



# The Spectre of an Arms Race in the Western Balkans

**In the last several years, the Western Balkans have engaged in growing defence spending and rearmament, often accompanied by strong language about a looming arms race and military competition. This Policy Brief investigates whether this is cause for concern and reaches two main conclusions:**

- I** Although the ongoing military modernization in the Western Balkans has not violated the letter of the 1996 Agreement on Sub-Regional Arms Control, the heated rhetoric erodes trust and undermines the spirit of cooperation and arms control.
- I** To prevent future escalation, this challenge must be taken seriously by the international community, Western Balkan states and their societies.

**Security in the Western Balkans has recently deteriorated due to heightened geopolitical tensions, EU enlargement fatigue and democratic backsliding. Despite some positive developments, Bosnia and Herzegovina remains unstable, and the Belgrade/Pristina dialogue is still deadlocked. In addition, all Western Balkan states have increased their defence budgets and have engaged in military modernization. At the same time, policymakers and the media in the region often evoke the spectre of military competition and an arms race. This Policy Brief shows that, although the letter of the Agreement on Sub-Regional Arms Control signed in Florence in 1996 is still being complied with, these developments have already eroded trust in the region. If allowed to unfold, they could lead to further escalation in the future.**

## THE SPECTRE OF AN ARMS RACE

Article IV of Annex 1B of the Dayton Peace Agreement served as the basis for the conclusion of the 1996 Florence Agreement. The Agreement, modelled after the 1990 Conventional Forces in Europe (CFE) Treaty, aimed to achieve transparency, confidence and a stable military balance through obligatory reductions in five categories of weapons: battle tanks, armoured combat vehicles, artillery, combat aircraft and combat helicopters. The Agreement also introduced verification mechanisms, such as on-site inspections and regular information exchanges. Under the guidance of the OSCE, Western Balkan states fully implemented the Agreement and assumed ownership over it in January 2015.

In late 2015, the media reported on Croatia's consideration to acquire the M270 Multiple Launch Rocket System from the U.S., with the capacity to carry mis-

siles with a range of up to 300 km. Serbia saw this as a threat that could shift the military balance in the region and considered purchasing the S-300 missile system from Russia. While none of these weapons were ultimately procured, both states have since stepped up their military modernization. Sensationalist media reports and heated political rhetoric about the looming arms race accompanied each new acquisition.

Croatia's ongoing military modernization has been motivated by a desire to close the gap with the NATO guideline of spending at least 2% of GDP on defence. Although Croatian officials have denied the existence of an arms race, its media have frequently warned of it. Military modernization plans in the militarily neutral Serbia, on the other hand, have been driven by its growing concerns about potential conflicts over Republika Srpska and northern Kosovo. Echoing the Serbian tabloids, which routinely raise the spectre of an arms race, Serbian policymakers have also used this language. Most recently, the U.S. has threatened Serbia with sanctions over its decision to acquire the Russian Pantsir-S1 air defence system. President Vučić justified the purchase by saying that Serbia would not become a "Bambi for slaughter" while Croatia and Albania are rearming.<sup>1</sup>

These developments have raised concerns across the region. This was most visible in Kosovo, where policymakers used Serbia's rearmament as another justification for the transformation of the Kosovo Security

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Forces into the Kosovo Armed Forces. Serbia called this “the most direct threat to peace and stability in the region” and has not ruled out military intervention if the new military is deployed in the Serb-populated north.<sup>2</sup> For Russian officials, the creation of the new armed forces on what they view as territory belonging to one of the signatories (i.e. Serbia) is a violation of the Florence Agreement.<sup>3</sup>

### MILITARY BUILD-UP IN NUMBERS

While the military expenditures of Western Balkan states as a percentage of their GDP decreased slightly between 2014 and 2018, in absolute terms they rose steadily due to GDP growth.<sup>4</sup> In 2019, defence budgets soared across the region – 9.8% in Albania, 14% in Montenegro, 20.3% in Croatia, 27.7% in North Macedonia, and 35% in Serbia. All this has allowed these states to invest more in military modernization, although they all continue to fall short of the NATO guideline of spending at least 20% of defence expenditures on equipment.

Serbia has acquired most of its new weapons from Russia, including jets (Mig 29), helicopters (Mi-17V-5 and Mi-35M) and air defence systems (Pantsir-S1). Croatia obtained new weapons from the U.S. and its NATO allies, including armoured vehicles (MRAP), helicopters (Kiowa, Black Hawk) and artillery pieces (Panzerhaubitzen 2000). Other states in the region

have followed suit and have stepped up military modernization. This has created the impression of an impending arms race by proxy. As the table below shows, however, neither the quantity nor the quality of the procured weapons has undermined the military balance so far, as all the conventional forces are still below the limits set by the Florence Agreement.

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### CONCLUSION AND RECOMMENDATIONS

While ongoing military modernization in the region has not yet undermined the letter of the Florence Agreement, the heated rhetoric of an arms race and military competition violates its spirit. If mutual trust continues to erode, the spectre of an arms race risks shifting from rhetoric to reality. To avoid future escalation, several steps are needed.

First, Western Balkan states should improve the transparency of their military modernization plans and acquisitions, along with their costs. Second, policymakers and media in the Western Balkans should refrain from inflammatory rhetoric that erodes trust, fuels

*The balance of conventional armaments in the Western Balkans in 2019*

Category of weapon Country	Battle tanks	Armoured combat vehicles	Artillery	Combat aircraft	Combat helicopters
Bosnia and Herzegovina	410/325 (79 %)	340/272 (80 %)	1500/1375 (92 %)	62/19 (31 %)	21/7 (33 %)
Croatia	410/232 (57 %)	340/219 (64 %)	1500/1397 (93 %)	62/12 (19 %)	21/16 (76 %)
Montenegro	77/0 (0 %)	64/6 (9 %)	375/107 (29 %)	12/4 (33 %)	7/5 (71 %)
Serbia	948/464 (49 %)	786/562 (72 %)	3375/2108 (62 %)	143/80 (56 %)	46/30 (65 %)

The figures in the table show: national ceiling/actual stock (percentage of the national ceiling). While the data in the table is not officially available, it was leaked to the media and re-confirmed in interviews.

tensions and drives security dilemmas. Third, the OSCE should encourage parties to initiate discussion on how to revise and update the Florence Agreement in order to address its loopholes related to new categories of weapons (such as drones), the qualitative aspect of the military balance, the absence of consultation mechanisms on military modernization plans and the creation of the Kosovo Armed Forces. Fourth, the OSCE should support the development of civilian expertise in the Western Balkans on the subject of arms control. Fifth, OSCE participating States should refrain from supplying Western Balkan states with weapons that could shift the military balance in the re-

gion. Sixth, the EU should monitor military modernization and use accession negotiations to defuse military competition in the region. Seventh, NATO should balance its expectations concerning increased defence spending in the Western Balkans with legitimate concerns about military stability and arms control.

In sum, although the spectre of an arms race in the Western Balkans is still only rhetorical, this is no reason for complacency. The language of military competition undermines trust and feeds fears that may easily unravel two decades of peacebuilding in this still volatile corner of Europe.

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## ENDNOTES

- 1 European Western Balkans, “Weapon procurement and military neutrality: Where is Serbia’s defense policy heading?” 10/1/2020. <https://t1p.de/ye5c>.
- 2 Guardian, “Serbia talks up armed intervention as Kosovo approves new army”, 14/12/2018. <https://t1p.de/7p2q>.
- 3 Sputnik, “Moscow considers irresponsible to create Kosovo Armed Forces”, 3/4/2017. <https://t1p.de/7zql>.
- 4 SIPRI Military Expenditure Database, <https://www.sipri.org/databases/milex>.

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