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HOW EFFECTIVE ARE SANCTIONS
IN THE WESTERN BALKANS?

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EXECUTIVE SUMMARY

This report provides an analysis of the development and effectiveness of sanctions related to organized crime and corruption in the Western Balkans, with a particular emphasis on case studies that illuminate their success (or otherwise) in disrupting alleged criminal networks and designated individuals. It offers insights into how far these designations influence behavioural change, and also examines the resilience of several sanctioned political personalities.

Sanctions are not a panacea. As predicted by many commentators interviewed for this study, they have not brought about swift changes in the complex political, ethnic and social landscape of the Western Balkans. Nevertheless, they have unsteady elements of this intricate environment.

The assessment of sanctions' effectiveness in the region presents a mixed picture. The analysis indicates limited success in disrupting criminal networks that maintain ties to politics, especially when their business networks operate pan-regionally. A notable example involves an alleged organized crime group operating in Kosovo and Serbia. While financial sanctions imposed by both the US and the UK have pushed entrepreneurs and politicians in Kosovo to distance themselves from the group, the same has not applied to Serbia, as companies connected to this group continue to benefit from public contracts worth millions of euros.

Western sanctions have undoubtedly placed financial constraints on Milorad Dodik, the current President of the Republika Srpska, the autonomous Serb entity in Bosnia and Herzegovina. His persistent calls for the secession of Republika Srpska, along with allegations of corruption, have made him the most sanctioned politician in the Western Balkans. Such measures extend to his family members and connected businesses.

The limited passage of time represents an obstacle when analyzing the effectiveness of sanctions, especially in relation to measures imposed in more recent years; some effects may only become apparent in the long run. This is especially true in cases where sanctions are the first step in a series of subsequent events, often acting as a catalyst for those events.

In Albania, Western sanctions against former Prime Minister and then MP Sali Berisha prompted him to launch a political comeback. In spite of these sanctions, he succeeded in retaking control of the largest opposition party, the Democratic Party. However, this move created divisions within the party, leading some members to break away and ultimately weakening its structure. Furthermore, a local

investigation into corruption charges – perceived by many as triggered by sanctions – has placed Berisha under house arrest for several months and has cast uncertainty over his political future.

The effects of Western sanctions vary across Western Balkan countries, and are shaped by geopolitical alliances. In some countries, sanctions have led to public stigmatization; in others they are seen as a badge of honour against 'malign' Western interference. As a result, ruling politicians in some countries like Albania, have quietly sidelined their sanctioned colleagues, or kept their collaboration with them under wraps. Meanwhile, in Serbia, sanctioned individuals have won senior ministerial positions.

The geographical distribution of sanctions is heterogeneous. Between 2014 and 2024, a total of 166 sanctions – targeting 108 Western Balkan individuals and 58 related companies – have been issued, predominantly on the alleged grounds of corruption, organized criminal activity and political destabilization of states and the region. The US government has issued the vast majority of these designations. While the US and UK have largely attempted to maintain a regional focus when conceiving designations, some countries have been sanctioned more than others. In the last decade, Bosnia and Herzegovina has received the most attention, with a total of 56 sanctions (targeting 40 individuals and 16 companies). Bosnia and Herzegovina is closely followed by Serbia, with a total of 51 sanctions (30 individuals and 21 companies).

Rather than assessing whether sanctions meet their intended goals – a matter of ongoing debate – a key question posed by this study is how these designations are perceived and the impact they have had in the Western Balkans. In answering this, the extent to which sanctions coerce behavioural change, constrain criminal activity and signal to different audiences constitute an important part of this study.

In conclusion, this report offers final observations and recommendations based on the findings presented. It underscores the need for policymakers to reassess the strategies employed in imposing and implementing sanctions targeting organized crime and corruption in the region, with a view to enhancing local impacts.

Methodology

This study employs a mixed-methods approach, combining qualitative and quantitative analysis to explore the effects of sanctions on the complex relationship between corruption and organized crime in the Western Balkans. The research provides an overview of the total number of sanctions imposed on individuals and companies in the region over the last ten years. It delineates the countries and entities imposing the sanctions, along with the countries within the region where individuals and entities are most frequently targeted.

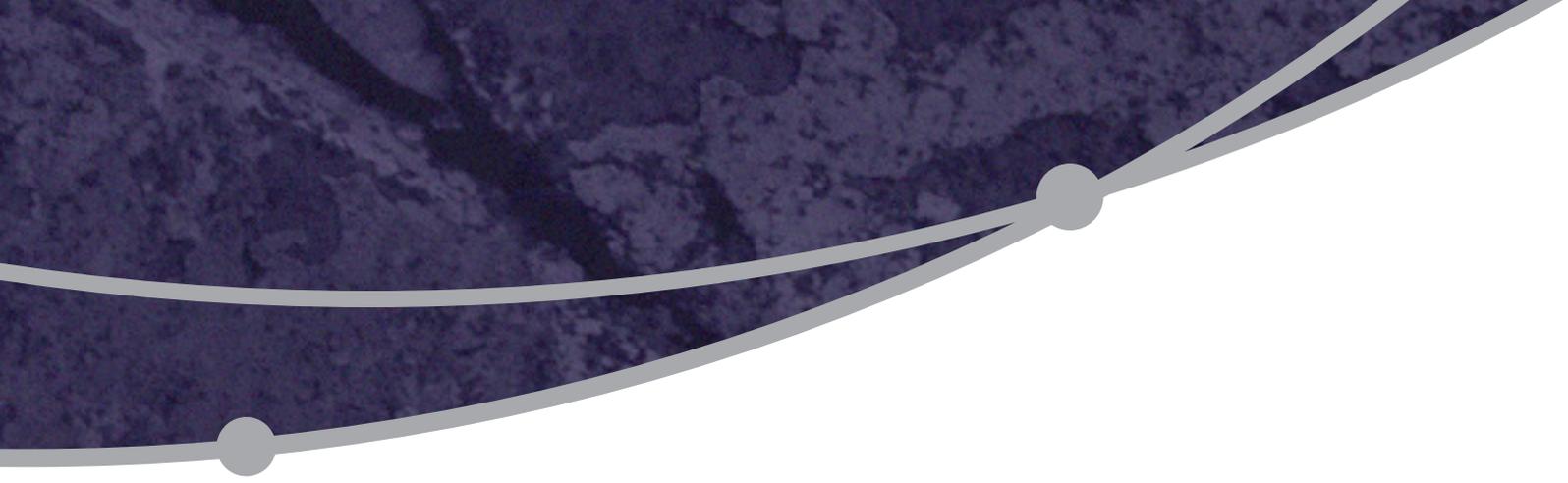
The research aims to understand the landscape and characteristics of sanctions in the region, analyze their socio-political and economic impacts, investigate how sanctions challenge power structures that are compromised by corruption, organized crime and destabilization, and illustrate how sanctions hinder the modus operandi of key (alleged and/or proven) criminal and corrupt actors within the region.

Using open-source data from various channels, including election commissions, political finance records, international reports, national statistics and court cases, this study provides insights into the impact of sanctions on electoral processes, political financing, socio-economic indicators, criminal investigations and court cases. In addition, a non-probability sampling method was chosen to ensure a balanced representation across demographic dimensions, with 71 experts interviewed in Albania,

Bosnia and Herzegovina, Kosovo, North Macedonia and Serbia, drawing on fields ranging from politics (19) to journalism (17), civil society (17), law enforcement (9) and academia (9).

To address concerns about reliability and bias associated with open-source materials and interviews, efforts were made to corroborate information from multiple independent sources. The study maintains a neutral stance on the credibility and veracity of corruption and organized crime allegations. Its emphasis is on investigating the impact of sanctions against individuals and entities that already been publicly identified. While acknowledging the necessity of referencing these allegations to analyze whether the objectives of sanctions are met, the paper in no way endorses any specific claims and recognizes that such statements remain allegations until they are proven in formal proceedings.

- Sanctions have become a strategic tool in international relations to exert political pressure.
- Modern sanctions focus on targeted measures against individuals and entities to influence behaviour and disrupt criminal ecosystems.
- This evolution reflects shifts in global diplomacy, connecting politics, business and organized crime.
- The Western Balkans exemplify the role of sanctions in addressing security threats, regional conflicts and peace efforts.
- Targeted sanctions, especially by the US, aim to combat corruption and organized crime in regions at risk of destabilization.



INTRODUCTION

Sanctions are constructed in various forms, including financial, military, diplomatic and technological, all with the shared goal of exerting economic, political or diplomatic pressure on the targeted entity.¹ Modern financial and diplomatic sanctions, distinct from traditional trade embargoes, originated during World War I. However, their targeted use against criminal actors is a more recent development, emerging from the mid-1990s.

The end of the Cold War removed previous constraints on the use of sanctions, leading to a surge in the 1990s. This increase was driven by the reduction of Russian opposition at the UN Security Council to the use of multilateral sanctions and a proliferation of civil wars and internal conflicts stemming from the demise of the postwar order. The US, leveraging the global dominance of the US dollar, expanded its unilateral use of sanctions, enhancing the global impact of punitive measures.² Initially, sanctions followed traditional paths, imposing comprehensive regimes on targeted countries in four main areas: military (arms embargoes), technological (restricting advanced tech access), economic and financial (blocking financial systems and trade), and diplomatic (visa bans and suspension of diplomatic relations).³

A significant shift in modern sanctions practice is the focus on targeting individuals and entities rather than entire states, departing from the blanket approach to sanctions of the past.⁴ This targeted approach reflects a nuanced understanding of sanctions as strategic instruments to coerce the discontinuation of specific behaviours, from war crimes to human rights violations, organized crime and corruption.⁵

This approach underscores the pivotal role of major global powers in shaping the contemporary sanctions landscape. Furthermore, thematic (also known as horizontal) sanctions regimes also emerged in the 1990s,⁶ enabling their global application to entities or individuals engaged in specific harmful activities, such as weapons proliferation or terrorism.⁷

Today, the broadest definition of sanctions encompasses a range of measures imposed by individual states and/or multilateral organizations against countries, organizations, individuals, or companies. These measures aim to influence behaviour, enforce compliance with international norms and/or achieve specific policy objectives for the countries imposing such measures.

In the Western Balkans, sanctions have played a multifaceted role over the past three decades, and have been imposed both by multilateral institutions and unilaterally by individual states. The US and

June 1992, Serbians demonstrate outside the White House over perceived anti-Serb bias and sanctions against Serbia during the Yugoslavian civil war. © Cynthia Johnson via Getty Images



the UK, for example, have played a significant role in imposing unilateral and – as permanent members of the UN Security Council – multilateral sanctions in the region, particularly due to their engagement during and after the wars following the dissolution of ex-Yugoslavia. The US played a particularly crucial role in the region during the 1990s. It led military campaigns and brokered peace deals and, throughout those conflicts, sanctions were used as a tool to help and enforce its engagement and meet its objectives.

The development of sanctions in the Western Balkans

The evolution of sanctions in the Western Balkans over the past three and a half decades has been shaped by a combination of local and global factors, characterized by the entities that issue such measures responding to perceived risks and mutating threats.

A significant catalyst for the imposition of sanctions in the region was the series of wars accompanying the breakup of Yugoslavia, since these conflicts were seen by the international community as threats to international peace and security. In November 1991, amid escalating violence in Croatia and rising tensions in Bosnia and Herzegovina, the European Economic Community initiated economic sanctions against the Federal Republic of Yugoslavia.⁸ Two months earlier, the UN Security Council had approved Resolution 713, which imposed an embargo on weapons and military equipment deliveries to the country.⁹ Despite these measures, the conflicts persisted. In May 1992, the UN approved Resolution 757, which included financial, economic and diplomatic measures that significantly constrained the Federal Republic of Yugoslavia.¹⁰

The signing of the Dayton Peace Agreement in 1995, facilitated by world powers led by the US, brought an end to the war in Bosnia and Herzegovina and led to the lifting of embargoes.¹¹ However, the Kosovo crisis and subsequent war in the late 1990s triggered renewed embargoes on the Federal Republic of Yugoslavia, comprised at that time of Serbia and Montenegro. Despite efforts to address the crisis, including a 78-day NATO bombing campaign against Serbia in March 1999 that sought to end the violence in Kosovo, sporadic violence persisted.¹²



Madeleine Albright, US Ambassador to the United Nations, votes at the UN Security Council to suspend economic and trade sanctions against Serbia and Montenegro, 1995. © Jon Levy/AFP via Getty Images

In a bid to safeguard the delicate peace forged through diplomatic accords and military interventions during the 1990s, the US resorted in the early 2000s to imposing targeted sanctions against insurgent and separatist factions that posed a threat to the newfound stability. For example, in June 2001, then President George W. Bush issued Executive Order 13219, imposing financial sanctions on individuals of Albanian descent in the Republic of Macedonia and the Federal Republic of Yugoslavia (southern Serbia) who were involved in armed activities against the authorities of those countries.¹³

The signing of the Ohrid peace agreement in August 2001 brought an end to the conflict in then Macedonia, thereby also quelling armed hostilities in the broader Western Balkans region.¹⁴ Nevertheless, to fortify the sustainability of the region's stability, primarily achieved through peace agreements, the US government issued Executive Order 13219 in June 2001. This order imposed financial sanctions on 158 individuals and 14 organizations for having committed (or of posing a significant risk of committing) acts of violence threatening the peace in (or diminishing the stability or security of) any area or state in the Western Balkan region.¹⁵

In the 2010s, sanctions persisted as a means to thwart destabilization efforts in the region and uphold established peace agreements. However, they gradually aligned with broader initiatives, notably the fight against corruption. This evolution stemmed partly from the recognition, particularly by the US, of corruption as a serious threat to national security. In the last 10 years, the US has imposed sanctions against 99 individuals and 57 companies in the Western Balkans on the alleged grounds of corruption, organized criminal activity and/or political destabilization of states and the region. The UK has meanwhile announced the designation of five individuals and one company under the Global Anti-Corruption sanctions regime in the Western Balkans. However, the UK has also taken what it terms 'disruptive actions' against an unspecified number of Albanian politicians with alleged ties to criminality and corruption.¹⁶

These measures are imposed by the UK Secretary of State for the Home Department; in practical terms, they prohibit entry into UK territory for those designated on the grounds of alleged involvement in organized crime and corruption. Designations are communicated privately to those sanctioned; they are not announced publicly. Figure 1 lists the sanctions imposed in the Western Balkans by issuing entities in the last ten years.

| ISSUING ENTITY | INDIVIDUALS | COMPANIES |
|----------------|-------------|-----------|
| United States | 99 | 57 |
| United Kingdom | 6 | 1 |
| European Union | 2 | 0 |
| United Nations | 1 | 0 |
| Total | 108 | 58 |

FIGURE 1 Numbers of sanctioned individuals and companies in the Western Balkans, by issuing entity (2014-2024).

In December 2017, the US introduced Executive Order 13818,¹⁷ building upon the principles outlined in the Global Magnitsky Act, which is a statutory authority targeting human rights abusers and corrupt actors globally.¹⁸ This order facilitated the freezing of assets belonging to individuals implicated not only in severe human rights abuses but also in corruption. Following suit, other nations – particularly the UK after a 2016 referendum resulted in the country's departure from the European Union – enacted similar measures. Two key pieces of UK legislation are the Global Human Rights Sanctions Regulations (2020) and Global Anti-Corruption Sanctions Regulations (2021).¹⁹

The inaugural application of US Executive Order 13818 in the Western Balkans targeted Slobodan Tešić, a Serbian citizen designated by the US as one of the region's largest arms dealers. This executive order accused Tešić of bribing officials to secure contracts and imposed sanctions on four companies he owned.²⁰ He had previously spent nearly a decade on the UN's travel ban list for violating restrictions on arms sales to Liberia; a Security Council committee lifted that ban in November 2013.²¹ Subsequently, in December 2019, further designations were issued pursuant to the order, this time targeting nine individuals allegedly engaged in arms trading on behalf of Tešić; seven companies were also designated in connection with these newly-sanctioned individuals and/or Tešić.²² Furthermore, the UK government imposed sanctions on Tešić in December 2022 under the Global Anti-Corruption regime.²³

The US Department of State has also issued public designations on Western Balkan individuals under Section 7031(c) of the FY 2017 Consolidated Appropriations Act, an aspect of legislation that seeks to counter high-level corruption.²⁴ However, while these designations imposed travel bans, they have not extended to financial sanctions. In February 2018, Albania's former Prosecutor General Adriatik Llalla, his wife and two children became the first individuals in the Western Balkans to be banned from entering the US by the Secretary of State due to the ex-official's alleged engagement in corrupt activities.²⁵ In May 2021, the US imposed a travel ban on Sali Berisha, a former prime minister and president of Albania, for allegedly misappropriating public funds and interfering with public processes; his wife, son and daughter were also prohibited from entering the US.²⁶

In June 2021, the US issued Executive Order 14033, expanding the sanctions regime by blocking property and banning entry into the US for certain individuals perceived to be contributing to the destabilization of the region.²⁷ It sought to broaden and modernize the sanctions regime by targeting those alleged to be undermining democratic institutions and the rule of law, violating human rights and perpetuating corruption.²⁸ Authority for implementing sanctions under this executive order was vested in the US Department of the Treasury's Office of Foreign Assets Control.

The first public designation under this executive order came in January 2022, resulting in the sanctioning of Milorad Dodik. The Treasury also sanctioned a television company named Alternativna Televizija in Banja Luka, which it described as a private company 'closely linked to Dodik's family.'²⁹ It attributed these punitive moves to Dodik's alleged attempts to destabilize the Dayton Peace Accords and his accumulation of 'personal wealth through graft, bribery and other forms of corruption.'³⁰

In April 2022, a second batch of designations under Executive Order 14033 targeted a broader spectrum of high-level present and former officials across various countries in the region.³¹ Those designated included two fugitives: Nikola Gruevski, a former prime minister of North Macedonia, who was in 2018 sentenced in absentia by a domestic court to two years in prison for unlawfully influencing government officials,³² and Svetozar Marović, a former president (2003-2006) of the then federation of Serbia and Montenegro. The latter agreed two plea deals with Montenegrin prosecutors in 2016 in which he admitted to a series of construction-related corruption offences, before fleeing.³³ Designations under Executive Order 14033 also extended to present and former lawmakers, former senior judiciary officials and intelligence chiefs, as well as influential businessmen.

A quantitative analysis of sanctions in the region

Sanctions related to corruption form the largest category among those imposed in the region by various entities. Of the 164 sanctions imposed on individuals and companies in total over the last decade, 125 were for alleged (or proven) corruption alone or in connection with other allegations, accounting for 76% of the overall sanctions.

| GROUND | INDIVIDUALS | COMPANIES | TOTAL |
|----------------------------------|-------------|-----------|------------|
| Corruption alone | 28 | 11 | 39 |
| Corruption and other accusations | 50 | 38 | 88 |
| Total | 78 | 49 | 127 |

FIGURE 2 Sanctions issued for alleged and/or proven corruption in the Western Balkans, 2014–2024.

While corruption remained the primary impetus for sanctioning individuals in the region, Russia's invasion of Ukraine in February 2022 introduced another dimension to Western Balkan sanctions.

The influence of Russia in the region is perceived as a threat to regional stability by countries including the US and the UK. In July 2023, pursuant to Executive Order 14033, the US Treasury imposed sanctions on Aleksandar Vulin, the then acting chief of Serbia's Security Information Agency, alleging his involvement in misuse of public office, drug trafficking, illegal arms trafficking in connection to Slobodan Tešić, and facilitation of Russia's disruptive activities in undermining the security and stability of the Western Balkans.³⁴ This designation reverberated within the Serbian government, given Vulin's prominent position and his prior roles as defence and interior minister. Despite repeated backing from Serbian President Aleksandar Vučić, Vulin resigned from his post in November 2023.³⁵

Yet, Vulin made a significant comeback in May 2024, when he was appointed as a vice-prime minister in the newly-formed Serbian government. His inclusion, along with another Serbian former minister sanctioned by the US, Nenad Popović,³⁶ who was appointed as a minister without portfolio, was noted in the media as the return of pro-Russia ministers in the government,³⁷ and the US government expressed its disappointment.³⁸

The influence of Russia in the Western Balkans (and associated risks of destabilization) were also cited by the UK government in its decision to impose sanctions on Milorad Dodik and Željka Cvijanović, who in November 2022 replaced Dodik as the Serb member of the Presidency of Bosnia and Herzegovina. It accused them of attempting to undermine the legitimacy of Bosnia and Herzegovina.³⁹ These designations also marked the inaugural measures under the Bosnia and Herzegovina sanctions regime instituted by the UK government. In January 2024, the UK proceeded to sanction 'Mania', a marketing company allegedly linked to Dodik's political agenda.⁴⁰

Sanctions designations to tackle perceived efforts to destabilize the region, which are often related to accusations of facilitating Russian influence, have significantly increased in number after the full-scale invasion of Ukraine, with 19 out of 45 designations issued after February 2022.⁴¹ As shown in Figure 3, in the last 10 years, 33 individuals and 12 companies have been sanctioned for alleged involvement in destabilization efforts alone, or in connection with other accusations.

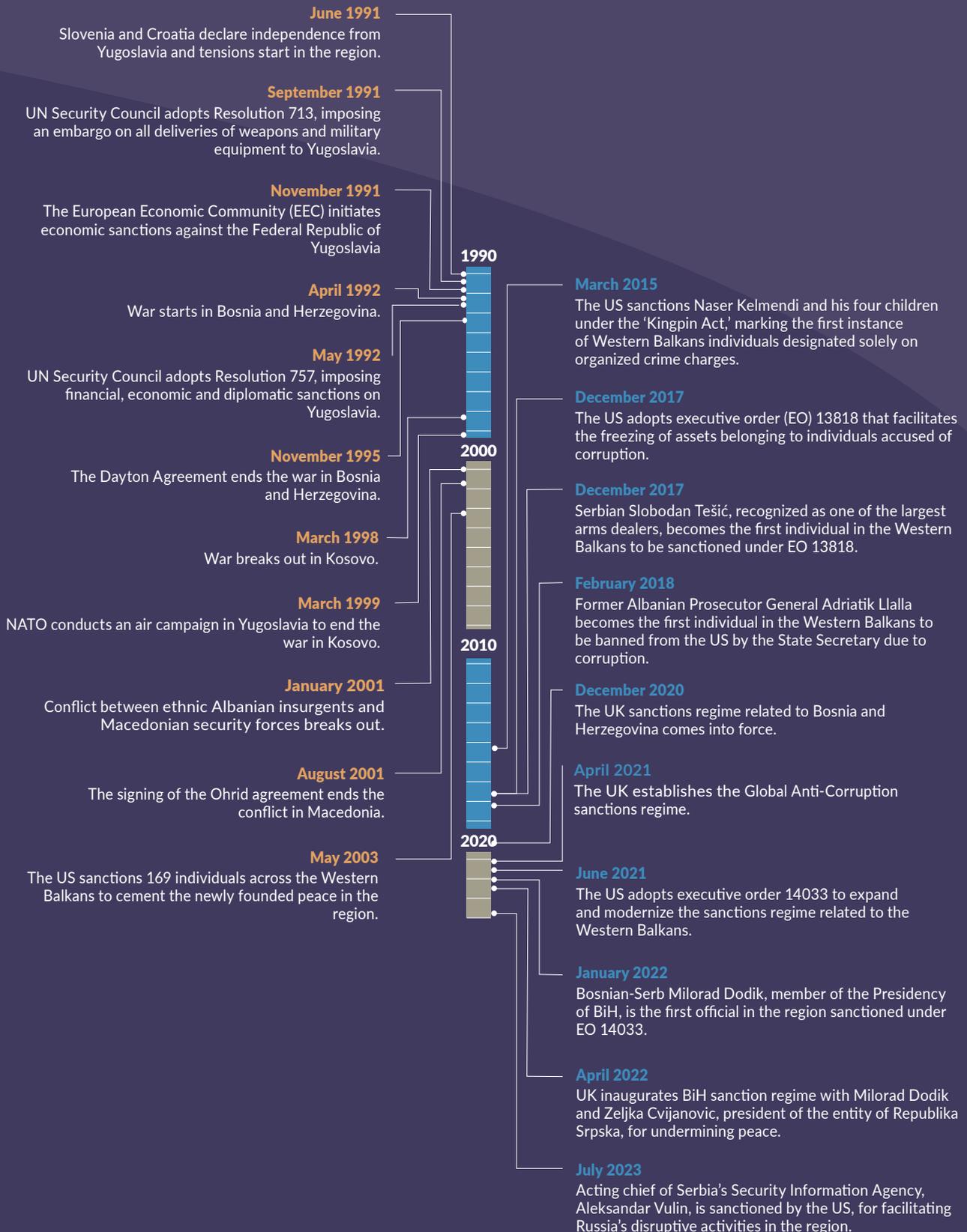
| GROUND | INDIVIDUALS | COMPANIES | TOTAL |
|---|-------------|-----------|-----------|
| Destabilization efforts alone | 23 | 3 | 26 |
| Destabilization efforts and other accusations | 10 | 9 | 19 |
| Total | 33 | 12 | 45 |

FIGURE 3 Sanctions issued for alleged efforts to destabilize the Western Balkans, 2014–2024.

HISTORY OF SANCTIONS IN THE REGION

THE WARS AND BREAK-UP OF YUGOSLAVIA

ORGANIZED CRIME AND CORRUPTION-RELATED EVENTS



Sanctions imposed by multilateral organizations

The use of sanctions by multilateral organizations has been limited in the Western Balkans; the EU has sanctioned a total of two individuals and the UN only one person. Furthermore, none of these punitive measures centred on organized crime or corruption.

In 2016, the UN sanctioned Nusret Imamović, a Bosnian Salafist leader, pursuant to Resolution 2161 (2014). He was accused of fighting in Syria's civil war for Al-Nusrah Front, an al-Qaida linked insurgent group, and recruiting individuals in Bosnia and Herzegovina to join the conflict.⁴²

EU sanctions, on the other hand, have targeted two Serbian citizens for providing support to (and/or receiving benefits from) the governments of Russia and Belarus in the context of the war in Ukraine. These figures are Bogoljub Karić, a Serbian businessman and politician the EU accuses of developing a network of real estate companies in Belarus for the benefit of himself and the family of President Aleksandr Lukashenko.⁴³ The EU sanctioned Aleksandra Melnichenko on the basis of her association 'with a leading businessperson involved in economic sectors providing a substantial source of revenue' to Russia's government. ■

The use of the sanctions to target organized crime in the Western Balkans

Undoubtedly, organized crime stands out as one of the most significant threats to security and prosperity in the Western Balkans, a concern duly acknowledged by countries imposing sanctions in the region. In fact, sanctions at least partially targeting organized crime have been progressively employed by the US and the UK, which have highlighted its intersection with corruption and other threats to regional peace and security. As shown in Figure 4, over the past decade, a total of 45 individuals and 33 companies in the Western Balkans have been sanctioned solely for involvement in organized crime or in connection with other accusations such as corruption.

| GROUNDS | INDIVIDUALS | COMPANIES | TOTAL |
|---------------------------------------|-------------|-----------|-------|
| Organized crime alone | 5 | 4 | 9 |
| Organized crime and other accusations | 40 | 29 | 69 |
| Total | 45 | 33 | 78 |

FIGURE 4 Sanctions issued for organized crime in the Western Balkans, 2014–2024.

However, there have been only a few episodes where individuals from the Western Balkans have been sanctioned solely for alleged involvement in organized crime. The first case was recorded in 2012 when the US sanctioned Naser Kelmendi, a Kosovo-born convicted drug trafficker with Bosnian citizenship,⁴⁴ under the so-called 'Kingpin Act'.⁴⁵ That designation came several years before he was convicted.⁴⁶

In March 2015, the US Treasury used the same legislation to sanction four of Kelmendi's children and several companies, alleging that they were part of Kelmendi's criminal organization.⁴⁷ In another case, the US government in March 2023 employed Executive Order 14059 to sanction foreign individuals it alleged to be engaged in global illicit drug activities. Bosnia-born Edin Gačanin, described by the US Treasury as head of the 'Tito and Dino' cartel and accused of being 'one of the world's most prolific drug dealers', was among those designated.⁴⁸

In many other cases alleged participation in organized crime has been cited by sanctioning entities in conjunction with other accusations, notably corruption and efforts to destabilize countries. In December 2021, leveraging Executive Order 13818 and utilizing the Global Magnitsky Act, the US cited these factors in sanctioning a northern Kosovo-based network.⁴⁹ The US Treasury alleged Zvonko Veselinović was the leader of this network. It also accused Milan Radoičić, a prominent holder of political positions representing the Serbian community in Kosovo, of being a member. The designation accused the group of bribing officials in Kosovo and Serbia to facilitate the smuggling of illicit goods, including drugs. Together with the group, long perceived in both Serbia and Kosovo as adept at intertwining politics, business and organized crime, the US designated a total of 15 companies across Kosovo, Serbia, Croatia, and Bulgaria controlled by some members of the group.⁵⁰

In April 2022, again leveraging Executive Order 14033, the US imposed sanctions on Aqif Rakipi, a former member of Albania's parliament. The designation accused him of utilizing his political influence alongside 'long' involvement in organized crime to nominate associates to public positions.⁵¹

Meanwhile, the UK government has taken what it describes as 'disruptive action' against individuals with alleged ties to criminality and corruption in the region. In July 2022, Sir Stuart Peach, the UK prime minister's special envoy to the Western Balkans, announced such measures against several Albanian individuals suspected to be connected to criminality and corruption.⁵² While the names of the individuals were not disclosed publicly, former Albanian Prime Minister Sali Berisha, previously designated by the State Department,⁵³ openly acknowledged being on this list.⁵⁴ In Albania, Tom Doshi, a former MP and currently the chairman of the Social Democratic Party, voluntarily revealed that he has been sanctioned by the UK,⁵⁵ following earlier sanctions imposed by the US State Department in 2018.

AN ASSESSMENT OF SANCTIONS IN THE REGION

While the US and UK have attempted to maintain a region-wide focus across the Western Balkans when imposing sanctions – with the US in particular adopting executive orders reflecting a broad approach⁵⁶ – some countries in the region have been more targeted than others. Data compiled by the GI-TOC reveals that over the past decade, Bosnia and Herzegovina and Serbia have been targeted more than other countries in the region, at least in terms of disclosed sanctions.

Bosnia and Herzegovina stands out with the highest number of individuals sanctioned over the last decade, with a total of 40, followed by Serbia (30). Meanwhile, Serbia was home to the highest number of sanctioned companies (21) over the same period. The primary grounds for sanctions in both countries have been allegations of corruption and efforts to destabilize the country and/or the region.

Montenegro and Albania emerged with the lowest number of publicly disclosed sanctions. Notably, no single company has ever been publicly sanctioned in Albania. Regarding individuals, publicly available information suggests that six Albanian figures have been sanctioned over the past decade. However, the actual number is likely higher, considering that UK-issued sanctions on individuals are not publicly disclosed but directly communicated to designated individuals.⁵⁷ Figure 5 shows the total number of sanctions (on individuals and companies) in the Western Balkans on a country-by-country basis.

| COUNTRY | INDIVIDUALS | COMPANIES | TOTAL |
|------------------------|-------------|-----------|-------|
| Albania | 6 | 0 | 6 |
| Bosnia and Herzegovina | 40 | 16 | 56 |
| Kosovo | 17 | 12 | 29 |
| Montenegro | 3 | 2 | 5 |
| North Macedonia | 12 | 7 | 19 |
| Serbia | 30 | 21 | 51 |

FIGURE 5 Sanctions (individuals and companies) in the Western Balkans by country, 2014–2024.

Assessing the effectiveness of sanctions regimes is challenging due to their multifaceted nature. Nevertheless, leveraging past research carried out by the GI-TOC⁵⁸ and thanks to deep dives into specific case studies, we can analyze the degree to which sanctions have achieved their objectives in the Western Balkans using a three-pronged approach: disruption of criminal networks, mitigating damages associated with illegal economies, and uncovering concealed insights into the workings of criminal and corrupt actors.

Disrupting criminal networks in northern Kosovo

The imposition of sanctions on individuals and companies alleged to be connected to criminal activities in Kosovo, particularly in the northern region, reveals a complex and transnational picture. Milan Radoičić, one of 16 individuals in Europe and the Western Hemisphere sanctioned by the US Treasury in December 2021 in actions pursuant to Executive Order 13818.⁵⁹ Radoičić has held significant political power as vice-president of Lista Srpska, a party governing several Kosovo municipalities with a Serb population majority.⁶⁰

The US designation described Radoičić as being part of an alleged criminal group led by Zvonko Veselinović, operating between Kosovo and Serbia and purportedly active in trafficking money, narcotics and weapons. Furthermore, the group was accused of influencing the political process, helping politicians in Serbia to win elections and securing backing for both their licit and alleged illicit business operations in return. This US designation noted that Veselinović and Radoičić were allegedly involved in the 2018 murder of Oliver Ivanović, a political party leader in northern Kosovo, as per a Kosovo court indictment.⁶¹ A year later, the UK government announced sanctions on both Veselinović and Radoičić under the Global Anti-Corruption regime, accusing them of misappropriating state funds through corruption in public procurement.⁶²

According to interviewed politicians and political scientists, in Kosovo, criminal proceedings as well as US sanctions against Radoičić and others prompted a storm that saw political leaders officially distance themselves from those designated.⁶³ Experts, as well as political representatives, concluded that there were differing reactions to the designations among the various communities. While Srpska Lista did not seek to expel Radoičić from the party, ethnic-Albanian political leaders who previously worked with him sought to distance themselves from him, at least publicly.⁶⁴



October 2023, Kosovo police maintain security a month after the so-called Banjska attack. © Vudi Xhymshiti/Anadolu Agency via Getty Images

However, a leaked audio recording published in July 2023 revealed that Radoičić continued to communicate with Mimoza Kusari-Lila, head of the Kosovo Albanian parliamentary group Vetëvendosje, suggesting continued involvement in the legislative process from abroad.⁶⁵ At that time, Radoičić was a fugitive and was believed to be operating from Serbia. The conversations between the two centred on lobbying Lista Srpska to vote in favour of draft laws in Kosovo's parliament.⁶⁶

One member of parliament told GI-TOC that despite the attempts by Vetëvendosje's politicians to publicly distance themselves, Radoičić still wields considerable influence.⁶⁷ Meanwhile, a civil society activist from Northern Kosovo noted that while the sanctions affected business activities in the country, there was little significant change on the political scene: the government of Kosovo simply banned companies associated with sanctioned individuals from operating in the country.⁶⁸

These measures have had repercussions, exacerbating the debate between political forces in Kosovo on the alleged involvement of members of the government in aiding and abetting Radoičić.⁶⁹ Investigations have faced challenges, including political interference and jurisdictional limitations.⁷⁰

Reactions to the US sanctions were completely different in Serbia, where Radoičić and other designees live as free men, despite an arrest warrant from the Kosovo Prosecutor's Office dating back to 2019.⁷¹ Several media reports have indicated the strong political support that these individuals received in Serbia and their alleged links to the close circle of Serbia's President Aleksandar Vučić.⁷²

Despite being under financial sanctions from both the US and UK, companies connected to Radoičić and Veselinović have won tenders worth millions of Serbian dinars each year in Serbia, indicating minimal impact on their political business engagements.⁷³ Furthermore, there is no cooperation between Kosovo and Serbia in terms of exchanging information during investigations. According to a senior member of Kosovo's Special Prosecution, getting information from Serbia is almost impossible due to this lack of inter-state cooperation.⁷⁴ Other Kosovo legal experts also cited this factor as a significant impediment to efforts to prosecute suspected criminals who are on the run.⁷⁵

Journalists covering the business ties of the sanctioned individuals in Serbia noted differing narratives, with some political commentators dismissing the sanctions as Western propaganda.⁷⁶ Language barriers and limited resources among local Serbian media further compounded the issue, resulting in inadequate coverage of these cases and reliance on government-controlled media for information.⁷⁷

The so-called Banjska attack reinforces the argument that UK and US sanctions had little impact on Radoičić's activities. In September 2023, a group of heavily armed Serb militants led by Radoičić fired upon Kosovan police officers in the village of Banjska, northern Kosovo. The confrontation led to the death of one police officer and three attackers.⁷⁸ The violence escalated tensions between Kosovo and Serbia, with both sides exchanging accusations. The attackers were reported to have used sophisticated weaponry and military tactics.⁷⁹ The incident also further strained the already fragile relations between the ethnic Serb minority in northern Kosovo and the ethnic Albanian majority government.⁸⁰ Radoičić, who took responsibility for the incident 'to encourage Serbs in Kosovo' to stand up against the government,⁸¹ was arrested by police in Belgrade, where he spent a day in pre-trial detention. However, Serbian authorities released him on condition that he not leave Serbia (and more specifically that he not enter Kosovo).⁸² The Kosovo government presented evidence linking the group to the Serbian government, raising concerns about conflict escalation.⁸³ A former senior representative of Kosovan law enforcement told the GI-TOC that he believes that the protection provided by Serbia is the biggest impediment to apprehending individuals like Radoičić.⁸⁴

Resilience to sanctions and counteractions in Bosnia and Herzegovina

Republika Srpska's President Milorad Dodik is indisputably the most sanctioned politician in the Western Balkans. He is the only individual in the region to have twice been the target of financial sanctions imposed by the US.⁸⁵ His two adult children are under similar sanctions; as are six of his close associates and twelve companies linked to him.⁸⁶ Notably, Dodik is among the few Western Balkan individuals to be targeted by both US and UK financial sanctions.

Dodik was first sanctioned in 2017, by the US Department of the Treasury in a designation pursuant to Executive Order 13304. The designation accused him of obstructing the Dayton Accords, a crucial peace agreement signed in 1995 that ended the war in Bosnia and Herzegovina. His actions were presented by the US as a threat to the territorial integrity of the country, as Dodik advocated that Republika Srpska secede from the Bosnian federation.⁸⁷ However, his secessionist rhetoric has persisted, along with his close relationship with Russian President Vladimir Putin – an alliance viewed by the US and other Western powers as a destabilizing influence in the Western Balkans.

In 2022, the US sanctioned Dodik again, this time under Executive Order 14033, on the basis of corruption allegations and continued alleged destabilization of Bosnia and Herzegovina's stability and territorial integrity.⁸⁸ The latter factor was also key to the UK government imposing sanctions on Dodik and his political partner, Željka Cvijanović; as was the allegation that their activities were fuelled by support from Russia.⁸⁹

Despite the extent of sanctions against him, Dodik continued to meet with President Putin, dismissing strong criticism from the EU and Bosnia's other western partners.⁹⁰

This appears to have prompted the US to intensify efforts to ensure the effectiveness of their sanctions. In early 2024, a series of high-ranking US officials visited Bosnia and Herzegovina, urging national banks to take concrete measures against blacklisted individuals and their companies. US officials publicly warned that a failure to comply would result in banks themselves facing sanctions.⁹¹ As a result, since late March, banks across the country have been closing the accounts of blacklisted individuals and companies,⁹² causing fear among those sanctioned and their business associates.⁹³ Following the voluntary closure by Dodik of his own bank accounts, and his call for other sanctioned entities to do the same, a few other blacklisted individuals also reportedly closed accounts.

Authorities in Republika Srpska have attempted to mitigate the impact of these banking pressures by proposing various plans, including paying salaries in cash, which would enable those sanctioned to continue receiving their wages.⁹⁴ Additionally, Dodik's family reportedly began opening at least one new company in the name of an unsanctioned relative, to maintain their financial liquidity.⁹⁵

However, in June 2024, the US Department of the Treasury imposed new sanctions on two individuals and seven entities, alleging that the latter served as major sources of revenue for Dodik and his family, despite being registered under different names to conceal their connections. This latest designation also accused Dodik of manipulating Bosnia and Herzegovina's state budget to award a contract to one of these companies without recourse to a competitive bidding process.⁹⁶ The new sanctions sought to further tighten the financial constraints on Dodik and his network, reportedly leading to numerous difficulties and putting the companies on the brink of bankruptcy.⁹⁷

Sanctions as a boost for political careers?

In many cases, key politicians in Balkan countries have disregarded sanctions imposed on their close associates, either by allowing them to remain in office or by engaging in covert collaboration or through the exchange of favours. However, in Serbia, the extent of such disregard was notable. In May 2024, two individuals sanctioned by the US were chosen as ministers in the newly formed government.

The government appointed by newly-installed Prime Minister Miloš Vučević included the Serbian former intelligence chief Aleksandar Vulin as one of several vice premiers. Vulin was sanctioned by the US in July 2023 on the grounds of his alleged involvement in corruption, organized crime and destabilization of regional security and stability (the latter through links to Russia).⁹⁸

Furthermore, another sanctioned individual, Nenad Popović, returned to the new government as minister without

portfolio. Popović had served in the past as a minister in the Serbian government and was in November 2023 sanctioned by the US, which accused him of using business holdings in consulting, electronics and real estate in Russia to build 'personal wealth through embezzlement'; he was sanctioned specifically on the basis of his alleged activities in the electronics sector.⁹⁹

Serbia is among the few countries in Europe that have not imposed sanctions on Russia after the invasion of Ukraine, due to strong current and historical bilateral ties.¹⁰⁰ The decision to appoint Vulin and Popović can be interpreted as sending a signal to Western powers that they need to be more hands-off if they want to maintain a constructive relationship with Serbia, and as a signal to Russia that Serbia prizes the strong bilateral relationship.¹⁰¹ In that sense, being black-listed by the US appears to have helped – rather than hindered – careers, at least in the short-term. ■

In an apparent bid to maintain his liquidity, Dodik advanced plans to establish a domestic bank to handle internal financial transactions. He has pushed for new laws to enable the Investment and Development Bank of Republika Srpska to create accounts for individuals and companies, and perform payment transactions.¹⁰²

Alongside causing him financial difficulties, observers believe that sanctions against Dodik and his circle have strengthened the opposition in Republika Srpska, which was previously weak and fragmented.¹⁰³ The upcoming local elections in October 2024 will signal whether the opposition is able to capitalize on the incumbent's sanctions related difficulties.¹⁰⁴

Resilient politicians in Albania

Tom Doshi, a wealthy and controversial Albanian businessman and politician,¹⁰⁵ was designated by the US Department of State for alleged corruption in April 2018 under Section 7031(c) of the FY 2017 Consolidated Appropriations Act, barring him – along with his family – from entry to the US.¹⁰⁶ The detail in this designation is extremely sparse, referencing only 'involvement in significant corruption', without elaborating.¹⁰⁷

Doshi represented the small Social Democratic Party (PSD) and its three MPs in the Albanian parliament have supported the parliamentary majority led by incumbent Prime Minister Rama's Socialist Party (PS). Recognized as an influential political figure capable of garnering a significant number of votes, especially in the electoral area of Shkoder, Doshi has always publicly disputed his designation, asking

US authorities to provide evidence of his involvement in corruption.¹⁰⁸ However, tensions escalated immediately after the 2021 general elections, during which he was re-elected as an MP. Doshi quickly resigned, seemingly in an attempt to take the designation seriously and to alleviate pressure from the US embassy regarding his political status,¹⁰⁹ with the goal of ensuring continued cooperation between the PSD and the PS.¹¹⁰ However, his formal resignation as an MP from his party did not prevent him from wielding power as one of its most senior members. Two years later, in the 2023 local elections, the PSD performed well and became the fourth largest political party in the country.¹¹¹ It has been argued that the continued close (albeit unofficial) relationship between Doshi and the PS allowed the latter to win the municipality of Shkoder for the first time.¹¹² However, a spokesperson for Prime Minister Edi Rama has denied any collaboration between the ruling Socialist Party and Doshi's party.¹¹³

At a time when a public alliance with a US-sanctioned individual would damage the reputation of those in power in Albania, under-the-table alliances and indirect influences have persisted and impacted local politics. In these circumstances, the sanctions have not fully curbed the influence that certain individuals still hold in specific areas, along with the trade-offs that come with it.

In April 2022, the US Department of the Treasury publicly sanctioned Aqif Rakipi, a former MP, accusing him of organized crime and corruption, extending to strong ties to a particular organized crime group, through which he allegedly wields political influence, including through acts of corruption.¹¹⁴ This allegedly extends to using his political clout to appoint his associates to significant public positions in Elbasan and Tirana.¹¹⁵

With significant electoral influence in the Elbasan area, Rakipi was close Rama's PS during his tenure as a MP. However, he lost his seat in 2018 reportedly due to a past criminal conviction in Italy that he did not disclose prior to his election.¹¹⁶ However, he has by all accounts retained significant political influence behind the scenes.¹¹⁷ Interestingly, in the 2021 parliamentary elections, the ruling PS fielded Aqif Rakipi's son as a candidate in Tirana. Despite being young and unknown to public, Orlando Rakipi won almost 16 000 votes, making him one of the most successful candidates in statistical terms in Albania's political history. His popularity won him a seat and helped the PS gain 26 000 more votes in Tirana than in the previous parliamentary election.¹¹⁸

Alongside their political influence, Doshi and Rakipi have managed to sustain their presence and success as businessmen. Doshi remains one of the prominent businessmen in the country, as he retains a large portfolio of companies that generate significant incomes. As for Rakipi, despite being financially sanctioned by the US, his business in Albania seems to be intact. Rakipi also possesses a 30% stake in a nickel-extracting company, listed in Albania's business registry.¹¹⁹

Impacting an alleged criminal ecosystem in Serbia

Between 2014 and 2024, the US and the EU imposed sanctions on 30 individuals and 21 companies from Serbia due to alleged corruption and organized crime. As noted earlier, one of those individuals who was publicly sanctioned was Slobodan Tešić, who in December 2017 became the first Western Balkan national to be sanctioned under EO 13818; the designation accused him of prolific arms dealing and bribery, and it was followed up by a second designation targeting alleged associates of his two years later (see section entitled: *The development of sanctions in the Western Balkans*).¹²⁰ In an attempt to remove his name from the sanctions list, he reportedly hired a Washington-based lobbying firm but those efforts have to date proven unsuccessful.¹²¹

The impact of sanctions against Tešić on Serbia's domestic politics was negligible from 2017 to 2019. However, the situation changed in November 2019 after a meeting between Thomas Zarzecki, a US security and non-proliferation envoy, and Ivica Dačić, the then foreign minister of Serbia. When asked about the matter, president Vucic stressed that the US would not impose sanctions on Serbia at the nation-state level,¹²² although pro-government media in Serbia portrayed the visit as a prelude to sanctions.

In September 2019, Aleksandar Obradović, a whistleblower who exposed alleged corruption at one of Serbia's leading consortiums of arms producers, which included Tešić's firms, was arrested in September 2019 at his workplace.¹²³ He was provisionally charged with divulging a business secret, after providing journalists with documentation that pointed to abuses in the arms export business.¹²⁴ The police investigation against him is still ongoing.

Meanwhile, media and other sources consulted for this study report that Tešić's businesses continue to operate and export weapons.¹²⁵ According to a report published by the Balkan Investigative Reporting Network (BIRN), companies linked to Tešić allegedly exported weapons to six American firms, including one collaborating with the Pentagon, despite the US designation.¹²⁶ The same investigative report alleged that Tešić circumvented US sanctions through two Belgrade-based firms, which he controlled through proxies and that have reportedly generated tens of millions of euros in revenue even after sanctions were extended in 2019 to include a larger group identified as Tešić's associates.¹²⁷ When approached by BIRN, both the Pentagon and the US Embassy in Serbia declined to comment on the story.¹²⁸

In the meantime, he is reportedly expanding his business empire into the real estate and energy sectors, acquiring business spaces in landmark buildings in Belgrade.¹²⁹ Additionally, Tešić is known for providing substantial grants to selected charities. Media reports indicate that since 2017, the pre-tax profit of his companies reached 35 million euros.¹³⁰

Judicial response to sanctions in Albania

In May 2021, US Secretary of State Antony Blinken announced the designation of Sali Berisha, a former prime minister and president of Albania, accusing him of 'involvement in significant corruption'.¹³¹ This designation sent shockwaves through Albania's political landscape. Although Berisha was only an MP at the time of the designation, he was still considered one of the country's most influential politicians. In July 2022, Berisha divulged that he was among unnamed individuals that the UK government had banned from entering the UK on the basis of alleged involvement in 'serious corruption', which he has denied. He dismissed the UK's actions against him as predicated on 'lies'.¹³² He has also initiated a defamation case against Blinken.

The repercussions of this public designation extended to the party he helped found in 1990, the Democratic Party. At the time of the designation, it was the largest opposition force in Albania; its leader, Lulzim Basha, tried to distance both himself and the party from Berisha. However, Berisha decided to challenge him and sought to wrest back leadership of the party.¹³³ Due to the internal rifts that emerged, the Albanian opposition divided into two factions; Berisha's is the largest, and he has now regained the leadership of the Democratic Party.

Albanian opposition leader and former prime minister/ex-president Sali Berisha speaks to the media after parliament's decision to revoke his legal immunity, paving the way for his house arrest in connection with a corruption investigation.

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Some commentators believe that the designations by both the US and UK have finally encouraged the judicial system to start investigations into Berisha's alleged corruption-related malpractices during his tenure as prime minister.¹³⁴ In December 2023, Albania's Special Anti-Corruption Structure (SPAK) made a request to parliament to lift Berisha's immunity to place him under house arrest on corruption charges; he had been charged in October.¹³⁵

Referring to a land privatization case in 2008, SPAK accused Berisha of abusing his power to enable his son-in-law's family to benefit to the sum of millions of euros.¹³⁶ Berisha has always dismissed these accusations as political and denied any wrongdoing.¹³⁷ He remained under house arrest until November 2024 and therefore coordinated his political activity from home – including daily rallies in front of his apartment building – while the prosecution continues to investigate the case.¹³⁸

Earlier, in February 2018, Albania's former Prosecutor General, Adriatik Llalla, was publicly designated together with his family by the US Department of State under Section 7031(c) of the FY 2017 Consolidated Appropriations Act, due to alleged involvement in corruption.¹³⁹ The then US ambassador to Albania accused him of opposing justice reform in Albania. These reforms introduced vetting procedures for judges and prosecutors aimed at eliminating corruption and uncovering illicit hidden assets.¹⁴⁰

Just a month later, a prosecution office in Albania opened an investigation against Llalla, accusing him of abusing power, hiding assets and money laundering. In July 2018 his properties were seized and in September 2021 an appeal court in Albania sentenced Adriatik Llalla to two years of imprisonment.¹⁴¹ Llalla was not present in court for the verdict, and while his lawyers maintained that he was in hospital abroad, he was later found to be seeking political asylum in Italy.¹⁴² His lawyers say that he has obtained asylum, whereas according to SPAK, Albania is negotiating his extradition with Italian authorities.¹⁴³ Interestingly, one of his confiscated properties, an apartment in Durres, was given as a rent free space to a local non-governmental organization to use as a multi-functional centre for youth activities.¹⁴⁴

Unresponsive to sanctions: North Macedonian mayors

Western sanctions are seen to have a greater impact on political parties in parts of the region that align themselves with the West. A good example of this is Albania, where Western influence, including sanctions, is viewed as closely linked to the country's ambitions to address high-level corruption and make swift progress on its EU integration path.

This in principle has also been applied by the major ethnic Albanian party in North Macedonia, the Democratic Union for Integration (DUI). However, despite being designated by the US Department of State in June 2023 for allegedly misappropriating funds and interfering in democratic processes,¹⁴⁵ Ramiz Merko, the mayor of Struga municipality in North Macedonia and a member of the DUI, has faced no direct/internal disciplinary measures from within his party. Merko retained his mayoral position and was active in the DUI's campaigns for the April 2024 presidential election and May 2024 parliamentary poll. An editor at a local investigative outlet told the GI-TOC that Merko's significant local support prevented his removal following the designation.¹⁴⁶

However, the DUI urged judicial institutions to promptly initiate investigations into Merko.¹⁴⁷

In March 2024, the acting mayor of Karpoš in the Skopje area, Stevčo Jakimovski, was included in a new list of designations by the US Department of State for allegedly abusing his position to interfere with urban development and procurement processes to benefit himself and his associates.¹⁴⁸ However, this designation did not deter him from continuing his presidential campaign. He denied any wrongdoing.¹⁴⁹

The government of North Macedonia has committed to enacting legislation to enable institutions to take action against individuals sanctioned by partner governments like the US and UK; the same commitment applies to UN and EU sanctions. These actions could include removal from office and asset freezing.¹⁵⁰ Although amendments to the Law on Restrictive Measures were expected, they have not been approved by parliament, and it remains uncertain whether the new government in North Macedonia will pursue this initiative. ■



ARE SANCTIONS MEETING THEIR GOALS IN THE REGION?

The analysis presented below employs a framework developed by the GI-TOC for targeted sanctions on illicit economies.¹⁵¹ This framework examines the objectives and effects of sanctions at two interconnected levels: strategic goals and designation objectives. Strategic goals address the broader aims and overall impact of a sanctions regime or a related set of designations, extending beyond the effects on the designated individuals or entities. In contrast, designation objectives focus on the specific goals intended for a sanction imposed on an individual or entity and the effects achieved.

As illustrated in Figure 6, the objectives of designations can contribute to one or more strategic goals. For instance, coercion, which aims to bring about behavioural change in individual actors, and their associates and circles can advance strategic goals such as disrupting organized crime and reshaping criminal ecosystems.¹⁵² Similarly, constraint and signalling objectives can align with multiple strategic goals. In contrast, the strategic goal of revelation (of a given malpractice) is primarily associated with the objective of signalling.¹⁵³

In general, there is a lack of clarity regarding the specific outcomes intended by these designations. For example and as the cases cited above illustrate, there is often an ambiguity about what constitutes success in terms of behavioural change, constraint and signalling when it comes to the designation of organized crime actors. While discussions on these topics do take place, evidence emerging from interviews suggests that there are significant divergences in perceptions of effectiveness, particularly between the perception of the entity imposing sanctions and perceptions within the jurisdiction of the designee.

Moreover, jurisdictions that lack a clear will of addressing the interplay between organized crime and politics potentially suffer from gaps in expertise regarding how sanctions can impact relationships between criminal actors and the upper echelons of society.

This section explores whether the original objectives of designations – namely, behaviour change, constraining and signalling – have been achieved by the issuing entities. It highlights how these objectives can function and, through specific case studies, provides examples of their impact. While it does not offer a definitive assessment of the impact, it provides insight into the relative success or failure of different regulatory regimes.

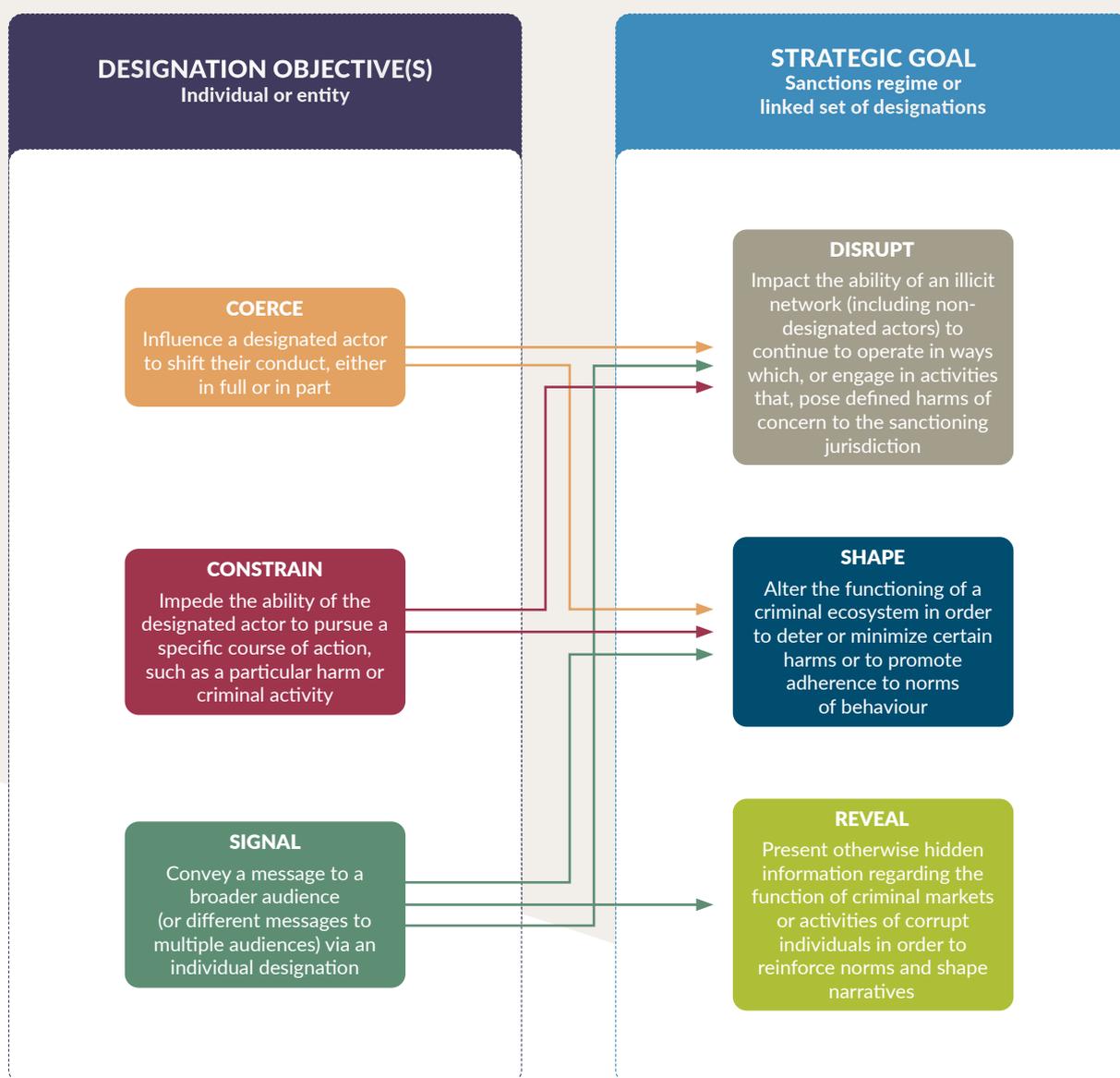


FIGURE 6 Strategic goals and designation objectives for sanctions focused on crime and corruption.

SOURCE: Lucia Bird and Matt Herbert, *Hard targets: Identifying a framework of objectives for targeted sanctions on illicit economies*, GI-TOC, December 2023

Coercing behavioural change

The primary goal of designations is to induce behavioural change. This objective is prominently emphasized by the approaches of the US, United Nations and European Union to sanctions, particularly in discussions among policymakers regarding targeted sanctions aimed at influencing the conduct of criminal actors.¹⁵⁴ The prevailing anticipation associated with behavioural change is often quite ambitious, such as expecting criminal actors to completely disengage from criminal activities. In reality, as shown in some cases like that of the arms dealer Slobodan Tesić and mayor of Struga Ramiz Merko, outcomes often fall short of this expectation, although some form of behavioural modification might occur, or at the very least, the conditions conducive to certain behaviours may cease to exist.

A common motivation behind seeking to influence the behaviour of a designated individual is rooted in a presumption of the latter's desire to unfreeze assets, resume interactions with banks and other financial entities, regain eligibility for travel visas, or restore one's reputation. In the case of Republika Srpska, the sanctions imposed by the US have effectively paralyzed numerous institutions, including through rendering official websites largely inaccessible, and blocking email exchanges (and other forms of electronic communication).¹⁵⁵

Aspiring to being freed of financial restrictions is seen as a crucial form of leverage over individuals involved in illicit markets. In Bosnia and Herzegovina, the extensive sanctions pose a risk to the economy of Republika Srpska, potentially resulting in significant financial losses as major global companies and banks refrain from collaborating with local politicians on these blacklists.¹⁵⁶ Consequently, many companies subject to sanctions strive to be delisted, and make various public commitments.

Efforts towards delisting: Court cases and lobbying

In addition to consistently attempting to downplay the impact of sanctions on them, many individuals who have been designated also strive to reverse or continually undermine them through various efforts and measures. Ultimately, individuals facing sanctions often negotiate in various ways with the US and UK to resolve their situations, albeit with varying degrees of success.¹⁵⁷ For instance, the sanctioned former PM of Albania, Sali Berisha, filed a defamation lawsuit against US Secretary of State Antony Blinken shortly after he was sanctioned.¹⁵⁸ The lawsuit was submitted to the Correctional Tribunal of Paris. While Berisha stated that the case was approved to proceed,¹⁵⁹ no information is available on its progress. Berisha also legally challenged the decision taken by the UK's former Home Secretary Priti Patel to ban his entry in the UK.¹⁶⁰

Berisha appealed his ban at the UK Special Immigration Appeals Commission (SIAC), which dismissed his case in June 2024.¹⁶¹ The court maintained that the UK Secretary of State for the Home Department has the legal power to ban foreign individuals from the UK, if their presence in the UK is assessed as being non-conducive to the public good.¹⁶²

Lobbying for removal from US sanctions has been used by some of those who have been sanctioned. For instance, the former Albanian Prosecutor General, Adriatik Llalla, hired lobbyists in 2019, a year after being designated by the US State Department, in an attempt to overturn this punitive measure.¹⁶³ However, to date, these efforts appear to have been unsuccessful.

Delisting is not a common outcome for designees in the region over the last decade. However, there have been de-listings in the past, related to new post-conflict realities in the region. For instance, during the Macedonian conflict, the then US President George W. Bush in June 2001 sanctioned some of the leaders of Albanian National Liberation Army (NLA) under Executive Order 13219, including Ali Ahmeti.¹⁶⁴ Executive Order 13219 was later modified in 2003 through Executive Order 13304, and more individuals and separatist organizations were added across the region, with the goal of forestalling threats to peace. However, some individuals, including Ahmeti, were removed from the list.¹⁶⁵ After the conflict, Ahmeti entered politics through establishing the DUI, a party that has been consistently part of the government in North Macedonia over the last two decades; over that time, it has consistently advocated that the country align with the West. ■

However, the impact of sanctions is not uniform on all targeted individuals or entities. Some individuals under sanctions have managed to maintain or even increase their influence, while others have withdrawn from public positions but remained active in other areas, as the case studies referenced above show.

Heightened visibility and the associated reputational consequences of sanctions can also influence behavioural change. In North Macedonia, the mediatic impact of sanctions is widely acknowledged by experts, in the form of a consensus that effectiveness is contingent upon the geopolitical alignment of parties or the attitude of various ethnic groups towards the US, UK and EU (and their policies). For instance, within the ethnic Albanian community, reactions to sanctions are more conspicuous due to a relatively strong pro-American orientation and support for EU integration. Among ethnic Albanians in North Macedonia, sanctions-related public judgment and censure are considered more daunting than the potential initiation of criminal justice investigations triggered by sanctions.¹⁶⁶

'Individuals on the sanction lists have shown a noticeable response,' one local political expert notes. 'Once listed, they strive to convey a strong pro-American stance, often framing their inclusion as a misunderstanding. This tendency is particularly characteristic of those with an Albanian ethnic background.'¹⁶⁷ Conversely, among the majority of ethnic Macedonians, there is an inclination to disregard the fact that they have been sanctioned by the US, or the UK by acting as if they are not on those lists, largely due to the absence of pressure from their key political and electoral constituencies.¹⁶⁸

The influence on reputations is most pronounced when individuals under sanctions harbour political ambitions. In North Macedonia, an investigative journalist emphasized the significant impact of sanctions on political trajectories. He noted that leaders of political parties are keen to avoid tarnishing their party's image when politicians they are close to are designated by the US.¹⁶⁹ Consequently, political parties take decisive action, ending the political careers of those under sanctions and gradually pushing them to distance themselves from the party, whether through public announcements or more discreet means.¹⁷⁰ Sanctioned politicians often retreat from public visibility.¹⁷¹

At the same time, behavioural change can be liable to reversal, especially if options for delisting are limited or if the impact of a designation ends up being less significant than initially expected in both the criminal and political spheres.

In Bosnia and Herzegovina, there is a noticeable phenomenon where the support for sanctioned individuals grows among citizens who are reluctant to openly discuss and express dissatisfaction with the issue. Some sanctioned individuals who hold influential positions in public institutions remain in post without facing impediments.¹⁷² Since many of them are appointed or elected officials, they often remain in office until a final conviction; thus, sanctions alone have not prompted any substantial action.¹⁷³ In some cases, as noted earlier in this report, individuals even progress in their careers after being sanctioned.

This situation has led to a prevailing public perception that the impact of sanctions has not materialized to the extent initially expected. The almost complete absence of European Union sanctions is also an issue which deserves scrutiny. Politicians (or individuals closely associated with them) tend to strategically open accounts and hold assets in the European Union, enabling those engaged in wrongdoing to keep their assets largely beyond reach. Some individuals sanctioned by the US also exploit the EU's reluctance to impose sanctions by publicly demanding evidence, knowing that the US lacks regulations or procedures to publicly disclose the full basis for imposing sanctions. These individuals argue that if the US had any evidence, it would have been revealed or reported.¹⁷⁴

A Bosnian commentator suggests that sanctioned politicians adeptly play on this situation to portray themselves as political or national victims, implying that they are sanctioned due to their nationality or party affiliation.¹⁷⁵ This commentator emphasizes that as long as individuals retain control over mechanisms and levers of power, domestic sanctions, especially those imposed by institutions and the judiciary, have a more significant impact than foreign sanctions.¹⁷⁶

Nevertheless, there is a widespread belief in the Western Balkans that the 'corrupt culture of Balkan societies' hampers the intended impact of these lists. The prevalence of party clientelism further contributes to downplaying the significance of international anti-corruption efforts, diminishing the effectiveness of designations in curbing illegal economic activities.¹⁷⁷

'In our society, corruption is pervasive,' states a senior editor of a regional investigative outlet. 'When someone attains a position with potential material benefits, whether as a minister or a director, the expectation is that they will exploit that position. Legal considerations or blacklists are not the primary concerns. When in a position to pursue personal interests at the expense of ethical conduct, individuals often act without hesitation.'¹⁷⁸

Designees are often politicians who establish clientelist connections, primarily with voters from lower socioeconomic classes. Voters, accustomed to expecting favors in return, tend to overlook the impact of blacklisting.¹⁷⁹ In addition, the issue of impunity poses a significant challenge. Prolonged court cases without a conclusive decision that penalizes those engaged in illicit activities contribute to the public perception that the sanctioned person is a victim, diminishing the intended effect of the designation.¹⁸⁰ In addition, designations are often against former rather than serving politicians or those in opposition. This adds to the public impression that sanctions and allegations of corruption are instrumentalized as a tool.

Constraining criminal activity

Sanctions that are designed to constrain should not be viewed as secondary to those that seek behaviour change; rather, they serve distinct purposes. The essence of constraint lies in intensifying multiple sources of friction on the activities crucial to a criminal actor's functioning.¹⁸¹ As highlighted by a criminal lawyer in Albania, declaring an individual persona non grata results in the contraction of his/her network, as the declaration weakens the influence of specific individuals, causing them to lose vital support and connections.¹⁸² For instance, the imposition of sanctions on Radoičić and Veselinović in Kosovo brought about a significant transformation in the jurisdictions in which they operate. Their connections with counterparts from the ethnic Albanian community in Kosovo, upon which they relied, were abruptly terminated, rendering them persona non grata.¹⁸³

While the ancillary effect may involve the declared persona non grata becoming the subject of an investigation, it is not the primary objective.¹⁸⁴ The sanctions imposed by the US and the UK are not always accompanied by the evidence needed to initiate a criminal investigation. However, from a legal standpoint, according to an Albanian law enforcement representative, the persona non grata declaration can be considered a form of evidence, lacking proof of criminal conduct but providing motivation to start an investigation. In the wake of such declarations, the special prosecutor's office often registers criminal offences related to organized crime, money laundering and corruption.¹⁸⁵

Financial sanctions amount to an important constraint on criminal organizations, on the basis that criminal actors often depend on banks and other financial institutions for the movement or storage of funds.¹⁸⁶

Moreover, a civil society activist from Mitrovica in northern Kosovo has noted that the sanctions have not significantly affected political activities per se, but have brought about substantial changes in business operations within the country. He told the GI-TOC that various business activities related to sanctioned individuals have come to a halt.¹⁸⁷ He also highlighted that the sanctions have prompted Kosovo's government to prohibit companies associated with sanctioned individuals from engaging in any business activity.¹⁸⁸ Support came through a February 2021 decision by the Kosovo government requiring public institutions to enforce economic sanctions against entities and individuals designated by the UN, EU and US.¹⁸⁹

As highlighted by the extensive list of enterprises sanctioned by the US in the Western Balkans, designated individuals frequently retain partial ownership in legitimate businesses. In some cases, there is evidence that these businesses have used them for money laundering or as vehicles for investing unlawfully acquired gains. The demarcation between illicit economies and the legitimate sector is often indistinct. In Albania, according to an academic source, sanctioned individuals conduct economic activities through intermediaries long before being designated, and transfer of most of their wealth to offshore accounts or investments outside the country.¹⁹⁰ As emphasized by an investigative journalist, data suggests that the finances of designated individuals have not been impacted by sanctions in Albania, and designated individuals are still involved in criminal activities.¹⁹¹ Similarly, in North Macedonia, while even those sceptical of sanctions acknowledge that designations complicate the lives of targeted individuals, they argue that such designations do not necessarily prevent them from moving illegally acquired funds to other countries, banks, or jurisdictions – a practice facilitated by outdated and imprecise beneficial ownership registries.¹⁹²

Financial sanctions exert their influence, in part, by motivating legitimate economic enterprises to disassociate from criminal actors who are under sanctions, effectively 'freezing' these actors out of the formal economy.¹⁹³ Banks, for instance, face significant consequences if found to be providing services to designated individuals, prompting them to sever ties with sanctioned actors. An illustrative case occurred in Bosnia and Herzegovina, where a commercial bank froze the account of one of its clients upon this individual's inclusion on the sanctions list.¹⁹⁴

In Serbia, on the other hand, sanctioned individuals react to designations by rearranging their real estate assets.¹⁹⁵ Notably, on 6 October 2023, Radoičić transferred his 40% stake in the construction company Inkop to the Veselinović brothers, giving 20% to each. This change was registered just 11 days after the Banjska attack, for which Radoičić publicly took responsibility, and three days after he was detained by the police, who released him after 48 hours.¹⁹⁶ However, according to media reports, this formal transfer of ownership to allies from northern Kosovo may not mean much, as it is possible that they will continue to share profits, on equal terms.¹⁹⁷

Despite the designation in the US Treasury sanctions list, Radoičić and Veselinović reportedly continued to secure public procurement tenders thanks to satellite companies throughout Serbia. One of these, Novi Pazar Put, delivered profits of 6.5 and 5.7 million euros in 2022 and 2023, respectively.¹⁹⁸

Sanctions can exert a constraining influence on designated criminals, particularly in states with limited capacity or a lack of willingness to enforce them.¹⁹⁹ Generally, governments seldom contest the accuracy of sanctions designations issued by friendly countries; they generally also acknowledge awareness of designated individuals' alleged actions. However, an unwillingness to take decisive action is a common challenge. This said, in the context of North Macedonia, members of the State

Commission for the Prevention of Corruption note that when an official is blacklisted, the government typically withdraws its protection and severs interactions with the individual.²⁰⁰

Signalling to different audiences

The third objective of sanctions designations is ‘signalling’, which involves conveying messages to various audiences. While signalling can be a goal in itself, it is generally seen as working in conjunction with efforts to coerce behavioural change in designated individuals or to restrict their activities. The public designation of Serbs Zvonko Veselinović and Milan Radoičić has generated significant reactions in Kosovo. Due to high confidence in the credibility of the US among Kosovan citizens and within its institutions, public figures have refrained from contacts and meetings with any of Veselinović’s and Radoičić’s associates. Those who had met with them before the sanctions attempted to justify the meetings. However, according to one expert, if a politician were to meet with Radoičić or Veselinović post-designation, they would undoubtedly risk being penalized themselves.²⁰¹

Sanctions can also influence public support for government actions and generate momentum for change.²⁰² In North Macedonia, for instance, experts in the fight against corruption emphasize the impact of sanctions designations. The head of the State Commission for the Prevention of Corruption notes that only when an individual or company is blacklisted does tangible progress occur in North Macedonia.²⁰³ She cites the case of Ramiz Merko, the current mayor of Struga municipality, pointing out that when he was added to the sanctions list, the prosecution initiated a thorough examination of all allegations against him.²⁰⁴ She explains that being placed on the blacklist prompts North Macedonian institutions to recognize that they are under some form of scrutiny, compelling them to complete ongoing tasks. Key players then showcase their accomplishments and shortcomings. She also highlights the response of then Prime Minister Dimitar Kovačevski; following the sanctioning of Merko, he expressed embarrassment that local institutions needed someone from 8 000 kilometres away to alert them about events in their own country.²⁰⁵

The sanctioning of alleged criminal actors can therefore also be seen as a signal to governments, putting pressure on them to take action against those committing sanctionable offences within their borders.²⁰⁶ Effectively, a sanctions designation highlights gaps in capacity, enforcement or political will. However, North Macedonia is likely the only country in the Western Balkans where signalling is resulting in meaningful constructive debate between ministries, if not a tangible positive impact on policy.

Significant legal amendments have been under consideration in North Macedonia since January 2024, aiming to integrate US and UK sanctions into the domestic legal framework. These changes propose a legal obligation for the prosecutor’s office to initiate cases against individuals or entities facing such restrictions. The country’s foreign ministry spearheaded an initiative to introduce sanctions domestically for corruption and abuse of official positions. However, the justice ministry has raised constitutional concerns, arguing that allowing the government, not the court, to pass judgment on blacklisted individuals could lead to political abuse. Legal scholars likewise argue that the proposed amendments are unconstitutional, expressing concerns about the concentration of power. The outgoing government plans to put this draft legislation before parliament, but in the current political climate, prompt implementation seems unlikely. Predictions of a shift in power after the upcoming elections may affect the fate of such initiatives, in large part due to the political affiliations of the sanctioned individuals.

Nevertheless, there is a potential danger that the intended signal from sanctioning jurisdictions may be distorted or misinterpreted, particularly when there is a flawed understanding of the local context. In broader terms, within environments where sanctioning jurisdictions or Western international actors are depicted as unfairly targeting the host government, even targeted sanctions against criminal or corrupt figures can be seen as additional proof of such discriminatory actions. Consequently, these sanctions risk losing their intended positive signalling effect for a significant portion of the domestic audience. Internally, they might boost support for the incumbent government, enabling it to rally against the perceived external 'other'. For instance, in July 2023, Alicia Kearns, Chair of the Foreign Affairs Select Committee in the UK's parliament, alleged that weapons were being smuggled via ambulances across the Serbian border and hidden in Orthodox churches in northern Kosovo.²⁰⁷ However, instead of initiating an investigation into the allegations, President Vučić expressed his intent to uncover the source of this information, accusing Kearns of lobbying for Bosnian and Kosovar interests.²⁰⁸



CONCLUSIONS

Sanctions have evolved into a crucial instrument in international relations, embodying a strategic means to exert pressure, not least political. The contemporary approach to sanctions, which now also includes targeted measures against specific individuals and entities, underscores a growing understanding of their potential to influence behaviour and affect criminal and corrupt ecosystems. This evolution reflects broader changes in global diplomacy and geopolitical dynamics, characterized by major powers and multilateral institutions tailoring their strategies to address organized crime and corruption. It also highlights the connections between politics, business and organized crime – and the willingness of some states to expose such links.

The case of the Western Balkans illustrates the multifaceted role of sanctions in addressing security threats. Over the past three decades, sanctions have been designated to respond to regional conflicts and political transitions, targeting individuals and groups undermining peace efforts. Furthermore, the repeated use of targeted sanctions, particularly by the US, demonstrates a commitment to combating corruption, and curbing the influence of organized crime. The designation of key figures linked to destabilizing activities underscores the ongoing relevance of sanctions as a tool for addressing emerging threats and, regardless of their impact at the local level, sanctions remain a vital component of international policies centred on the Western Balkans.

Recommendations

Ensure that the strategic goals of sanctions are clear to all audiences. Sanctioning jurisdictions should articulate clear objectives for sanctions regimes and define indicators of success. Some of those on the receiving end see sanctions as old news with little impact. Therefore, the strategic objectives of sanctions, and the implications they carry for the designated individuals, should explicitly provide a rationale for the designation by the issuing entities. Clear communication of these objectives is essential, both within the sanctioning entity and externally, and should ideally be harmonized with other sanctioning bodies when parallel regimes are in place.

Ensure that sanctions regimes are delivered in a timely manner and are adequately resourced. Many recent sanctions target individuals who are no longer in official roles, which can unintentionally provide them with political leverage to regain support. Gathering intelligence and anticipating all possible outcomes are crucial for the effectiveness of sanctions, including the displacing effect that the designation of an individual might have on organized crime in a given territory.

Monitor the public discourse. It is crucial to track explicitly the political implications of individual designations. Many sanctioned individuals in the Western Balkans hold significant influence, including strong clientelistic ties to large segments of the electorate. Sanctions in the region have frequently sparked public criticism and have often been dismissed as malicious and unwelcome 'Western' interference. In many cases, those in power might continue to collaborate, either covertly or openly, with the designated individuals or entities. These efforts should be deplored by the sanctioning entities, and the implications for those undermining sanctions should be clearly stated.

Enforcing financial sanctions. Sanctions with financial implications for individuals and companies are a powerful tool for enforcing behavioural change. In some cases, issuing authorities have warned local financial institutions to comply with sanctions and successfully pursued them to do so. In other cases, there has been no follow-up to ensure implementation. Unifying practices throughout the region is crucial for ensuring financial sanctions work as envisaged.

The European Union should take a cue from the US and the UK by issuing more sanctions where appropriate. The EU undoubtedly plays a major role in the Western Balkans, given the ongoing accession process, which is considered vital for the future of the region. Furthermore, many sanctioned individuals maintain assets in EU member states and frequently travel to EU countries. Consequently, EU travel bans and other sanctions would be more effective than those imposed by the UK or the US. This would also encourage politicians to avoid behaviours that erode democracy and cause destabilization.

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