy sector, infrastructure, agriculture, food production and

tourism. The latest meeting of the Trilateral Trade Committee took place in Belgrade on 19 October 2015, and its main result was the Midterm programme of trade and economic cooperation for the period 2016-2018. On that occasion the ministers announced that the Serbian-Bosnian representation in Istanbul was to be opened in a month, and that they expected even more fruitful collaboration among the three countries in the future.<sup>21</sup>

## The Main Challenges to the Trilateral Cooperation

If one observes the first five years of the trilateral cooperation, it is possible to identify two major political crises, and a number of diplomatic incidents that had a negative impact on this multilateral format. There were also several unfavourable tendencies in the economic relations among the three countries, which increased lack of trust and lowered the level of Turkish investments in B&H and Serbia.

### *Political crises of the trilateral cooperation*

The first crisis of this multilateral process arose due to political discord between the newly elected Serbian President Tomislav Nikolić, on one side, and the Bosniak member of the Presidency of B&H, Bakir Izetbegović, and Turkish Prime Minister Erdoğan, on the other side. Namely, Nikolić's announcement on 1 June 2012 that there had not been a genocide in Srebrenica, but "a grave crime", disturbed the Bosnian-Serbian relations. The objections of the Bosnian side regarding this announcement were unexpected in Serbia, having in mind that even the previous Serbian administration hadn't used the term "genocide" when speaking about the Srebrenica event. On the other hand, Nikolić's positive attitude towards cooperation with Ankara was endangered by Erdoğan's statement that the late Bosniak leader Alija Izetbegović had entrusted Turkey with B&H. This declaration caused much criticism among Serbian and Croatian politicians in B&H, and the representatives of Serbia as well.<sup>22</sup>

Due to these developments, the previously arranged trilateral summit was postponed, and Bakir Izetbegović made new objections to the statements made by Nikolić to the Italian and

Macedonian press. The Bosniak member of the Presidency of B&H disapproved of the fact that Nikolić visited Banja Luka before paying a visit to Sarajevo. At the same time however, the Office of the Serbian President explained that the trilateral summit had been canceled due to Nikolić's overbooked agenda.

The second crisis of the trilateral cooperation started with Erdoğan's statement of 23 October 2013 in Prizren that "Turkey is Kosovo, and Kosovo is Turkey", which caused many negative reactions in Serbia. As a result, on 26 October 2013, Serbian president Nikolić decided to freeze his participation in the trilateral cooperation until Turkey apologized for this "aggression without weapons".<sup>23</sup> At the same time, the Serbian Government withdrew three international agreements with Turkey from parliamentary procedure, and decided to refuse Turkish donations for reconstruction of the Lađevci airport. Further complications among the three countries came with several events that followed, causing the complete blockade of trilateral summits.

In July 2014, the Turkish and Bosnian Defense Ministries planned a naval military exercise in Neum, the only Bosnian sea harbour. The visit of two Turkish military vessels was arranged in this context, but after the objections from Croatian and Serbian representatives in the central administration, the Bosnian Government decided not to allow the entry of the Turkish ships, which raised tensions in political relations in B&H. One of the causes for these objections was the fact that one of the ships was named after the famous Turkish Grand Vizier, Mehmed Pasha Sokollu, who was Serbian by origin. This was received unfavorably among Serbian and Croatian politicians in B&H, because it was a symbolical hint of Neo-Ottomanism.

Relatively bad relations between Nikolić and Izetbegović deteriorated further in June 2015, when a Bosniak member of the Presidency of B&H withdrew the invitation given to the Serbian President to officially visit Sarajevo. Izetbegović justified this decision by pointing out the Serbian war crimes indictment against one of the Bosniak army commanders, Naser Orić, which led to his arrest in Switzerland. Interethnic tensions were additionally raised due to British insistence that the UN Security Council should pass a resolution on Srebrenica, which came to an end by Russian veto in July 2015. Namely, Belgrade had asked Moscow to veto the British proposal, which led to significant objections by the Bosniak side.

The next incident took place at the Potočari Memorial on 11 July 2015, and represented a follow up of the previous negative developments. After the arrival of Serbian Prime Minister Aleksandar Vučić, a group of extremists took advantage of poor security organization at the event and physically attacked the Serbian delegation. At the same time, diplomatic protocol of the event made a major oversight by not giving the Serbian Prime Minister the same treatment as to his Turkish counterpart, Ahmed Davutoğlu. It is worth noting that the relations between Sarajevo and Belgrade were recovered, thanks to the Presidency of B&H's visit to Belgrade later that month.

The latest disturbance in the political dimension of the trilateral cooperation included the text on the official website of the Turkish Embassy in Belgrade elaborating its territorial scope. Namely, Serbian official objections were put forward because the text separately stipulated that the Embassy was in charge of Sandžak and Vojvodina, even though they are an integral part of the Republic of Serbia. After an official complaint from the Serbian Ministry of Foreign Affairs, the Turkish Ambassador to Belgrade claimed it was only a matter of a technical mistake, and the controversial text was removed from the website.

### *Political isolation of the RS from the trilateral cooperation*

The majority government in the RS and some Serbian opposition parties (until 2012) condemned the readiness of the Serbian Government to draw closer to Turkey, due to their belief that the trilateral cooperation would badly affect the relations between Serbia and the RS. In that context, the first trilateral summit drew the greatest criticism from the Serbian member of the Presidency of B&H Radmanović, who claimed that Silajdžić had not had a clear mandate to sign the Istanbul declaration. Moreover, Radmanović announced he would vote against the declaration if it came to the agenda of the Presidency.<sup>24</sup> On the other hand, President of the RS, Milorad Dodik, restrained himself from making harsher comments about Serbian participation in the trilateral cooperation, although he pointed out that one of the goals of this multilateral forum was the political isolation of Banja Luka.

The RS representatives' aversion towards Turkish activities in B&H was based primarily on Ankara's continuous support of Bosniak political subjects and to the centralisation processes in B&H. Those tendencies have been aiming at the revision of the present Bosnian constitution by establishing unitary state organisation of B&H, along with the dissolution of the RS as an entity with its own competences.<sup>25</sup> Even though Turkish representatives endeavour to demonstrate that there are no barriers to the cooperation between Turkey and the RS, numerous facts indicate that Ankara is predominantly working in the interest of the FB&H. Aside from the aforementioned trade statistics, the most important Turkish investments were realised in the Bosniak-Croatian entity, and Turkish Ziraat Bank has only one branch in the RS (Banja Luka), while the other 28 are located in the FB&H.<sup>26</sup> At the same time, the focus of TIKA activities in B&H stood within the Bosniak-Croatian entity, except for rare examples, such as the Višegrad bridge reconstruction,<sup>27</sup> the restoration of the Ferhat Pasha Mosque in Banja Luka,<sup>28</sup> and an agricultural project in Srebrenica.<sup>29</sup> The latter case generates concerns about the sincerity of Ankara's intentions to cooperate with the Serbian entity in B&H, having in mind that the only real economic project of TIKA in the RS supported the return of only Bosniak families in the Srebrenica municipality.

Therefore the number of contacts between Turkish representatives and those of the RS has been limited and has been followed by political disturbances. During the only visit of the Turkish Minister for Foreign Affairs Davutoğlu to Banja Luka in January 2011, Serbian member of the Presidency of B&H Radmanović cancelled his meeting with him because the Turkish side demanded the flag of the RS be removed from the conference room.<sup>30</sup> The alleged statement of Turkish Prime Minister Erdoğan in July 2014 caused huge objections in the RS, because he said that a hundred million Turks would protect Bosniaks in B&H if they were attacked. In order to demonstrate a concord of political views regarding this issue, an urgent meeting between Serbian Prime Minister Vučić and RS President Dodik was arranged.<sup>31</sup> The last in this series of political incidents between Ankara and Banja Luka was Turkey's refusal in April 2015 to allow President of the RS Dodik to fly over Turkey on his way to an Armenian ceremony commemorating 100 years from the genocide during the First World War. In that case, Dodik was kept waiting at the

Burgas airport for permission, and after four hours he decided to fly back to Banja Luka. Shortly after his plane landed in the RS, Turkey officially granted him the needed document.<sup>32</sup>

Intending to express their commitment to partnership with the RS, officials from Serbia decided to continue the process of parallel cooperation with the Serbian entity in B&H. The new format of that collaboration was joint session of the two governments. Seven such sessions were organized, paving the way for cooperation in the sectors of agriculture, infrastructure, energy, water management, public administration, tourism and culture. Numerous agreements were signed on those occasions, focusing mainly on the development of border regions along the Drina. Another form of collaboration between Belgrade and Banja Luka is the Cooperation Council of Serbia and the RS, with two meetings held during the first five years of trilateral cooperation.

### *Challenges to the economic dimension of the trilateral cooperation*

The economic dimension of the trilateral cooperation has experienced fewer problems than its political activities. There are three major negative economic factors affecting this multilateral format: limits of the free trade regimes among the three countries, many unrealized Turkish investment announcements, and negative examples of privatization.

The limits of the free trade agreements concerns mainly the agricultural sector, and primarily meat and meat products. As we could see in the previous part of this paper, the Bosnian-Turkish free trade agreement does not include duty free imports of meat to Turkey. However, the Turkish Government allowed duty free imports of certain quantities of beef, as a form of humanitarian support for B&H after the floods in May 2014. This measure not only improved the development of Bosnian agriculture, but generated income for the Sarajevo and Banja Luka airports, and for Turkish air companies as well. Inspired by the successes of the Bosnian economy, Serbian Vice Prime Minister Ljajić announced he would ask for such a concession for Serbia.<sup>33</sup> A similar statement was given by Turkish Economy Minister Zeybekci following the Trilateral Trade Committee meeting in

August 2015, when he said that the present Serbian-Turkish free trade agreement includes only industrial products, while there is a need to develop it further in order to include sectors of services, public administration, agriculture, food and tourism.

Relatively frequent reunions of businessmen of the three countries have resulted in increased numbers of plans for future cooperation. However, a certain number of investment announcements were not realized at all or at least not within the planned timeframe, which raised dissatisfaction in the business circles, along with periodical lack of trust. An example of one of the most extensive unrealized investments concerned over one thousand goat farms in Serbia and B&H, which were scheduled to have been built by a Turkish consortium starting in 2012.<sup>34</sup> Moreover, in 2013 a Turkish energy and construction company made plans for several projects worth millions of dollars in order to build hydro and thermal power plants in Serbia, and none of them has been realized so far.<sup>35</sup> Two Turkish investment announcements in 2014 regarding a dairy and a furniture factory were also not carried out in the declared time framework.<sup>36</sup>

Unsuccessful privatizations have not been common among the Turkish investments in Serbia and B&H, but even a small number of them have caused certain mistrust on all sides. *BH Airlines* is an indicative illustration of this, where *Turkish Airlines* bought 49% share in the company in 2008. After more than three years of partnership and 25 million Euros investments, the Turkish company decided to end its engagement in *BH Airlines* in 2012, because it experienced many managerial problems with local authorities.<sup>37</sup> Another example of unsuccessful privatization could be found in Kruševac, Serbia, where the Turkish firm *Erste Company* tried to set up PVC carpentry production, but the scope of investment was significantly smaller in comparison to *Turkish Airlines*.<sup>38</sup> The latest negative example was the attempt of Turkish *Jolly tekstil* to invest in *Udarnik* in Zrenjanin, but after initial problems, the investor withdrew from the engagement in that Serbian enterprise.<sup>39</sup>

## Prospects for the Trilateral Cooperation

The continuity of the trilateral cooperation depends on several factors, which do not affect the three countries in an equalway.

The following section singles out four factors that are going to predominantly influence the future development of this multilateral format.

At the first place we can put the unsettled questions that burden the relations among Ankara, Sarajevo and Belgrade. As can be seen in this paper, those issues led to both crises of the trilateral cooperation: the nature of the Srebrenica crime propelled the first one, while the status of Kosovo and Metohija triggered the second crisis. The characteristics of the latter are more serious, considering that the Kosovo issue, as a problem that is not going to be solved in a short period of time, was placed as a barrier to the future of the trilateral cooperation. On the other hand, this multilateral forum was created by Turkey through a successful mediation, and the second crisis emerged when the mediator initiated a conflict, which called mutual trust into question and undermined the prospects for further cooperation.

International and internal political problems that attract significant resources of the three countries and the attention of their leading figures constitute the second factor. Examples of those issues are the crisis in Syria, emigrant waves as its consequence, the negotiation process between Belgrade and Priština, or an eventual political crisis in B&H. Election procedures usually slow down the tempo of the trilateral cooperation, and the year of 2014 is demonstrative evidence of that tendency (parliamentary elections in B&H and Serbia, as well as presidential and local elections in Turkey).

The third factor is the question of flexibility of the institutional mechanism of the trilateral cooperation. Having in mind relatively bad relations between some of the participants of the trilateral summit, the possibility of their reunion is called into question in the short term. This negative tendency could be reversed by establishing a new format of the trilateral cooperation - meeting of the three Prime Ministers. This should bring a new impetus at the political level among the three countries, and it would make trilateral cooperation more efficient, given the competencies of the Prime Ministers. This possibility was already discussed by the three Foreign Ministers at the Trilateral Consultation Mechanism meetings in September 2014 and again in September 2015.<sup>40</sup>

The fourth factor is the scope of questions in which the trilateral cooperation could prove successful. Namely, apart from political



issues that have dominated the collaboration of the three countries so far, there are other fields of trilateral cooperation which deserve greater attention and elaboration in this multilateral forum. The economy was already discussed in this paper, so the inclusion of humanitarian assistance into the scope of the trilateral cooperation will be discussed below.

After the severe floods in May 2014 that hit Serbia, B&H, and Croatia, a huge amount of miscellaneous assistance was delivered by Turkey. In addition to donating \$2 million to B&H and \$1.36 million to Serbia at the Brussels Donor Conference on 16 July 2014, Turkey delivered relief worth millions of dollars to the most endangered municipalities in Serbia and B&H. Humanitarian aid to these two countries was sent by numerous Turkish nongovernmental organizations and companies, as well. Another means of direct assistance was the arrival of 46 Turkish experienced firefighters and rescuers, who helped in the terrain clearance in B&H, along with the members of the Turkish contingent in EUFOR. On the topic of direct assistance to Serbian and Bosnian economies after the floods, duty free imports of certain quantities of beef from B&H to Turkey should be again mentioned. In Serbia, that kind of aid came with the decision of Turkish company *Jeancy* to open a factory in Krupanj (one of the most heavily affected municipalities). Having in mind positive aspects of this kind of cooperation, it would be useful to additionally improve the coordination of humanitarian assistance among the three countries, and that possibility is already provided for in the present treaties (e. g. Serbian-Turkish Technical and Cooperation Agreement from 2009).

## Conclusions

The trilateral cooperation has significantly changed the relations among B&H, Turkey, and Serbia in both political and economic terms. This multilateral forum was established after a turning point in Turkish contemporary foreign policy - Serbia was recognized by Ankara as an important subject of Balkan relations. That decisive point was made possible by the appointment of Ahmet Davutoğlu as Turkish Foreign Minister. Another precondition for the development of the collaboration of the three countries was the election of Bakir Izetbegović as Bosniak member of the Presidency of B&H, given his moderate political views in

comparison to his predecessors'.<sup>41</sup> If we observe the first five years of the trilateral cooperation, we could single out two periods of rise (October 2009-May 2012 and January-October 2013) and two crises, the second one being more serious. Since May 2014 we could trace positive tendencies in the economic dimension of the trilateral cooperation, which might lead to the revival of the political dimension, as well.

Acknowledging Turkish interests, the trilateral cooperation was a successful way for Turkey to present herself as a mediator between B&H and Serbia, improving her prestige and influence in those two countries. The positive image of the trilateral cooperation in the EU and the USA should also not be overlooked. If we take a broader look at this multilateral forum, one may claim that the trilateral cooperation was the implementation of two operative principles of the Turkish foreign policy drafted by Davutoğlu: zero problems towards neighbours and proactive and preemptive peace diplomacy.<sup>42</sup> But, the developments presented in this paper have demonstrated the need for certain adjustments to Davutoğlu's foreign policy strategy as elaborated in his book "Strategic Depth", predominantly his attitudes towards Serbia and the RS. Namely, Ankara could be more constructive towards Belgrade and Banja Luka, taking their interests into account, if it wants the trilateral mechanism to progress in the future. As an example of this, we have seen that the attempt to politically isolate the RS from the trilateral cooperation resulted in the development of parallel collaboration between Belgrade and Banja Luka, while weakening Serbian involvement in the trilateral cooperation.

Serbia's main benefit from this multilateral format has been the normalization of relations with B&H, especially with Bosniak political subjects. Probably the most significant achievement in that regard was the Bosniak representatives' acceptance of cooperating with Belgrade even though Serbian officials have not used the term "genocide" when referring to the crimes committed in Srebrenica.<sup>43</sup> Another important achievement was Silajdžić's explicit dissociation from eventual support of separatism in the Raška region (Sandžak). Speaking in economic terms, Serbia profited more from the cooperation with B&H than with Turkey; even though Serbian exports to Turkish markets did grow five times for the first five years of the trilateral cooperation. It is worth mentioning that the trade between B&H and Serbia still represents more than a half of the total trade among the

three countries, which is an indicator that Turkey still has not established greater economic presence in these two countries. The essential shortcoming of the multilateral collaboration for Belgrade's position has been Serbia's readiness to intensify the cooperation with Turkey, while at the same time Ankara has boosted its political, economic and military support to Priština. Serbia changed this attitude only after Erdoğan's controversial statement, which led to a serious decrease in activities concerning political dimensions of the trilateral cooperation.

Sarajevo also politically benefited from improving relations with Serbia, and Belgrade's official confirmation of Bosnian territorial integrity. Also, B&H had more gains from economic cooperation with Turkey than Serbia, because Sarajevo has lowered its trade deficit with Ankara, and TIKA invested far more financial means in B&H. However, the Bosniak elite have been the major beneficiaries of the trilateral cooperation, with Ankara overtly working in their interests, and especially providing support for the revision of the Bosnian constitution in order to create a unitary state organization in B&H. Needless to say that this development would be in full accordance with Davutoğlu's agenda as elaborated in his "Strategic Depth".

The prospects of the trilateral cooperation depend on both structural and political factors, which dictate the possibilities for future development of the collaboration among the three countries. This multilateral forum is going to remain dependant on broader political circumstances (both internal and international) that attract more attention in the three capitals than the trilateral. Having in mind present problems in the work of the trilateral summit, there is a need to make the institutional structure of the cooperation more flexible by introducing a new format of cooperation - trilateral meetings of Prime Ministers. Another improvement would be the establishment of some form of humanitarian assistance coordination, given that the three countries have already successfully collaborated in this field. If this is realized, the trilateral cooperation would have three functional pillars: political, economic and humanitarian.

## End Notes

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