



## 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: Background to Independence*, 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.<sup>1</sup> 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 will be given expanded powers over their own affairs. They will have the right to form associations with each other and receive transparent funding from Belgrade. Local police will 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 will 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 serves 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.

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<sup>1</sup> 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](http://www.un.org/Docs/sc/unsc_presandsg_letters07.htm)].

## 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 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.<sup>2</sup> EULEX will operate nominally under the authority of the UN, but will 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 the EU mission. EULEX, which was supposed to deploy its 3,000-person mission by June 15, will not be fully deployed until this fall.

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. After Kosovo's declaration of independence, Belgrade downgraded diplomatic relations with the United States and other countries that recognized Kosovo. Serbian officials walked out of international meetings at which Kosovar delegations have been seated. 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, 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.

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

In the weeks after Kosovo's declaration of Serbia 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 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 began to set up their own local institutions, including a parliament. Many of the members of these bodies are members of nationalist or ultranationalist parties. The Serbian government condemned U.N. Secretary General Ban Ki-Moon's plan to reconfigure UNMIK. Kosovo government leaders are concerned about Serbian efforts to divide Kosovo. They want to see Kosovo government authority extended to northern Kosovo, at least formally.

A new Serbian government was elected by the Serbian parliament on July 7, 2008. It is led by the pro-Western Democratic Party, but also includes the Socialist Party, once led by indicted war criminal Slobodan Milosevic. It is unclear whether the new government will significantly reduce Serbian efforts to partition Kosovo and obstruct the implementation of the Ahtisaari plan, although U.S. and other international officials in Kosovo appear to hope that this will be the case. The new government has made clear that it will continue to use diplomatic means to oppose Kosovo's independence. Serbia plans to seek an advisory opinion from the International Court of Justice that would rule that Kosovo's independence is illegal under international law.

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 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. Serbia has not yet openly called for partition, as it still claims that all of Kosovo belongs to it, but some observers speculate that Belgrade's current policy is aimed at preparing the ground for such a proposal in the future. Kosovars strongly oppose any partition. International leaders fear that a partition of Kosovo could also revive other efforts to redraw borders in the Balkans. However, even if de jure partition is unlikely in the foreseeable future, Serbia will 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 the large number of Kosovars abroad, accounting for about 30% of Gross Domestic Product.

The European Commission hosted an international aid donors' conference for Kosovo on July 11, 2008. The donors pledged a total of 1.2 billion Euro (\$1.9 billion) for the period 2009-2011. The EU pledged 508 million Euro (about \$812 million), while EU member states pledged another 285 million Euro (\$455 million). The United States pledged \$402.9 million, which includes some money already appropriated as well as the Administration's FY2009 request. The international aid will go toward improving Kosovo's infrastructure links toward the rest of the region, improving Kosovo's educational system, developing Kosovo's democratic institutions, and funding for debt obligations that Kosovo may inherit.<sup>3</sup> Donor governments have raised concerns about whether Kosovo can effectively absorb this aid, given the inefficiency of its governing institutions and a substantial problem with corruption.

## U.S. Policy

The United States played a key role since 2005 in pushing for a solution to the issue of Kosovo's status – that is, whether it should become independent or stay part of Serbia. The United States recognized Kosovo's independence on February 18, 2008, one of the first countries to do so. In April 2008, the U.S. Office in Kosovo became the U.S.

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<sup>3</sup> Text of the donor conference press release, from the EU-World Bank website, [<http://www.seerecon.org>].

Embassy in Kosovo. Charge d'Affaires Tina Kaidanow was sworn in as Ambassador to Kosovo on July 18, 2008.

Kosovo President Fatmir Sejdiu and Prime Minister Hashim Thaci visited Washington in July 2008. After meeting with the two leaders on July 21, President Bush vowed continued U.S. support for Kosovo, including by promoting Kosovo's international recognition and membership in international organizations. He praised Kosovo for its implementation of the Ahtisaari plan and support for minority rights. He expressed opposition to any partition of Kosovo. The leaders also discussed the importance of improving Kosovo's economy and education. The issue of education is especially important, given that Kosovo has Europe's youngest population, with half the population under 25 years old. President Bush expressed support for Kosovo's "transatlantic aspirations."

## **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 110<sup>th</sup> 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.