

CRS Report for Congress

Future of the Balkans and U.S. Policy Concerns

Updated May 22, 2008

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Prepared for Members and
Committees of Congress

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Summary

The United States, its allies, and local leaders have achieved substantial successes in the Balkans since the mid-1990s. The wars in the region have ended, and all of the countries are undertaking political and economic reforms at home and orienting their foreign policies toward Euro-Atlantic institutions. However, difficult challenges remain, including dealing with the impact of Kosovo's independence; fighting organized crime, corruption, and enforcing the rule of law; bringing war criminals to justice; and reforming the economies of the region.

The goal of the United States and the international community is to stabilize the Balkans in a way that is self-sustaining and does not require direct intervention by NATO-led forces and international civilian officials. Relatedly, the United States has reduced the costs of its commitments to the region, in part due to competing U.S. and international priorities, such as the war on terrorism, and efforts to stabilize Iraq and Afghanistan, which have placed strains on U.S. resources. SFOR and KFOR, the NATO-led peacekeeping forces in Bosnia and Kosovo, have been reduced over the past decade. In December 2004, SFOR's mission was concluded, and European Union troops took over peacekeeping duties in Bosnia. No U.S. combat troops remain in Bosnia. About 16,000 troops remain in Kosovo as part of KFOR, including 1,600 U.S. soldiers.

Since the September 11, 2001 attacks on the United States, the war on terrorism has been the United States' main foreign policy priority, including in the Balkans. Before September 11, Al Qaeda supporters operated from Bosnia and Albania. However, the Administration has said that these countries and others in the region have "actively supported" the war on terrorism, shutting down terrorist front organizations and seizing their assets. Although their efforts are hampered by the weakness of local government institutions, U.S. anti-terrorism efforts in the Balkans are aided by U.S. military and intelligence assets in the region, as well as a reservoir of good will among local Muslims of all ethnic groups.

Congress has played an important role in shaping U.S. Balkans policy. Some Members supported Clinton Administration efforts to intervene to stop the fighting in the region, while others were opposed. Members were leery of an open-ended commitment to the region and sought to contain these costs through adoption of benchmarks and limiting U.S. aid and troop levels to the region to about 15% of the amounts provided by all countries. The end of the wars in the Balkans and the shift in U.S. priorities in the wake of the September 11 attacks has moved the Balkans to the periphery of congressional concerns, at least when compared to the situation in the 1990s. However, in recent years, Congress has continued to have an impact on such issues as Kosovo's status, conditioning some U.S. aid to Serbia on cooperation with the International Criminal Tribunal for the Former Yugoslavia, and supporting NATO membership for the countries of the region. The second session of the 110th Congress may consider legislation on these topics.

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Future of the Balkans and U.S. Policy Concerns

Introduction: The Role of the Balkans in U.S. Foreign Policy

The United States and the international community have achieved substantial successes in the Balkans since the 1990s. The wars in the former Yugoslavia ended, and all of the countries are undertaking political and economic reforms and orienting their foreign policies toward Euro-Atlantic institutions. Administration officials have stated that ensuring the stability of the Balkans is an important part of a U.S. vital interest in securing a Europe whole, free, and at peace.

For more than a decade, the United States has provided significant aid and troop deployments to the Balkans in support of this goal. Both aid amounts and the U.S. troop commitments have declined as the region has stabilized and more pressing U.S. foreign policy priorities have emerged. At the same time, the European Union has increased its role, with the ultimate goal of extending EU membership to the countries of the region. However, analysts believe the United States still may have an important role to play in the Balkans. Observers note that the United States has political credibility in the region, particularly among Bosniaks and Albanians, which the Europeans may lack. In addition, the region may have a higher strategic profile given the establishment of U.S. military bases in Romania and Bulgaria, which could be useful for U.S. operations in the Middle East. Continued U.S. attention may also be needed to uproot possible terrorist networks in the region.

Current Challenges in the Region

Impact of Kosovo's Independence

On February 17, 2008, Serbia's Kosovo province declared its independence. The United States and at least 20 of the 27 European Union countries (including key states such as Britain, France, Germany, and Italy) have recognized Kosovo as an independent state. In all, at least 41 countries have recognized Kosovo so far. Serbia, which considers Kosovo as part of its territory, sharply condemned the move, and declared it to be null and void. Belgrade downgraded diplomatic relations with the United States and other countries that have recognized Kosovo. Serbia has been joined in its opposition by Russia and at least five EU countries (Spain, Greece, Cyprus, Romania and Slovakia, which have ethnic minority concerns of their own, and/or are traditional allies of Serbia).

When it declared independence, Kosovo pledged to implement a status settlement plan proposed by U.N. envoy Martti Ahtisaari. The plan calls for an independent Kosovo to be supervised by the international community for an undefined period.¹ Kosovo would not be permitted to merge with another country or part of another country. The document contains provisions aimed at safeguarding the rights of ethnic Serbs and other minorities in Kosovo. Six Serbian-majority municipalities would be given expanded powers over their own affairs. Local police in these areas would reflect the ethnic composition of the locality. The judiciary and central government would have to reflect the ethnic composition of Kosovo, and all laws having a special impact on an ethnic minority could only be adopted by a majority of that ethnic group's representatives in parliament. International missions led by the European Union would supervise Kosovo's compliance with the Ahtisaari plan.

Kosovo's independence could lead to instability in the region. In February and March 2008, Serbian mobs attacked U.N., EU, and Kosovo government property and personnel in northern Kosovo. Many experts believe Serbia is aiming at a de facto separation of the Serbian-dominated northern part of the province from the rest of Kosovo. If there is large-scale violence between Serbs and Albanians in Kosovo, large numbers of Serbs could leave the province, particularly those living in isolated enclaves in the southern part of Kosovo. Some believe that Serbs in Bosnia and Albanians in southern Serbia and Macedonia could see Kosovo independence as a precedent for possible secession efforts of their own.²

Establishing Democracy and the Rule of Law

The domestic political situation in the Balkan countries has improved in recent years. All the countries in the region have held largely free and fair elections, although some problems with elections still need to be addressed. Civil society groups and independent media express a wide variety of views, but sometimes face pressure from government authorities. The countries in the region have undertaken efforts to redraw their constitutions along more democratic lines, but some constitutional provisions in Serbia and other countries are still less than ideal.

Serious problems remain. The legitimacy of democratic institutions is challenged by the weakness of government structures. The countries of the region lack effective, depoliticized public administration. Progress toward the rule of law is slow. The police and judicial systems in many countries are weak and often politicized. Government corruption is a serious problem in all of the countries of the region. Organized crime is a powerful force in the region and is often allied with key politicians, police, and intelligence agency officials. Albania, Macedonia, and other countries of the region have had problems in developing a stable, democratic political culture. This has resulted in excessively sharp tension between political parties that

¹ Ahtisaari's report to Secretary General Ban Ki-Moon on the plan can be found at [http://www.un.org/Docs/sc/unsc_presandsg_letters07.htm].

² For more on Kosovo, see CRS Report RL31053, *Kosovo and U.S. Policy: Background and Current Issues*, by Julie Kim and Steven Woehrel, and CRS Report RS21721, *Kosovo's Independence and U.S. Policy*, by Steven Woehrel.

has at times hindered effective governance. Relatedly, ethnic tension remains a serious problem in many countries of the region, particularly in Bosnia, Kosovo, and Macedonia.

Although the international community has provided large amounts of aid and advice to strengthen local institutions and the rule of law, it may itself be responsible for some of the problems. The United States and its European allies helped craft the decentralized political system of Bosnia, which was a product of post-war political compromise. In recent years, they have viewed the arrangement as an unworkable one that hinders the country's Euro-Atlantic integration, and have pushed for the strengthening of central government institutions, but have faced resistance and obstruction, mainly from the Bosnian Serbs.³ In both Bosnia and Kosovo, international officials frequently imposed policies from above, perhaps fostering a culture of dependency and political irresponsibility among local elites. Given these problems, the region's transition to democracy and the rule of law is likely to be lengthy and difficult.

Economic Reform and Improving Living Standards

The economies of the region face the burden of a Communist legacy as well as resistance to economic transparency by many local leaders. Some of the region's economic problems are closely related to its political problems. Weak and corrupt state structures have been an obstacle to rationalizing tax and customs systems to provide adequate revenue for social programs and other government functions. The absence of the rule of law has hampered foreign investment in some countries due to concern over the sanctity of contracts. In Bosnia, the lack of a strong central government and the division of the country into two semi-autonomous "entities" has hindered the development of a single market. Privatization in Kosovo has been slowed by uncertainty over ownership of assets, which was a reflection of uncertainty over the province's status.

Substantial progress has been made in economic reforms in many countries. Fiscal and monetary austerity, with the assistance of international financial institutions, has permitted many countries to avoid hyperinflation and stabilize their currencies. The countries of the region have embarked on the privatization of their industries. However, the process remains incomplete and there have been concerns within these countries and among foreign investors about corruption and a lack of transparency in some deals. High unemployment and poverty are serious problems in all of the countries of the region.

In recent years, the countries of the region have experienced substantial economic growth and increases in real wages. They have also have attracted increasing foreign investment, although totals remain low when compared to those of central European countries that joined the EU in 2004. Croatia has been particularly successful in economic reform and in attracting foreign investment, and expects to join the EU in 2011. Indeed, in per capital income, structural reforms, and

³ For more information, see CRS Report RS22324, *Bosnia: Overview of Current Issues*, by Julie Kim.

foreign direct investment, Croatia has already surpassed several current EU member states, particularly Romania and Bulgaria.

Although positive signs have emerged in recent years, the economic challenges faced by the countries of the region mean that many years could be required before the poorer countries even approach average EU living standards. As in the case of political reform, which is closely linked to successful economic reform, a long-term international commitment of aid, advice, and the prospect of EU membership may be required to build and maintain a local consensus for often painful measures.

U.S. Policy Concerns

Creating Self-Sustaining Stability in the Balkans

The main goal of the United States and the international community in the Balkans is to stabilize the region in a way that does not require direct intervention by NATO-led forces and international civilian officials, and puts it on a path toward integration into Euro-Atlantic institutions. The United States and EU countries support a larger role for the EU in the region, with a smaller role by the United States, at least as far as troop levels and aid are concerned. These goals have been given greater urgency by competing U.S. and international priorities that have emerged since September 11, 2001, such as the war on terrorism, and efforts to stabilize Iraq and Afghanistan, which have placed strains on U.S. resources.

Since taking office in 2001, the Bush Administration has maintained the position that the U.S. peacekeeping forces went into the Balkans with the Europeans and would leave together with them. Nevertheless, as the situation in the region has stabilized, the United States and its allies have withdrawn troops from the region. Currently, about 1,600 U.S. troops are deployed in Kosovo. Experts estimate that three times as many troops are affected by the deployment, including those who are about to rotate into an assignment and retraining for troops who have rotated out. Moreover, constant deployments throughout the world may have a negative impact throughout the U.S. military, including in the Army Reserve and National Guard units that now play a key role in the U.S. deployment in Kosovo.

In December 2004, the mission of SFOR, the NATO-led peacekeeping force in Bosnia, came to an end. Peacekeeping duties were handed over to a European Union force (EUFOR), now composed of about 2,500 troops. The EU force is tasked with helping to maintain a secure environment in Bosnia and support Bosnia's progress toward integration with the EU. No U.S. combat troops remain in Bosnia.⁴ Currently, there are about 16,000 NATO-led troops in KFOR in Kosovo, including the U.S. contingent.

Filling a Possible Security Gap. An important concern facing both Balkan deployments is who, if anyone, will fulfill the tasks that they are currently performing

⁴ For more information, see CRS Report RS21774, *Bosnia and the European Union Military Force (EUFOR): Post-NATO Peacekeeping*, by Julie Kim.

as military forces are withdrawn. EUFOR and KFOR do not play a direct role in policing duties in Bosnia and Kosovo. However, they do provide “area security” by regular patrolling. In Bosnia, an EU Police Mission monitors, inspects, and provides advice to promote multi-ethnic, professional police forces that act according to European standards. The Office of the High Representative (OHR), the leading international civilian body in Bosnia, has attempted to increase central government control over the police, reducing the role of the semi-autonomous “entities” within Bosnia. The United States and the EU believe such a move would make the police more efficient and effective, and increase Bosnia’s unity. However, progress toward this goal has been slow, due to strong resistance from the Republika Srpska, the largely Serb entity. RS leaders see the police as a key bulwark of their power and do not want give up control over it. Police reforms passed by the Bosnian parliament in April 2008 were considerably weaker than those originally urged by the international community.

March 2004 riots in Kosovo exposed serious weaknesses in policing and security in Kosovo. With notable exceptions, the local Kosovo Police Service did not perform very well, sometimes melting away in the face of the rioters and in a few cases joining them. CIVPOL, the U.N. police contingent in Kosovo, was hampered by a lack of cohesion and leadership. There were many reports of KFOR troops, outnumbered by the rioters and unwilling to fire on them, refusing to intervene to stop the destruction and looting of property. Some KFOR units reportedly failed even to protect Serb civilians and U.N. police from violence.⁵ KFOR officers have said the Alliance has taken steps to deal with these problems, including by supplying its forces with non-lethal riot control equipment, establishing clearer lines of authority, and consistent rules of engagement.

KFOR and CIVPOL performed better during the violence in Mitrovica in northern Kosovo on March 17, 2008. U.N. police stormed a courthouse occupied by Serbian protestors. The police and KFOR stood their ground as rioters attacked them with rocks, Molotov cocktails, automatic weapons, and grenades. One U.N. policeman was killed, and more than 60 U.N. police and about 30 KFOR troops were hurt, as were 70 rioters. Further violence may occur in Kosovo as a result of provocations by the Serbian government and/or Serbian extremists, or by ethnic Albanians. Uncertainty over the jurisdictions of the UN police and EULEX, the EU-led rule-of-law mission in Kosovo that is currently deploying may exacerbate possible security problems.

EUFOR and KFOR have also played important roles in overseeing the military forces of Bosnia and Kosovo. EUFOR inspects military arsenals in Bosnia. NATO and the Office of the High Representative have worked together to reform the two Bosnian entity armies and reduce them in size. These reforms include the unification of Bosnia’s armies under a single command structure, including a Minister of Defense and Chief of Staff. However, although Bosnia now nominally has a unified armed forces, military units are not integrated at lower levels.

⁵ For a detailed account of the riots and the response of UNMIK and KFOR to them, see International Crisis Group, “Collapse in Kosovo,” April 22, 2004, at the ICG website, [<http://www.crisisgroup.org/home/index.cfm?>].

KFOR's presence deters possible Serbian aggression or military provocations against Kosovo, although an invasion of Kosovo by Serbian troops appears unlikely. Nevertheless, KFOR has already been deployed to deal with violence in such flashpoints as the divided town of Mitrovica in northern Kosovo, and may face similar or greater challenges in the future. KFOR will also oversee the establishment of Kosovo's new army, the Kosovo Security Force, as foreseen by the Ahtisaari plan. Given these concerns, the presence of KFOR will be needed for some time, although the mission may eventually be turned over to the EU and all U.S. combat troops withdrawn, as in Bosnia, if Kosovo stabilizes and Serbia is viewed as not posing a military threat to an independent Kosovo.

Restructuring the International Role in the Region. Another issue, linked to EUFOR and KFOR's future, is how to reorganize the international civilian presence in the region. U.S. and European officials say that the ad hoc arrangements cobbled together at the end of the conflicts in Bosnia and Kosovo, under which local authorities are supervised and sometimes overruled by international bureaucracies (the Office of the High Representative in Bosnia, the U.N. Mission in Kosovo) should be phased out. They believe that the two main forces for Euro-Atlantic integration, the European Union and NATO, should have a clear leading role in the region, but through advice and aid, not direct rule.

European Union. At the June 2003 Thessaloniki EU summit with the countries of the Western Balkans, EU leaders recognized the countries of the region as prospective EU members. The EU has granted EU membership candidate status to Croatia and Macedonia. Croatia has made good progress in its membership negotiations, and hopes to join the EU in 2011. The EU has recognized Macedonia as a membership candidate, but has not started formal talks with Skopje, due to concerns about the pace of reforms there. The EU has concluded Stabilization and Association agreements (SAA) with the other countries in the region. The SAA provides trade concessions, aid, and advice aimed at accelerating reforms and integrating the recipients more closely with the EU, with the goal of eventual EU membership. Albania signed an SAA in 2006, but the EU has refrained from starting membership negotiations with Tirana, due to uneven implementation of reforms. Montenegro signed an SAA in 2007.

The EU signed an SAA with Serbia on April 29, 2008. The move appeared to be aimed at strengthening the hand of pro-Europe forces in Serbia's May 2008 parliamentary elections. However, at the insistence of the Netherlands and Belgium, the agreement will not be implemented until all EU countries agree that Serbia is cooperating with the International Criminal Tribunal for the former Yugoslavia (ICTY). Another obstacle to closer ties with the EU may be Serbia's anger at the recognition of Kosovo's independence, especially if an ultranationalist government takes power in Belgrade.

After the Bosnian parliament approved police reform legislation in April 2008, the EU announced that it would sign an SAA with Bosnia on June 16, 2008. The move was a softening of the EU's prior approach, as the police reform was a watered-down version of previous proposals and other EU conditions appear to have been dropped or postponed. Like the EU's decision to grant an SAA to Serbia, the signing

of an SAA with Bosnia may have been intended to stabilize the region in the wake of Kosovo's independence.

Before Kosovo became independent, it participated in an SAA "tracking mechanism" that provides it with advice and support, with the aim of bringing Kosovo closer to the EU. Now that Kosovo is independent, it may be considered for a Stabilization and Association Agreement. However, a lack of consensus within the EU on Kosovo's recognition, as well as Kosovo's institutional weakness may slow this process.

NATO. NATO's future role in the region will take place in part through the Partnership for Peace (PFP) program, which promotes the reform of the armed forces of these countries and their interoperability with NATO. In addition, the Membership Action Plan (MAP) process prepares selected PFP members for possible future NATO membership by providing them with detailed guidance on improving their qualifications. MAP participants Albania and Croatia were invited to join NATO at the Alliance's summit in Bucharest in April 2008. A membership invitation to Macedonia, also a MAP country, was withheld due to an ongoing dispute with Greece over the country's name. NATO countries pledged to admit Macedonia to the Alliance once the name issue is resolved.

Serbia and Bosnia and Herzegovina were long excluded from PFP due to their failure to cooperate with the International Criminal Tribunal for the former Yugoslavia (ICTY). However, in what many experts viewed as an unexpected reversal of policy, they were permitted to join PFP by NATO in December 2006. This may have been done for the same reasons that motivated the EU to sign SAAs with these countries in 2008 – to bring them closer to Euro-Atlantic institutions as Kosovo's status was close to resolution and in order to encourage further reform. In the case of Serbia, both moves may have also been timed to assist pro-Western parties in upcoming elections. Montenegro is also a PFP participant.

At the April 2008 NATO summit, Bosnia and Montenegro were offered an "Intensified Dialogue," a step toward Membership Action Plan status. The Alliance said it would consider Serbia for an "Intensified Dialogue," if it requests one. However, Serbia's interest in NATO membership appears to have waned in the wake of the recognition of Kosovo's independence. As an independent state, Kosovo will set up its own armed forces under KFOR tutelage. Kosovo may join PFP in the future, but this decision could be subject to disagreement within NATO over recognition of Kosovo's independence.

International Supervisory Bodies in Bosnia and Kosovo. The Office of the High Representative (OHR) in Bosnia may be eliminated by the end of 2008, if the country makes sufficient progress on a package of reforms and conditions that has been outlined by the international community. After OHR's departure, an EU Special Representative will remain but will not have powers to impose legislation and dismiss officials as OHR had. OHR has used these "Bonn powers" powers more sparingly in recent years. Nevertheless, it remains to be seen if aid conditionality and the distant prospect of EU membership will be sufficient to move the reform process forward in Bosnia.

After Kosovo declared independence in February 2008, the European Union began to deploy an International Civilian Office (ICO), which would oversee Kosovo's implementation of the Ahtisaari plan. The role and powers of the ICO appear to be modeled on those of OHR in Bosnia. The head of the Office, the International Civilian Representative (ICR) was chosen by an international steering group of key countries. The ICR also serves as EU Representative in Kosovo. An American serves as his deputy. The ICR is the final authority on the implementation of the settlement, and would have the power to void any decisions or laws he deems to be in violation of the settlement, as well as the power to remove Kosovo government officials who act in a way that is inconsistent with the settlement. The ICR's mandate will last until the international steering group determines that Kosovo has implemented the settlement. The first review of settlement implementation will take place after two years. The ICR is expected to be operational on June 15, 2008.

A mission under the EU's European Security and Defense Policy (ESDP), dubbed EULEX, will monitor and advise the Kosovo government on all issues related to the rule of law, specifically the police, courts, customs officials, and prisons. It would also have the ability to assume "limited executive powers" to ensure that these institutions work properly. EULEX is currently only partly deployed.

It is unclear how these EU-led missions will relate to the U.N. Mission in Kosovo (UNMIK). The Ahtisaari plan foresees the withdrawal of UNMIK 120 days after the EU deployment begins. However, as the Ahtisaari plan was not adopted by the U.N. Security Council, UNMIK appears to have no legal basis for withdrawing. This situation could lead to a conflict over the jurisdictions of the EU and U.N. missions. However, as a practical matter, UNMIK may eventually be shouldered aside as cooperation between the EU missions and the Kosovo government increases. In such a case, the U.N. Secretary General may decide to "reconfigure" the UN mission, reducing it in size. Another concern is that Serbia and many Kosovo Serbs reject the EU-led missions, but still support UNMIK. The Serbs may cooperate with UNMIK in Serb-dominated northern Kosovo, but reject, perhaps violently, efforts of the EU-led missions to extend their authority there.

War Crimes Prosecutions. Responsibilities for prosecuting most war crimes in the region is shifting from the ICTY to local courts. U.S. and international officials have worked with local leaders and the ICTY to create a war crimes chamber to try lower-level war crimes suspects within Bosnia. The United States and other countries also assisted Serbia's efforts to set up its own war crimes court.

However, the two most notorious ICTY indictees, former Bosnian Serb leader Radovan Karadzic and former Bosnian Serb army chief Ratko Mladic have not been turned over to the Tribunal. In addition to Karadzic and Mladic, two other ICTY indictees are at large, both Serbs. U.N. Security Council Resolution 1503 calls for the ICTY to complete its trials by 2008 and all appeals by 2010. This could create a situation where Serbia and Bosnia could "run out the clock" on cooperation with the ICTY, if the completion strategy laid out in UNSC Res. 1503 remains in place.

U.S. Role. The United States could gradually play a smaller role in the region over time, acting largely through NATO and providing bilateral aid in selected areas,

such as reform of intelligence and internal security bodies, military reform, and rule of law assistance. However, the prestige and credibility that the United States has in the region will likely still be needed to exercise leadership in resolving some of the most difficult issues, such as the arrest of war criminals and ensuring the region's stability in the wake of Kosovo's independence.

U.S. and International Aid in the Balkans

Since the end of the wars in the region, U.S. aid has gradually declined, in part due to a natural shift from humanitarian aid to technical assistance and partly due to a focus on assistance to other regions of the world. U.S. bilateral assistance appropriated in the account for political and economic reform in eastern Europe (which now almost exclusively focuses on Balkan countries) fell from \$621 million in FY2002 to just under \$296 million in FY2008. For FY2009, the Administration requested \$275.6 million for political and economic aid to the region.

The overall goal of U.S. aid to the Balkans is to prepare the countries for integration into Euro-Atlantic institutions. U.S. programs are aimed at promoting good governance, fighting corruption, strengthening civil society and an independent media, enhancing market reforms, reducing threats of weapons of mass destruction, preventing trafficking in persons and contraband, and promoting the rule of law and human rights throughout the region.

U.S. bilateral aid plays a lesser role in assisting macroeconomic reforms, restructuring local industries and the banking sector, and rebuilding infrastructure, although the United States provides important advice in these areas through technical assistance programs. Most funding for these functions are performed by international financial institutions such as the International Monetary Fund, World Bank, and the European Bank for Reconstruction and Development. U.S. officials see the EU as playing the leading role in providing assistance to reform these countries along EU lines, eventually leading to EU membership. As these countries move closer to EU standards, the more advanced countries will "graduate" from U.S. assistance. For example, Croatia graduated from SEED assistance at the end of FY2006. In addition to SEED funding, all of the countries of the region receive a few million dollars each year in military aid to help their military reform and NATO integration efforts.

EU Aid to the Balkans. EU countries have a substantial interest in the stability of the Balkans. The region's problems already have a substantial impact on EU countries in such areas as trafficking in drugs and persons. The effect could be considerably worse if the region deteriorates into chaos and conflict. Some U.S. and European experts criticized what they view as a lack of vision by the EU in its policy toward the region. Under its Community Assistance for Reconstruction, Development, and Stabilisation (CARDS) aid program for the region, the EU allotted 4.65 billion euros (\$5.6 billion) from 2000-2006.⁶

⁶ CARDS financial statistics at the European Union website [http://ec.europa.eu/enlargement/how-does-it-work/financial-assistance/cards/statistics2000-2006_en.htm].

Skeptics of EU policy said this level of resources appeared at odds with commitments made at the June 2003 Thessaloniki EU summit, when EU leaders recognized the countries of the region as prospective EU members. Critics pointed to generous EU pre-accession aid given to Central European countries and to neighboring Bulgaria and Romania as a model, saying more extensive aid would help the Balkan countries restructure their economies and legal systems more quickly to meet EU conditions for membership, while bringing local living standards somewhat closer to EU standards.⁷ The EU has taken steps that appear to be aimed at dealing with these problems. CARDS has been folded into the Instrument for Pre-Accession Assistance (IPA), which helps all countries seeking EU membership. The EU has allocated 11.47 billion euros (over \$17.81 billion) for the IPA for 2007-2013.

The prospects for Balkan countries to join the EU are clouded by public skepticism in wealthy EU member states about the benefits of further enlargement. While Croatia may join the EU as early as 2011, it may take much longer for other countries to gain membership, given their current poverty and need for further progress on reforms.⁸

The War on Terrorism and the Balkans

Since the September 11 attacks on the United States, the war on terrorism has been the United States' main foreign policy priority and has had an impact on U.S. policy in the Balkans. In the 1990s, wars and political instability provided an opportunity for Al Qaeda and other terrorist groups to infiltrate the Balkans. However, U.S. and European peacekeeping troops, aid, and the prospect of Euro-Atlantic integration helped to bring more stability to the region. Moreover, the September 11, 2001, attacks on the United States underscored for the countries of the region the dangers of global terrorism and resulted in increased U.S. attention and aid to fight the terrorist threat. In part as a result, many experts currently do not view the Balkans as a key region harboring or funding terrorists, in contrast to the Middle East, South Asia, Southeast Asia, and Western Europe.

However, experts note that the region may play a role in terrorist plans, as a transit point for terrorists, as well as for rest and recuperation. Moreover, they agree that the region's continuing problems continue to leave it vulnerable to terrorist groups. In October 2005, Bosnian police captured an Islamic terrorist cell that was plotting to blow up the British Embassy in Sarajevo. This and several other incidents have caused some experts to be concerned that the Balkans may play a greater role in terrorist plans than in the past.⁹

U.S. officials have cited the threat of terrorism in the Balkans as an important reason for the need for continued U.S. engagement in the region. In addition to the

⁷ Discussions with U.S. and European Balkans experts.

⁸ For more information on EU enlargement policies, see the EU Commission's Enlargement website at [http://ec.europa.eu/enlargement/index_en.htm].

⁹ Rade Maroevic and Daniel Williams, "Terrorist Cells Find Foothold in the Balkans," *Washington Post*, December 1, 2005, p. 16.

need to take steps to directly combat terrorist infrastructure in the region, U.S. officials say that U.S. efforts to bring stability to the region also help to fight terrorism. They note that political instability, weak political and law enforcement institutions, and poverty provide a breeding ground for terrorist groups. U.S. objectives are also outlined in the *9/11 Commission Report and the President's National Strategy for Combating Terrorism*, which calls for the United States to work with other countries to deny terrorists sponsorship, support, and sanctuary, as well as working to diminish the underlying conditions that terrorists seek to exploit.

The United States has a variety of instruments to fight terrorism in the Balkans. One is the presence of U.S. troops in Kosovo and intelligence personnel in Bosnia. The United States also provides bilateral counterterrorism assistance to the countries of the region. The overall U.S. aid program to the region, aimed at bringing stability through strengthening the rule of law and promoting economic reform, also serves to combat the sometimes lawless climate in which terrorists can thrive. U.S. aid helps to develop export control regimes in the region, including over weapons of mass destruction and dual-use technology. The United States has encouraged regional cooperation on terrorism and international crime through the Southeast European Cooperation Initiative (SECI). In the longer term, efforts to stabilize the region, and thereby perhaps reduce its attractiveness to terrorists, are also dependent upon integrating it into Euro-Atlantic institutions.¹⁰

The Role of Congress in U.S. Balkans Policy

Congress has played an important role in shaping U.S. Balkans policy. Members of Congress spoke out strongly against atrocities by Serbian forces in Croatia and Bosnia in the early 1990s. Some Members pushed for lifting the arms embargo against the Bosniaks, so that they could better defend themselves. Congressional pressure may have encouraged the Clinton Administration to play a bigger role in stopping the fighting in Bosnia, ultimately culminating in the Dayton Peace Accords in 1995. Congress also played an important role in supporting the International Criminal Tribunal for the Former Yugoslavia and pressing for the arrest and transfer of indictees.

Despite the activism of some Members on these issues, many in Congress remained cautious about U.S. military involvement in the Balkans. The deployment of U.S. peacekeepers in Bosnia in 1995 and the air war in Kosovo in 1999 provoked heated debate in Congress, in part due to policy disagreements, in part due to partisan conflict between the Clinton Administration and a Republican-led Congress. However, despite sometimes harsh criticism, both military missions received full congressional funding. Nevertheless, concerns about the costs of open-ended missions led Congress to try several strategies to limit these uncertainties. These included pressing the Administration to set benchmarks for the deployments and to report on them. Congress also sought to limit U.S. engagement by pushing for greater burdensharing. As a result of legislation and congressional pressure, the U.S.

¹⁰ For more information on terrorism in the Balkans, see CRS Report RL33012, *Islamic Terrorism and the Balkans*, by Steven Woehrel.

aid and troop contributions in Bosnia and Kosovo were capped at no more than 15% of the total contributions of all countries.

The end of the wars in the Balkans and the shift in U.S. priorities in the wake of the September 11 attacks have moved the Balkans to the periphery of congressional concerns, at least when compared to the situation in the 1990s. However, Congress continues to have an important impact in several areas. Foreign operations appropriations bills have at times moderated SEED funding cuts proposed by the President, and have shown particular support for aid to Montenegro, in recognition of that republic's resistance to the Milosevic regime until the Serbian leader's ouster in 2000.

Congress has also played a critical role in helping to bring Serbian war criminals to justice. Since FY2001, Congress has included provisions in foreign operations appropriations bills that attached conditions on some U.S. aid to Serbia's central government, requiring cooperation with the war crimes tribunal, ending support to Bosnian Serb structures, and respect for minority rights. It can be argued that these provisions were a key catalyst for former Serbian leader Slobodan Milosevic's transfer to the tribunal in 2001, as well as the transfer of many others since then. However, the fear of suspected war criminals that they would be turned over to the Tribunal to comply with the aid criteria may have led to the murder of Prime Minister Djindjic in March 2003.¹¹ Four major indicted war criminals remain at large, including former Bosnian Serb leader Radovan Karadzic and former Bosnian Serb army chief Ratko Mladic. Congress may consider similar aid conditions in the FY2009 foreign operations appropriations bill.

Another Balkan issue on which some Members have focused on is the status of Kosovo. In the 108th Congress, several House and Senate resolutions (H.Res. 11, H.Res. 28, and S.Res. 144) were introduced that dealt with the issue, some of them supporting independence for Kosovo. However, while some Members have strongly favored Kosovo's independence, others have been leery of taking steps that they believe could destabilize the region. H.Res. 28 was discussed at a House International Relations Committee hearing on Kosovo's future in May 2003 and at a markup session on the resolution in October 2004, but was not voted on by the Committee and did not receive floor consideration in the 108th Congress.

The 109th Congress also took up the issue of Kosovo's status. On January 4, 2005, Representative Tom Lantos introduced H.Res. 24, which expresses the sense of the House that the United States should support Kosovo's independence. On October 7, 2005, the Senate passed S.Res. 237, a resolution supporting efforts to "work toward an agreement on the future status of Kosovo." The resolution said that the unresolved status of Kosovo is not sustainable. It did not express support for any particular status option but said that it should "satisfy the key concerns" of the people of Kosovo and Serbia and Montenegro. An identical House resolution was introduced on December 17, 2005 (H.Res. 634).

¹¹ For more information, see CRS Report RS21686, *Conditions on U.S. Aid to Serbia*, by Steven Woehrel.

Legislation on Kosovo's status has been introduced in the 110th Congress. On January 5, 2007, Representative Lantos introduced H.Res. 36, which calls on the United States to express its support for Kosovo's independence. On March 29, 2007, Senator Lieberman introduced S.Res. 135, which expresses the sense of the Senate that the United States should support Kosovo's independence. It says that if the U.N. Security Council does not pass a resolution supporting the Ahtisaari proposal in a timely fashion, the United States and like-minded countries should recognize Kosovo's independence on their own. A companion House measure, H.Res. 309, was introduced by Representative Engel on April 17. On May 24, Representative Bean introduced H.Res. 445, which expresses the sense of the House that the United States should reject an imposed solution on Kosovo's status and not take any unilateral steps to recognize Kosovo's independence. The second session of the 110th Congress may also consider legislation on Kosovo's post-status development.

Congress has supported NATO enlargement into the Balkan region. In March 2007, Congress approved the NATO Freedom Consolidation Act (P.L. 110-17). The legislation offered support for the NATO membership aspirations of Albania, Croatia, and Macedonia, and designated them as eligible for U.S. military aid under terms of the NATO Participation Act of 1994 (P.L. 103-447). On May 19, 2008, the Senate passed S.Res. 570, which congratulated Albania and Croatia on the invitations they received to join NATO at the Alliance's April 2008 summit, as well as invitations to Bosnia, Montenegro, and Serbia to have an Intensified Dialogue with NATO.