

Selvelli, G. (2017, November 22). Bosnia and Herzegovina, the influence of the Gulf states on economics and politics. *Mediterranean Affairs*. Available at: <https://www.mediterraneanaffairs.com/bosnia-herzegovina-influence-gulf-states-economics-politics/>

Bosnia and Herzegovina, the influence of the Gulf states on economics and politics

The growing presence of wealthy investors and tourists from Gulf States in Bosnia and Herzegovina since the 2010s has become a quite discussed topic in the Balkan country, catalyzing the attention of many articles in local and internationalⁱ media over the last couple of years. The arrival of Gulf Arab visitors is encouraged by favorable conditions such as the lift of most visa requirements, the establishment of several direct flights with Sarajevo airport, as well as long-term investment perspectives.

First signs of the presence of Gulf states' interests since the collapse of Yugoslavia

The penetration of Gulf states' interests in Bosnia and Herzegovina manifested itself for the first time during the years of the Yugoslav wars, when then president Alija Izetbegović, leader of the SDA (*Stranka demokratske akcije*, "Party of Democratic Action") Bosniak party took on a prominent role in islamizing Bosnian institutions, allegedly supported by Middle-East sponsorsⁱⁱ. Since his election as party leader in 2010, Izetbegović's son Bakir, current member of tripartite Presidency of Bosnia and Herzegovina, encouraged the influx of Arab investments in the country, supporting the construction of mosques, shopping centers and residential projects by wealthy businessmen of these Middle-East countriesⁱⁱⁱ, a move that cost him sharp criticism by part of Bosnian society.

Among Gulf states' investors, first came the Saudis, and their entrance became visible through the construction of shopping malls and mosques in and around Sarajevo. The King Fahd Mosque, built in 2000 in the Alipašino polje neighborhood, became the largest one in the whole Balkan region. The BBI and Sarajevo City Center shopping centers, built in 2008 and 2014 respectively, signified a radical change in the spatial and aesthetic balances of the city^{iv}.

The emergence of economic interests from other Gulf countries took place in the course of the last 7-8 years mainly, and in this context another important step was represented by the appearance of Aljazeera Balkans from Qatar, which established its headquarters in Sarajevo in 2011.

Gulf States' latest interests in Bosnia: high class tourism and luxury resorts

In the course of the last five years, Gulf Arab investors inaugurated the trend of buying luxury estate properties to convert them into high-level residences for tourists coming from their own countries. In parallel to this, they started building villas and hotels around Sarajevo, promoting Bosnia as a cheap and idyllic destination to middle class families looking for alternatives to expensive holidays in Western Europe. The discovery of Bosnia and Herzegovina by tourists and businessmen from these Arab countries coincided with the destabilization of traditional tourist destinations such as Tunisia, Egypt and Libya following the emergence of the Arab Spring movements in the area. Bosnia and Herzegovina became soon popular by virtue of its lush mountains and hills, the hospitality of its inhabitants and the historical presence of Islam. The country was also seen as economically stable, with favorable conditions for investments such as the direct link of the Bosnian Mark to the Euro.

During the last 3-4 years a sharp rise has been witnessed in the number of visitors from the Gulf states. Among these, the majority corresponds to citizens from the United Arab Emirates^v, as

assessed from last summer's official data provided by Bosnia and Herzegovina's Border Police. Comparing the figures of 2010, when only 65 visitors arrived from this country, with the ones of the tourists welcomed in the first seven months of 2017, amounting to almost 20.000, one can assess the impact of the new trends carried on by tourists of the Gulf States. Visitors from Kuwait form the second largest group, with a total number of 11,103. They are followed by citizens of Saudi Arabia, 9,385, and by Qatar, 1,531. Determining factors supporting the arrival of Gulf Arab tourists have been the end of visa restrictions for most of these countries and the establishment of many direct flights to Sarajevo. As far as the former is concerned, citizens from United Arab Emirates, Bahrain, Kuwait, Oman and Qatar don't need visas to enter Bosnia and Herzegovina. Currently, only citizens Saudi Arabia are requested to apply for a visa.

With respect to the airline connections, Sarajevo was until recently served by Fly Dubai, Air Arabia, and Nesma Airlines. However, in the last four months, new flights have been inaugurated with Wataniya Airways (since 13 July) and Qatar airways (since 31 October)^{vi}. Kuwait Airways has recently announced that it plans to start flights to Sarajevo soon^{vii}, a fact that would make it the third Middle East-based airline to open flights to the Bosnian capital this year, and the second from Kuwait. In contrast to the rising number of flights between Sarajevo and Middle-East cities, connections to the main European capitals remain missing: as a matter of fact no direct flights are operating to/from cities like Athens, Rome, Paris, London or Madrid.

Residential projects in the green areas of Central Bosnia:

Another element encouraging the arrival of tourists from the Gulf Arab countries is represented by the completion of resort settlements equipped with high standard facilities, capable of accommodating thousands of visitors. Sarajevo suburb Ilidža, located close to Mount Igman at the city's western end, famous for its thermal resorts and the verdant landscape bathed by the Bosna river, stands out as one of the favorite destinations. The most sought-after properties are indeed not found in the city center, but rather outside of Sarajevo, in the surrounding green areas, as the Poljine Hills project financed by Saudi Arabia. Located just north of the capital, about 10 minutes from the old town and 20 from the airport, this residential complex close to its stage of finalization and will host 211 villas, aiming at becoming a real "modern gated community"^{viii}.

Among the many residential projects announced by foreign investors, probably the most impressive one is the Buroj ozone city, which will be realized by United Arab Emirates backers. The residential city will be built in the area of Prečko Polje in the Trnovo Municipality, around 30 km South of Sarajevo and at the foot of Mount Bjelašnica, one of the four mountains surrounding Sarajevo and home to part of the 1984 Sarajevo Winter Olympic games. Described as the "largest tourist city in South Eastern Europe"^{ix} this complex aims at developing into a holiday resort for 40.000 people, and will consist of 1000 Villas, a sports hall and 75 other buildings, among which restaurants, hotels and offices. The highlight of the city will be represented by the Zayed mall, that will become the largest shopping center in all of Bosnia and Herzegovina and one of the biggest in Eastern Europe, with over 800 brand name stores. In addition to this, the plan includes a cable car which will allow people to reach the Bjelašnica Mountain from the city and the largest technologically developed hospital in the region. Dubai-based Buroj Company will spend around 2,3 billion euros^x in the project, an extremely high sum for the country, one of Europe's poorest. Works have started for the construction of the Buroj city villas and the expected price per square meter is around 1200 euros^{xi}. Investors believe that, when realized, this tourist complex will represent a "catalyst for image building of Bosnia and Herzegovina".

Shadows and irregularities in the transactions

Beyond the rhetoric on economic progress and benefits, however, the huge Gulf Arab investments in the country have caused perplexity among different parts of the population, in specific in relation to the transparency of the financial transactions. Investigative documentary film by Bosnian news portal *Žurnal* "Arapsko proljeće u zlatnoj dolini" (Arab spring in the golden valley), released in July 2017^{xii}, analyses the huge interests of Gulf States investors in building tourist and residential

settlements in Bosnia and Herzegovina and reveals a number of irregularities in the legal transactions and purchase operations. For example, it appears that many companies have been falsely registered only to consent investors to buy local properties as fast as possible, as foreign individuals are not allowed to buy property in the country, only companies are. Furthermore, the sources of the money involved in some of the projects are still not totally clear. The documentary film sheds a light on the disproportionate number of real estate operators active in the region: only in the Ilidža and Visoko areas more than 300 agencies owned by Arab Gulf State investors are registered.

For what concerns the residential development plans, 80 settlements are being built in the Sarajevo Canton and if such projects are realized, these would be able to host more than 150.000 people. In addition to this, Gulf Arab investors have announced the creation of 28 new settlements in the Visoko municipality, amounting to an area of 2.000.000 square meters. It is worth noting that nobody has ever assessed the ecological impact of such residential projects, often located in sensitive areas of high environmental interest. Apart from the constant erosion of green land, the amount of earth that will be moved could have a dangerous effect on the ecological balances of the affected areas, triggering mudslides in case of strong rains.^{xiii}

The interest for the Arabic language and the “Arabization of the space”

With no doubt, Gulf States visitors and investors are boosting not only the tourism sector but also the economy of Bosnia and Herzegovina, which does not appear to have yet recovered from the devastating war of the 1990s. However, the consequences of their presence are also manifest on other levels of society: for example, such new trends have contributed in arising the interest of a part of the local population for the study of Arabic. This language was already present historically in Bosnia and Herzegovina, especially in the context of religious institutions such as the Islamic schools where people were taught how to read the Koran, but also in some high schools’ curricula of the capital during the times of Yugoslavia. However, the recent wave of Gulf states’ investments resulted in a new demand among young people, especially in the areas of the capital most affected by the implications of the Gulf Arab visitors. Hundreds of people follow free Arabic courses at the Saudi-funded King Fahd cultural center, encouraged by the perspective of finding a job with the wealthy investors and tourists.^{xiv}

In addition to the recent developments, the capital and the surrounding areas have witnessed what can be defined as a phenomenon of “Arabization” of the public space: store signs and banners written in Arabic have made their appearance in different parts of the capital and in other areas of the country. In Sarajevo examples of such kind are found in the central Baščaršija, BBI shopping mall, and especially in Ilidža, where real estate and tourist agencies, cafeterias, restaurants, hotels, souvenir shops and dentists all advertise in Arabic. In addition to this, printed materials distributed by tourist agencies is now written also in this language. The municipality, due to the high visibility of shops with signs in Arabic language and the presence of foreigners from the Gulf States, has now been ironically re-baptized by locals as “Kuvajt city”.^{xv}

Conclusions and open questions:

The reactions of the local population towards the new trends in tourism and investments have not been always positive. As an effect of real estate purchases and investments around Sarajevo, prices of properties have gone up substantially and people are afraid that Arab businessmen will be the ones prevailing on the real estate market. On online forums and popular media the main titles regarding the topic relate to the question describing Arabs “buying Sarajevo”, “inundating Sarajevo”, “adoring Bosnia”, but also “buying Serbian land”. Indeed, it is often Serbian citizens who are selling their land to the new Arab investors. Bosnian worries are mainly economic, but the issue has assumed a further social and ethnic connotation, and, as specially evidenced by the Bosnian Serbs’ reactions, the situation could instill feelings of islamophobia, and desires of secession, thus creating a deeper divide between the different communities living in the country.

- i Such as the BBC, Reuters, The Economist, and others.
- ii Bardos, G. N. (2016, 30 Nov). Arabia Moves to Bosnia: The implications of the Middle-Eastern influx into Central Bosnia. *American Center for Democracy*. Retrieved from: <http://acdemocracy.org/arabia-moves-to-bosnia-the-implications-of-the-middle-eastern-influx-into-central-bosnia/>
- iii Bishku, M. B. (2016). Bosnia and the Middle East: Current Political, Economic and Cultural Ties. *Journal of Muslim Minority Affairs*, 36 (2), 202-218.
- iv Nuhefendić, A. (2017, 26 Jun). Bakir il figlio di papà. *Osservatorio Balcani Caucaso*. Retrieved from: <https://www.balcanicaucaso.org/aree/Bosnia-Erzegovina/Bakir-il-figlio-di-papa-180850>
- v Aščić, M. (2017, 13 Aug). Za sedam mjeseci u BiH ušlo 42.627 Arapa. *Dnevni Avaz*. Retrieved from: <http://avaz.ba/vijesti/bih/290961/za-sedam-mjeseci-u-bih-uslo-42-627-arapa>
- vi Sources: Sarajevo Airport Website: <http://www.sarajevo-airport.ba/>
- vii Ex-Yu Aviation News (2017, 4 Jul). Retrieved from: <http://www.exyuaviation.com/2017/07/kuwait-airways-to-launch-sarajevo.html>
- viii Poljine Hills Official Website: <http://poljinehills.com/en/index.php#about-section>
- ix Buroj Ozone City Official Website: <http://www.burojo3.ba/>
- x Cerkez, A., (2015, Dec 30). Arab investors pour in billions to make Bosnia a holiday hit. *The Morning Journal*. Retrieved from: <http://www.morningjournal.com/article/MJ/20151229/ENTERTAINMENT/151229632>
- xi Sarajevo Times (2017, 1 Aug). Construction of Six Villas of Buroj Ozone finally started?. Retrieved from: <http://www.sarajevotimes.com/construction-six-villas-buroj-ozone-finally-started/>
- xii Available at: <https://www.youtube.com/watch?v=G9RWOptbE9g>
- xiii Stockmans, P. (2016, 24 Sep). Wealthy Arabs buy up Sarajevo. *Diem25*. Retrieved from: <https://diem25.org/wealthy-arabs-buy-up-sarajevo/>
- xiv Džidić, B. (2017, 8 Apr). Arapski na Balkanu najpoželjniji jezik za učenje. *Aljazeera Balkans*. Retrieved from: <http://balkans.aljazeera.net/vijesti/arapski-na-balkanu-najpozeljniji-jezik-za-ucenje>
- xv Hassan Haidar, D. Sarajevska Ilidža sad je postala – Kuvajt City. *Večernji list*. Retrieved from: <https://www.vecernji.hr/premium/sarajevska-ilidza-sad-je-postala-kuvajt-city-1099904/galerija-206178?page=7>