



CRS Report for Congress

Kosovo's Independence and U.S. Policy

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Summary

On February 17, 2008, Kosovo declared its independence from Serbia. On February 18, the United States recognized Kosovo as an independent state. Britain, France, Germany, Italy, and most other European Union countries have also recognized Kosovo. Serbia and Russia have heatedly objected to the recognition of Kosovo's independence. Independent Kosovo faces many challenges, including its relations with Serbia and Serbs in Kosovo, as well as weak institutions and an underdeveloped economy. For background on Kosovo, see CRS Report RL31053, *Kosovo and U.S. Policy*, by Julie Kim and Steven Woehrel. This report will be updated as necessary.

Kosovo's Declaration of Independence

On February 17, 2008, Kosovo declared its independence from Serbia, sparking celebration among the country's ethnic Albanians, who form 92% of the country's population. Serbia, the Kosovo Serb minority, and Russia heatedly objected to the recognition of Kosovo's independence. Serbia continues to view Kosovo as a province of Serbia. The United States recognized Kosovo's independence on February 18. At least 43 countries have recognized Kosovo. Of the 27 EU countries, 20 have recognized Kosovo so far, including key countries such as France, Germany, Britain, and Italy. Five EU countries – Greece, Cyprus, Slovakia, Romania, and Spain – have expressed opposition to Kosovo's independence. These countries are either traditional allies of Serbia, or have minority populations for whom they fear Kosovo independence could set an unfortunate precedent, or both. Russian opposition will likely block Kosovo's membership in the United Nations for the foreseeable future, but Kosovo may gain entry to international financial institutions such as the International Monetary Fund and World Bank. Kosovo seeks to eventually join the European Union and NATO, although this is at best a distant prospect.

The "Ahtisaari Plan"

When it declared independence, Kosovo pledged to implement the Comprehensive Proposal for the Kosovo Status Settlement, drafted by U.N. envoy Martti Ahtisaari. The provisions of the plan have been incorporated into Kosovo's new constitution, which went

into effect on June 15, 2008. The status settlement calls for Kosovo to become an independent country, supervised by the international community.¹ Under the plan, Kosovo has the right to conclude international agreements and join international organizations. It has the right to set up its own “security force” and intelligence agency. However, Kosovo is not permitted to merge with another country or part of another country.

The document contains provisions aimed at safeguarding the rights of ethnic Serbs (who currently make up an estimated 5.3% of Kosovo’s population) and other minorities (about 2.7% of the population). It is planned that six Serbian-majority municipalities would be given expanded powers over their own affairs. They would have the right to form associations with each other and receive transparent funding from Belgrade. Local police would be part of the Kosovo Police Service, but their composition would have to correspond to the local ethnic mix and the local police commander would be chosen by the municipality. Central government bodies and the judiciary would also have to reflect Kosovo’s ethnic composition. Kosovo’s constitution and laws will have to guarantee minority rights. Laws of special interest to ethnic minorities can only be approved if a majority of the minority representatives in the parliament votes for them. The plan includes measures for the protection of Serbian religious and cultural sites and communities in Kosovo.

An International Civilian Representative (ICR), heading an International Civilian Office (ICO), oversees Kosovo’s implementation of the plan. The ICR was chosen by an International Steering Group of key countries, including the United States. The ICR also serves as EU Representative in Kosovo. The first ICR is Pieter Feith of The Netherlands. An American is slated to serve as his deputy. The ICR is the final authority on the implementation of the settlement, and has 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.

A mission under the EU’s European Security and Defense Policy (ESDP) 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 will also have the ability to assume “limited executive powers” to ensure that these institutions work effectively, as well as to intervene in specific criminal cases, including by referring them to international judges and prosecutors.

International Role in Kosovo in Transition

One key concern is how the EU-led missions detailed in the Ahtisaari plan will relate to the existing U.N. Mission in Kosovo (UNMIK). UNMIK has administered Kosovo since 1999, under the terms of U.N. Security Council Resolution 1244. It has gradually ceded many competencies to the Kosovo government, but currently retains key powers

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].

over the police, judiciary, customs, and other areas. The Ahtisaari plan foresees the withdrawal of UNMIK. However, as the plan was not adopted by the U.N. Security Council, due to Russian objections, UNMIK appears to have no legal basis for withdrawing, let alone recognizing Kosovo's independence.

To deal with this problem, U.N. Secretary General Ban Ki-Moon announced to the Security Council on June 12, 2008 that he will "reconfigure" the UN mission, reducing its size and tasks. UNMIK will be limited largely to monitoring, reporting, and facilitating communication between the various parties. Ban notes that the EU will play a larger operational role in Kosovo, particularly in the area of the rule of law. Nevertheless, the Secretary General did not lay out a specific formula for the relationship between UNMIK and the EU-led institutions, saying merely that they would take place "under the umbrella" of the United Nations.² UNMIK and ICO officials have suggested the EULEX could function nominally as a "pillar" of UNMIK, but would report to the EU, not to U.N. headquarters in New York.

The issue of relations between UNMIK and EULEX has contributed to delays in the deployment of EULEX. EULEX, which was supposed to be deployed on June 15, may not be deployed until August or even later. In addition to the jurisdictional dispute, EULEX wants to have UNMIK hand over its massive infrastructure in Kosovo to EULEX, which UNMIK is reluctant to do.³

KFOR, the NATO-led peacekeeping force in Kosovo, has about 16,000 troops in the country, of which about 1,600 are U.S. soldiers. As it did before independence, KFOR retains the role of ensuring the overall security of Kosovo. KFOR will also play the leading role in overseeing the creation of the Kosovo Security Force called for by the Ahtisaari plan. EU officials in Kosovo have expressed concern that a lack of clarity on the roles of UNMIK and EULEX, coupled with KFOR's long-standing rejection of a police role for itself, may create a "security gap" in Kosovo.

Serbian Opposition to Independence

Serbia and Kosovo Serbs have sharply rejected Kosovo's independence as illegitimate. Belgrade has downgraded diplomatic relations with the United States and other countries that have recognized Kosovo. Serbian officials have walked out of international meetings at which Kosovar delegations have been seated. Serbia plans to seek an advisory opinion from the International Court of Justice that would rule that Kosovo's independence is illegal.⁴

Serbia has tried to strengthen its control over areas in which Serbs are a majority, leading many analysts to believe a de facto partition of the province is being attempted. In the weeks after independence, Serbian mobs in northern Kosovo attacked U.N., EU, and Kosovo government property and personnel. In the worst incident, on March 17,

² For the text of the reconfiguration plan, see the U.N. Security Council website at [<http://www.un.org/Docs/sc/sgrep08.htm>].

³ Discussions with UNMIK and EU officials in Kosovo, May 2008.

⁴ Discussions with Serbian officials, May 2008.

2008 rioters in the northern town of Mitrovica attacked U.N. police with rocks, Molotov cocktails, and grenades. One U.N. policeman was killed, more than 60 U.N. police and about 30 KFOR troops were hurt, as were 70 rioters. U.N. officials said they have proof that the Serbian government played a key role in instigating the violence.

Serbia has warned Kosovo Serbs against cooperating with the EU-led missions in Kosovo or otherwise helping to implement the Ahtisaari plan. Hundreds of Serbian police in the Kosovo Police Service have resigned at the demand of the Serbian government. In March 2008, Serbian government officials proposed to UNMIK that Kosovo be temporarily divided along ethnic lines, with Serbia taking responsibility for police, judiciary, customs, and other issues in Serb-majority areas. After Serbia's May 11, 2008 parliamentary and local elections (in which Serbs in Kosovo participated, despite UNMIK's objections), Kosovo Serb leaders in northern Kosovo have begun to set up their own local institutions. Many of the members of these bodies are members of nationalist or ultranationalist parties.

Serbia's policy may be influenced by which parties form a new government in Belgrade as a result of the May 11 parliamentary elections in Serbia. A government that includes nationalist parties such as the Radical Party and the Democratic Party of Serbia might be more likely to pursue confrontation with the international community in Kosovo. A government led by the pro-Western Democratic Party would likely be less willing to use violence in Kosovo, as it is seeking EU and NATO membership. However, it would still oppose Kosovo independence diplomatically. Moreover, it is unclear whether such a government would significantly reduce Serbian efforts to partition Kosovo de facto and obstruct the implementation of the Ahtisaari plan, although U.S. and other international officials in Kosovo appear to hope that this would be the case. The Socialist Party of Serbia is the kingmaker in the coalition talks, and it is unclear which partners it will choose. Its rank-and-file have been ideologically close to the Radicals, but analysts claim that its leaders see its future as a European-style social democratic party.⁵

The Serbs may cooperate with UNMIK in Serb-dominated northern Kosovo, at least on some issues, but reject efforts of the EU-led missions and the Kosovo government to extend their authority there. The Serbian government condemned U.N. Secretary General Ban Ki-Moon's plan to reconfigure UNMIK. Kosovo government leaders are concerned that the prospect of having one international organization work primarily in some parts of the country while another one works in other parts may be seen as acquiescing in de facto partition. For the same reason, they want to see Kosovo government authority extended to northern Kosovo, at least formally.

The minority rights provisions of the Ahtisaari plan may be moot if Serbs are unwilling to cooperate with the government of an independent Kosovo or the EU-led bodies created to support it. Serbian leaders in northern Kosovo may feel that they can do without such cooperation, as they can count on continued support from neighboring Serbia. However, well over half of Serbs in Kosovo are scattered in enclaves throughout the rest of the country, surrounded by ethnic Albanian communities. They are more

⁵ Discussions with Serbian policy analysts in Belgrade, May 2008; discussions with U.S. and EU officials in Kosovo, May 2008.

vulnerable, and their security could be in doubt without some form of cooperation with Kosovo authorities and EULEX.

Some observers have called for Kosovo to be formally partitioned, part of it joining Serbia and the rest an independent Kosovo. This appears unlikely to occur in the foreseeable future, as the Kosovars strongly oppose any partition. Serbia would likely only accept a partition that would give it more territory in Kosovo than the small region in the north of the province already in its de facto control. This would be completely unacceptable to the Kosovars. However, Serbia will likely try to continue to strengthen its control of areas of Serb-majority regions, particularly in northern Kosovo, creating an indefinite, de facto partition. Serbian, Kosovar Albanian, and international observers have warned that Kosovo is a “frozen conflict” in the making. The term was coined to describe territorial conflicts, mainly in the former Soviet Union, where violence has stopped or is sporadic, but little or no movement toward a negotiated resolution has occurred for many years.

Kosovo’s Other Challenges

Kosovo faces daunting challenges as an independent state in addition to those posed by the status of its ethnic minorities. Kosovo suffers from the same problems as other countries in the region, but is in some respects worse off than many of them. All countries of the region suffer from weak institutions, including law enforcement and the judiciary. However, Kosovo’s problem is especially severe as it has had little recent experience in self-rule, having been controlled by Serbia in the 1990s and then by the international community since 1999. Kosovo has high levels of government corruption and a serious organized crime problem.

Poverty is a significant problem in Kosovo. About 45% of Kosovo’s population is poor, according to the World Bank, with an income level of 43 Euro per month or less. About 15% of the population is very poor, and has trouble meeting its basic nutritional needs. Poverty is particularly severe in rural areas and among Roma and other non-Serb ethnic minorities. Unemployment in Kosovo is estimated at about 40%, according to the European Commission. Small and inefficient farms are the largest employers in Kosovo. The country has little large-scale industry and few exports, resulting in a trade deficit of close to 65% of GDP in 2007. However, Kosovo does have significant deposits of metals and lignite, which could lead to a revival of the mining sector.

Since 1999, Kosovo has been heavily dependent on international aid and expenditures by international staff in Kosovo. These sources of income are declining, posing a significant challenge to Kosovo’s economy. Kosovo is also dependent on remittances from Kosovars abroad, accounting for about 30% of Gross Domestic Product. The international community will hold an aid donors conference for Kosovo on July 11, 2008. The EU has already agreed to provide Kosovo with 199.1 million Euro in aid from 2007 to 2009 under its Instrument for Pre-accession Assistance (IPA).

Congressional Concerns

The issue of Kosovo’s status has been of significant interest to Members of Congress in recent years. Some Members favored independence for Kosovo as soon as possible.

They said Kosovars should enjoy the same right of self-determination enjoyed by other peoples in the region and throughout the world. Other Members were skeptical. They were concerned about the Kosovo government's shortcomings on minority rights and other issues and about the impact Kosovo's independence could have on Serbia's democracy and regional stability. Several draft resolutions on the issue of Kosovo's independence were submitted (including in the 110th Congress), with some in favor and others opposed. None of them have been adopted.

After U.S. recognition of Kosovo's independence, Congressional action on Kosovo may focus primarily on foreign aid appropriations legislation. In FY2008, Kosovo is expected to receive \$147.182 million in U.S. bilateral aid. Except for \$0.381 million in International Military Education and Training (IMET) assistance, the U.S. aid program focuses on promoting political and economic reform in Kosovo. U.S. aid programs include efforts to support the Kosovo Police Service and strengthen local government in Kosovo. The Administration has requested \$127.67 million in U.S. aid to Kosovo for FY2009. Of this total, \$125 million is for political and economic aid for Kosovo, \$1.5 million is in Foreign Military Financing, \$0.5 million is in IMET funds, and \$0.067 million in Non-Proliferation, Antiterrorism, Demining and Related Programs.