



Hungarian President Katalin Novak (R) and her Croatian counterpart Zoran Milanovic give a joint press conference at the presidential Sandor Palace in Budapest on Jan. 20, 2023. (Attila Kisbenedek / AFP via Getty Images)

Croatia and Hungary as Malign Actors in the Western Balkans

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Much has been made in recent years concerning the prospects of renewed “[great power competition](#)” in the Western Balkans. Russia, China, Turkey, and even the Gulf Arab states have variously, and collectively, been portrayed as threats to the primacy the U.S. and EU have established in the region since the end of the Yugoslav Wars (1991-2001). And Russia and China especially have, over the past decade, developed a robust political and economic footprint across the region. In recent months, for instance, U.S. and EU accommodation of the near-autocratic Vučić regime in Serbia, even in the face of renewed violence in Kosovo

orchestrated by Aleksandar Vučić’s government, has [largely been seen](#) by regional analysts as a reflection of the American and European desire to keep Belgrade from sinking deeper into the Kremlin’s orbit.

Whatever one’s assessment of this [dubious strategy](#), this idea of the Western Balkans as a site for geopolitical competition has clearly had a deep impact among many, including policymakers in the West concerned with the region. Even if one accepts that this analytical and policy framework is rooted in fact – that Russia and China and other regional actors have sought to contest, politically and economically,



the interests of the U.S. and EU in the region — the question remains: Are they the most significant adversaries and/or architects of instability and conflict in the region?

There are an infinite number of possible answers to this query, but a particularly salient one that has received little attention both in Washington and Brussels concerns the potential for spoiler elements within the Euro-Atlantic community itself. That is, these are states that are EU and NATO members but nevertheless demonstrate a propensity for explicitly or subtly undermining the strategic interests of both in the Western Balkans.

Two such states stand out in particular: Croatia and Hungary. In both the Croatian and Hungarian examples, it is Bosnia and Herzegovina (BiH), the site of the deadliest of the Yugoslav conflicts, that has been the primary target of their malign activities. And despite Zagreb and Budapest's Bosnian forays (in)directly aligning with and aiding the interests of the West's chief geopolitical adversaries, both have suffered limited — if any — rebuke from their allies for the same. And this is the case even as BiH continues to host the EU's largest ongoing peacekeeping force in the world, the approximately 1,100 strong EUFOR.

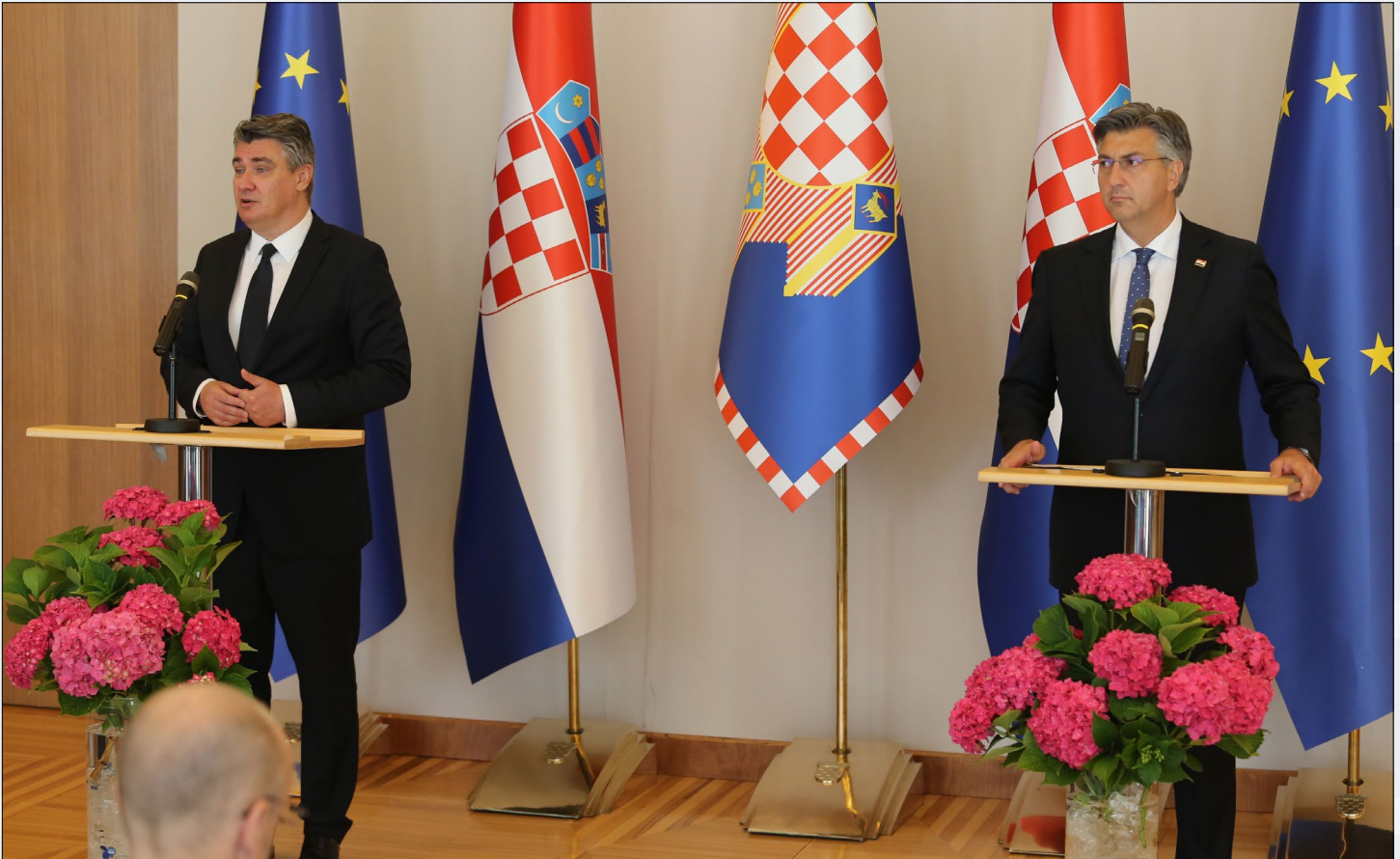
Croatia's Colonial Aspirations

During the period of so-called de-Tuđmanization in the lead-up to Croatia's accession to the EU in 2013, officials in Zagreb made modest steps toward accepting responsibility for the then-Croatian government's policies of collaboration with Serbia in the repeatedly attempted partition of BiH between the two sides between 1992 and 1995.¹ But when Andrej Plenković took over the leadership of the long-dominant HDZ (Hrvatska demokratska zajednica) and then became prime minister in 2016, Croatia radically reversed course. Today, the country has virtually no foreign policy interests aside from its continuous and systematic interference in BiH's domestic affairs, exclusively on behalf of the hardline sectarian HDZ BiH, the sister party of Plenković's HDZ, and the primary vehicle for the Franjo Tuđman-era aggression against BiH by Croatia.

The solitary aim of Plenković's government since 2016 has been winning international support for introducing still further sectarian provisions within BiH's electoral and constitutional regime — already the most deeply ethnically divided political regime in the world — and to cement the grips of its clients in the HDZ BiH on all possible levers of power in the country. Indeed, much as it was during the 1990s, the HDZ BiH has ceased to be an autonomous actor at all; it is today no more than a proxy vehicle for the political and ideological machinations of Plenković and the right-wing nationalist clique that constitutes his cabinet. It is a posture and relationship a former high-ranking German official in BiH has characterized as "[colonialism](#)."

To wit, the symbiotic relationship between the two blocs is best evidenced in the person of a Željana Zovko, a BiH-born former Bosnian diplomat and HDZ BiH cadre. Previously, Zovko was a senior figure within the Bosnian foreign policy establishment, serving in successive stints as the country's ambassador to France and Spain, and then as chief adviser to the country's then prime minister, Vjekoslav Bevanda, likewise a senior HDZ BiH figure. In 2014, however, Zovko ran for election as a member of the European Parliament (MEP) from Croatia on the HDZ's party list. She failed in her bid, and despite having run as a candidate in a foreign country's election, she was then reappointed as BiH's ambassador to Italy by the HDZ BiH's leader, Dragan Čović, who was then also serving as the Croat member of the BiH presidency. After a government reshuffling in Croatia in 2016, though, she was [nominated by Plenković to fill a vacant seat](#) and serve as one of the country's legislators in Brussels after all.

Zovko resigned her ambassadorship in the Bosnian diplomatic corps and, overnight, became a Croatian MEP. In 2019 she actually won election to the post, and has since worked her way into a senior position within the European People's Party (EPP), largely owing to her close relationship with David McAllister, a German MEP and senior figure in that country's Christian Democratic Union (CDU), and Plenković's benefaction. In her increasingly prominent role in Brussels, Zovko appears to have no other policy interests — despite occasional foreign elections observation missions — other than concern with BiH's election laws and other related domestic affairs in the country.



Croatian president Zoran Milanović (L) and prime minister Andrej Plenković attend a press briefing after their meeting at the Presidential Office in Zagreb, Croatia, in July 2020. (Dalibor Urukalic / Pixsell via Xinhua via Getty Images)

The brazen nature of Zovko's entry into the European Parliament was the subject of media outrage in BiH but had no discernible effects on her stature in Brussels. In May 2022, for instance, Zovko gleefully shared an article on her official Twitter account from a Croatian newspaper that recorded how her associate, David McAllister, had boasted at a roundtable organized by Zovko on the topic of electoral reform in BiH, whose participants were exclusively individuals with close ties to the two HDZs, and that he had seen [Plenković "draw a map and in fifteen minutes explain the problem in BiH."](#) For much of the Bosnian public, the reference to "drawing a map" by a prominent Croatian leader was an intentional call-back to repeated instances in which Tuđman was known to have drawn crude sketches of BiH for foreign dignitaries and journalists to explain his schemes for [the country's partition with](#)

[Serbia](#). While Zovko subsequently deleted a video from the same event that showed McAllister making the comment, she never removed the newspaper clipping and she remains, as of this writing, the most prominent advocate for further sectarian fragmentation in BiH.

For his part, Plenković has routinely cited Tuđman as Croatia's greatest ever statesmen, and, preposterously, one of [the 20th century's greatest on the whole](#). Plenković has also characterized [Tuđman's](#) well-documented collaboration with the regime in Belgrade to partition BiH, a policy for which he [continued to advocate even after the war](#), and widespread war crimes and crimes against humanity committed against Bosniak civilians during the Bosnian War by Croat nationalist forces – in which [Tuđman himself was implicated](#) – as a "struggle for the equality of Croats in BiH."



Croatia's president, Zoran Milanović, ostensibly a fierce critic of Plenković, is even more avowedly committed to supporting his rival's sister party in BiH, despite having been the former head of the HDZ's chief rival, the Croatian Social Democratic Party. Milanović has not only repeatedly glorified Croat nationalist militias in BiH involved in large-scale atrocities during the war, but he has also struck up a close relationship with secessionist strongman Milorad Dodik, the longtime chief of the Serb-dominated Republika Srpska (RS) entity created through the genocidal extermination and expulsion of the region's non-Serbs during the Bosnian War, [even referring](#) to him as "Croatia's partner in BiH." Milanović has also made [thinly veiled racist comments](#) about the Bosniak community, and has repeatedly questioned the facts of the Srebrenica genocide, with the former Bosniak member of the BiH state presidency, Šefik Džaferović, [having accused him](#) of explicitly denying the genocide at a regional summit in Slovenia in 2022. Milanović has denied any wrongdoing, but his comments were cited in the 2022 edition of [the Srebrenica Genocide Denial Report](#), which was published by the Srebrenica Memorial Center, as examples of genocide denial and relativization.

In April 2022, Milanović made international headlines when he insisted that Croatia should not allow Finland and Sweden to join NATO until BiH — an EU and NATO nonmember — was forced to amend its election laws in line with the demands of Zagreb. Plenković distanced himself from Milanović's ultimatum; but at a [January 2023 hearing](#) in front of the U.K. Parliament's Foreign Affairs Committee, Kurt Bassuener, a prominent American expert on the region, speculated that "what was going on below the waterline was that those who did have that power — the [Croatian] Government — were pursuing that [policy] less visibly." While Bassuener's theory remains impossible to prove conclusively, the publicly available record is damning and gets to the center of Croatia's contemporary assault on BiH's sovereignty.

On Oct. 2, 2022, High Representative Christian Schmidt — a former German parliamentarian from the CDU's sister party, the Christian Social Union (CSU), who had [received state honors from the Croatian government](#) only months before his name was publicly leaked as the incoming candidate for the post — unilaterally amended the election code

and constitution of the Federation entity only minutes after the polls had closed in BiH's general elections. The specificities of what Schmidt did and why he did it are [exceedingly complex](#) and require a significant degree of explication as this incident concerns the minutiae of BiH's Byzantine election laws. But the conclusion is glaringly simple: the government of Croatia orchestrated a major perversion of a significant portion of BiH's election regime, using the Office of the High Representative's executive Bonn Powers to artificially cement its clients in the HDZ BiH in power in the Federation entity and thus (in)directly also at the state level.

In any other context, Schmidt's actions — changing (a portion of) a country's election laws minutes after the polls had closed to secure the position of a political party whose [partisan loyalties were clearly to a foreign government](#) and to whom he had troublingly proximate links — would have been considered a coup. In BiH, however, it became only the most recent episode in a decades-long effort to dismantle the country's sovereign institutions by neighboring Croatia, through (in)direct complicity with key Western officials, all under the guise of "electoral reform."

Helpfully, Croatia's prime minister made the same point obvious a few weeks after the October decision, when, speaking to the Croatian parliament, he [boasted that his government](#) had "advocated for the rights of Croats in BiH, constantly, continuously. ... We did not just remember to do so, but [we did so] for years. And we succeeded. ... We imposed it as a topic ... in the [EU's] Strategic Compass, raised the topic at the European Council. [We] engaged European and American diplomacy, engaged the highest level of the European Council, the president, to deal with the issue of Bosnia and Herzegovina. And when all that failed, because it was not wanted by the political parties in Bosnia and Herzegovina, we ensured that the Croats were given a hand in terms of their rights, and the High Representative was the only one who could and did help. None of this is by accident." In April 2023, speaking to one of largest daily newspapers in Croatia, the prime minister was even more explicit in his descriptions of what Schmidt had done, [stating bluntly](#) that "Schmidt prepared and implemented solutions to the benefit of Croats," by which he obviously meant the sectarian base of the HDZ BiH.



The Hungarian Variant

Hungary's growing clout in BiH has complemented Croatia's interests in the country; but whereas Zagreb has largely focused its efforts on the HDZ BiH, Budapest has become, along with Belgrade and Moscow, one of the leading patrons of Dodik's secessionist authorities in the RS entity. During a December 2021 press conference, for instance, at the height of yet another secession-themed political crisis orchestrated in BiH by Dodik, Hungary's prime minister, Viktor Orban, [explained](#) that "I am doing my best to convince Europe's great leaders that the Balkans may be further away from them than from Hungary, but how we manage the security of a state in which 2 million Muslims live is a key issue for their security too." Orban was not only casting the mere existence of a predominantly Muslim people in Europe as an inherent security threat; he was also simultaneously materially supporting the secessionist efforts of the Dodik regime in Banja Luka, pledging as much as €100 million to make up any financial losses the government of the RS entity might suffer as a result of EU sanctions, which [Budapest likewise pledged to explicitly block](#).

In service of their sponsorship of Dodik's regime, Hungary has also directly co-opted EU institutions. In 2019, Oliver Varhelyi, Budapest's former ambassador to the EU, was appointed the Union's enlargement commissioner. In effect, Orban seized control of the EU's entire Western Balkans policy. The consequences of this folly soon became clear. In December 2021, Bosnian media reported on a cache of leaked documents showing that Varhelyi and the local EU staff in Sarajevo had coordinated with Dodik's secessionist authorities concerning the conduct and timing of a session of the RS entity assembly, during which Dodik's ruling bloc sought to unilaterally transfer a host of state competencies to their own entity government. Varhelyi denied any wrongdoing, but the leaked documents and his activities in BiH resulted in a call by the EU Parliament for a [formal inquiry](#) into his activities.

To date, nothing has come of that appeal, and Hungary's activities on behalf of Dodik have thus been a categorical success. Dodik remains free of any meaningful EU rebukes, and sanctions by the EU are

not even on the table. In March 2023 Hungary's foreign minister [stated bluntly](#) that "[as] long as we are in power in Hungary, ... Dodik will not be on any sanctions list." In fact, quite the contrary has occurred.

Dodik's regime continues to (in)directly benefit from a host of EU funds for the entity's development and economic modernization; albeit, most of these are framed as being for the whole of BiH. In practice, however, Dodik continues to engage in systematic obstruction of both BiH's Dayton Peace Accords — embedded in which is the country's constitution — and its EU and NATO integration aspirations, while still receiving billions in aid from Brussels and now also direct cash transfers from Budapest. In December 2022, he received a [ten-year \\$117 million loan](#) from the Hungarian state-owned Export-Import Bank. In May 2023, Hungary provided the RS entity with [another €17 million](#), as part of a separate €35 million loan tranche, in exchange for which the RS government appears to be selling Hungary large segments of its energy infrastructure with little in the way of public oversight.

The Hungarians also have robust financial ties to Croatia, which aligns with their shared interest in BiH, and likewise involves a significant Russian dimension. To wit, Hungarian firms have been directly implicated in two of the largest financial scandals in Croatia's postwar history. The first one was via their stake in the Croatian state-owned oil conglomerate INA, which last year was embroiled in an eight-figure embezzlement scandal discovered by local anticorruption police. That was on top of [a 2019 verdict](#), which found that Zsolt Hernadi, the chief executive and chairman of MOL, the energy concern that owns 49% of INA, was "guilty of bribing former Croatian Prime Minister Ivo Sanader in 2008 to allow MOL to become the key decision-maker in Croatian energy firm INA."

Then, on the eve of the February 2022 Russian invasion of Ukraine, Croatia desperately sought to deal with Russia's "[largest European asset](#)": the Kremlin's €1 billion stake (or 42.5%) in the beleaguered Croatian retail giant Fortenova. In short order, the Russians made a deal to sell their stake to group with close ties to Orban, which the Croatian authorities likewise appeared eager to approve. The deal fell through, however, when Moscow formally (re)invaded Ukraine, and British regulators — not Croatian — made clear



their intention to scuttle the deal, viewing it as de facto sanctions busting. Attempts by Zagreb to pass off the Russian ownership stake to more reputable owners have been fruitless, and in May the government was accused of having [inappropriately pressured](#) the German insurance giant Allianz, after “a local pension fund it controls pulled out of a deal that involved a €500 [million] payment to Kremlin-controlled Sberbank.” Indeed, the only actors that appear to have interest in Fortenova continue be the Hungarians and various mystery buyers, all of which are suspected of being linked to Moscow.

Conclusions

Western officials continue to express concern and alarm about the deteriorating political and security conditions in the Western Balkans, especially since recent episodes of unrest orchestrated by the Serbian government. How limited their actual desire (or

perhaps even capacities) for a comprehensive reset of their regional posture remains, however, is shown clearly in the example of Croatia and Hungary’s rogue machinations in BiH. Far from having opposed their activities, both the U.S. and EU have been complicit in Zagreb’s and Budapest’s increasingly malign meddling in a country where 100,000 people were killed in a war not yet three decades past.

If the leading states of the Atlantic community, the Quint, ever truly decide to reexamine their compounding errors in the region, they should begin not with an assessment of Russian or Chinese machinations in the Western Balkans. They should begin from within, from inside their own alliance, and take stock of the dangerous and self-serving adventurism in which their own allies are engaging. If the U.S. and EU cannot rein in Croatia and Hungary in BiH, they have no hope of ever meeting the Russian or Chinese challenge in the coming decade.



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Endnote

1 Portions of this discussion were extracted from my forthcoming book “The Bosniaks: Nationhood After Genocide” (Hurst Publishers), which at time of writing is available for preorder.