



Kosovo: Current Issues 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. Of the 27 EU countries, 22 have recognized Kosovo, including key countries such as France, Germany, Britain, and Italy. 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, an underdeveloped economy, and the impact of the global financial crisis.

Vice President Joseph Biden visited Kosovo on May 21, 2009, after stops in Bosnia and Serbia the previous two days. He received a hero's welcome in Kosovo, where he declared that the "success of an independent Kosovo" is a U.S. "priority." For background on Kosovo, see CRS Report RL31053, *Kosovo and U.S. Policy: Background to Independence*, by Julie Kim and Steven Woehrel.

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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 and the Kosovo Serb minority heatedly objected to the declaration and refused to recognize it. Serbia continues to view Kosovo as a province of Serbia.

The United States recognized Kosovo's independence on February 18. At present, 62 countries have recognized Kosovo. Of the 27 EU countries, 22 have recognized Kosovo, 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. Kosovo joined the International Monetary Fund and World Bank in June 2009. Russia has strongly opposed Kosovo's independence. Russian opposition will likely block Kosovo's membership in the United Nations for the foreseeable future, due to Russia's veto power in the U.N. Security Council. Kosovo seeks to eventually join the European Union and NATO, although this is at best a distant prospect, due to the non-recognition of several NATO and EU states, as well as the country's poverty and weak institutions.

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 of 2.1 million, according to the Statistical Office of Kosovo) and other minorities (about 2.7% of the population). The plan calls for six Serbian-majority municipalities to 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.

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.

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 in 2010.

EULEX, a mission of over 2,500 persons (over 1,600 international) under the EU's European Security and Defense Policy (ESDP), monitors and advises the Kosovo government on all issues related to the rule of law, specifically the police, courts, customs officials, and prisons. It has 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. The United States is providing 80 police officers and up to 8 judges to EULEX.²

International Role in Kosovo

Since Kosovo's declaration of independence, one key concern has been how the EU-led missions detailed in the Ahtisaari plan relate to the existing U.N. Mission in Kosovo (UNMIK). From 1999 until 2006, UNMIK administered Kosovo under the terms of U.N. Security Council Resolution 1244. It gradually ceded many competencies to the Kosovo government. The Ahtisaari plan foresaw the withdrawal of UNMIK. However, as the plan was not adopted by the U.N. Security Council, due to Russian objections, UNMIK appeared to have no legal basis for withdrawing.

To deal with this problem, U.N. Secretary General Ban Ki-Moon announced to the Security Council on June 12, 2008, that he would "reconfigure" the UN mission, sharply reducing its size and tasks. UNMIK would be limited largely to monitoring, reporting, and facilitating communication between the various parties. Ban noted that the EU would 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.³

The issue of relations between UNMIK and EULEX contributed to lengthy delays in the deployment of the EU mission. Serbia and Russia, Serbia's ally on the UN Security Council, were opposed to EULEX because it was charged with implementing the Ahtisaari plan. The issue was resolved by a six-point plan agreed to by Serbia and U.N. Secretary General Ban Ki-Moon. The plan retains U.N. control over police and courts in Serbian-majority areas. Serbia will also be consulted on other key issues in Kosovo such as customs, transportation and infrastructure, and the protection of Serbian patrimony.⁴ Kosovo formally rejected the plan, seeing it as infringing on

² "Signing of European Union Rule of Law Mission (EULEX) Agreement," October 22, 2008, from the State Department website, <http://www.state.gov>.

³ For the text of the reconfiguration plan, see the U.N. Security Council website at <http://www.un.org/Docs/sc/sgrep08.htm>.

⁴ For a text of the six points see Annex 1 of U.N. Security Council document S/2008/354, June 12, 2008 from the U.N. (continued...)

its sovereignty and a step toward the partition of Kosovo. However, it did not try to block its implementation, after the EU and the United States urged it to refrain from doing so in the interests of improving security throughout the country. The U.N. Security Council agreed to EULEX's deployment in November 2008, and EULEX began operations throughout Kosovo on December 9, 2008.

KFOR, the NATO-led peacekeeping force in Kosovo, had 13,829 troops in the country on June 3, 2009, of which 1,483 were U.S. soldiers.⁵ KFOR has the role of ensuring the overall security of Kosovo, while leaving policing duties to local authorities and EULEX. KFOR also plays the leading role in overseeing the creation of the 2,500-strong Kosovo Security Force (KSF) called for by the Ahtisaari plan. NATO and the United States are providing assistance and training to the new force, which possesses small arms, but not heavy weapons such as tanks.

At a June 2009 NATO defense ministers' meeting, the Alliance agreed to gradually reduce KFOR's size to a "deterrent presence." The ministers decided that the reduction is justified by the improved security situation in Kosovo. The decision may have also been provoked by the strains on member states' resources posed by deployments to Afghanistan and other places, as well as by the global economic crisis.

KFOR will reportedly be reduced to about 10,000 by the end of 2009, and to 5,700 in 2010, if conditions in Kosovo permit. KFOR could be further reduced to 2,300 troops in 2011, if the security situation continues to improve.⁶ In August 2009, incoming NATO Secretary General Anders Rasmussen expressed hope that KFOR could be entirely withdrawn during his four-year term. Kosovar Albanian leaders have not expressed alarm at the planned KFOR reduction. They would like to see the KSF gradually assume responsibility for Kosovo's security, with continuing assistance from the Alliance to prepare the country for eventual NATO membership. In contrast, Serbs in Kosovo and Serbia criticized the NATO decision, saying that it would further weaken the security of the Serbian population 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 were 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,

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website at <http://www.un.org/Docs/sc/sgrep08.htm>.

⁵ "KFOR Placemat," January 14, 2009. from the KFOR website, at http://www.nato.int/kfor/structur/nations/placemap/kfor_placemat.pdf.

⁶ Agence France Presse wire service dispatch, June 11, 2009.

as were 70 rioters. U.N. officials said they had proof that the Serbian government played a key role in instigating the violence. Serbia warned Kosovo Serbs against cooperating with the EU-led missions in Kosovo or otherwise helping to implement the Ahtisaari plan. 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.

Serbia's current government, elected by the Serbian parliament on July 7, 2008, is led by the pro-Western Democratic Party, but also includes the Socialist Party, once led by indicted war criminal Slobodan Milosevic. The government has made clear that it will continue to use diplomatic means to oppose Kosovo's independence. Serbia won a striking diplomatic victory when the U.N. General Assembly voted on October 8, 2008, to refer the question of the legality of Kosovo's declaration of independence to the International Court of Justice. A decision on the case is not expected for several years. Nevertheless, Serbia hopes the move will discourage some countries from extending diplomatic recognition to Kosovo in the meantime.

The Serbian government initially condemned U.N. Secretary General Ban Ki-Moon's June 2008 plan to reconfigure UNMIK, but later agreed to the six-point plan that permitted UNMIK's reconfiguration and EULEX's deployment in northern Kosovo in December 2008. Local courts in Mitrovica, closed as a result of the March 2008 riots, were reopened under U.N. auspices in October 2008. Customs posts between Serbia and Kosovo, burned by rioters after independence, were reopened with EULEX personnel acting under UNMIK auspices in December 2008.

Although the overall security situation in Kosovo has improved since the period right after independence, outbreaks of violence between Serbs and Albanians continue to occur in Mitrovica, where Serbian extremists and organized crime groups are plentiful. Serbia continues to subsidize the Mitrovica region, in order to keep as many Serbs in the impoverished region as possible, but the deteriorating Serbian economy may require cuts in these payments.

The minority rights provisions of the Ahtisaari plan may be moot if Serbs are unwilling to cooperate with the government of Kosovo or the EU-led bodies created to support it. Kosovo is preparing to hold local elections in November 2009, including for the six Serbian-majority municipalities foreseen in the Ahtisaari plan. Kosovo Serbs are unlikely to participate in the vote, unless Belgrade reverses its current opposition. Belgrade held its own early local elections for two Kosovo municipalities in August 2009. The ICO is appointing "municipal preparation teams" to lay the groundwork for new local governments to take over after the elections. For its part, the Kosovo government wants to make sure that Serbs participate in the local elections before decentralization is implemented. Otherwise, they fear, the international community may push them into de facto recognition of and support for existing Serbian parallel governing structures as the new, decentralized Kosovo municipalities, dealing a blow to Kosovo's territorial integrity and sovereignty.

Serbian leaders in Serb-majority areas in northern Kosovo feel that they can do without cooperation with Kosovo authorities, 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 the Kosovo government and EULEX.

In recent months, Belgrade has made moves to increase cooperation with EULEX while still retaining its opposition to the government of independent Kosovo. In July 2009, over 300 Serbs agreed to return to the Kosovo Police Service, although Belgrade insists that they be placed in a separate chain of command so that they would not report to the Kosovo government. In August 2009, EULEX announced plans to sign a police cooperation agreement with Serbia. Kosovar leaders has expressed opposition to the agreement, viewing the fact that the Kosovo government was cut out of the negotiations as an infringement on their country's sovereignty. By increasing cooperation with EULEX, Serbia may improve its relations with the EU, which it hopes to join. By allowing Serbs to rejoin the Kosovo police, Belgrade may be aiming to reduce spending on its parallel structures in Kosovo, while still retaining de facto control.

Some observers have called for Kosovo to be formally partitioned, part of it joining Serbia and the rest an independent Kosovo. Serbia has not 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. In what may have been a trial balloon, in September 2008 President Tadic raised partition as a possible option, but later backtracked in the face of public criticism in Serbia.

International leaders fear that a partition of Kosovo could also revive other efforts to redraw borders in the Balkans, such as in Bosnia and Macedonia. 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. Kosovo's problems are especially severe as it has had little recent experience in self-rule, having been controlled by Serbia in the 1990s and by the international community after 1999. According to a November 2008 European Commission report on Kosovo, the country suffers from weak institutions, including the judiciary and law enforcement. Kosovo has high levels of government corruption and powerful organized crime networks.⁷

Poverty is a serious 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 ethnic minorities. Unemployment in Kosovo in 2007 was 43.6%, 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. However,

⁷ Kosovo (Under UNSCR 1244/999) Progress Report, from the European Commission website at http://ec.europa.eu/enlargement/pdf/press_corner/key-documents/reports_nov_2008/kosovo_progress_report_en.pdf

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. Kosovo is also dependent on remittances from the large number of Kosovars abroad. Each accounts for about 15% of Gross Domestic Product, according to the 2009 CIA World Factbook. The global financial crisis is having a negative effect on remittances and on metals prices, and therefore on Kosovo's already depressed economy.

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 included some money already appropriated as well as the Bush 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.⁸ 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. The international financial crisis may cause some countries to renege on at least part of their pledges.

Kosovar leaders criticized a July 2009 decision by the EU to permit visa-free travel to the EU for Serbia and Macedonia as of January 2010, while continuing to require visas for Kosovo (as well as Albania and Bosnia). In addition to the practical inconveniences involved, Kosovars may view the decision as a blow to the prestige of their country.

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. The United States has urged other countries to extend diplomatic recognition to Kosovo, with mixed success.

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." In December 2008, President Bush announced that Kosovo had been included under the Generalized System of Preferences, a program that cuts U.S. tariffs for many imports from poor countries.

⁸ Text of the donor conference press release, from the EU-World Bank website, <http://www.seerecon.org>.

On February 26, 2009, Secretary of State Hillary Clinton met with President Sejdiu and Prime Minister Thaci. Secretary Clinton noted that Kosovo has enjoyed bipartisan support in the United States. She praised the “calm and reasoned” approach that Kosovo taken to challenges to its territorial integrity and in its relations with Serbia. She said that Kosovo is “evolving into a multi-ethnic democracy,” and pledged continued U.S. aid to help Kosovo meet the challenges facing it.⁹

Vice President Joseph Biden visited Kosovo on May 21, 2009, after stops in Bosnia and Serbia the previous two days. He received a hero’s welcome in Kosovo, where he declared that the “success of an independent Kosovo” is a U.S. “priority.” He offered U.S. support to Kosovo in dealing with its many challenges, including building effective institutions, fighting organized crime and corruption, and improving ties with ethnic minorities. He said he stressed to Serbian leaders the United States’ own strong support for an independent Kosovo and urged them to cooperate with Kosovo institutions and EULEX instead of setting up separate institutions for Kosovo Serbs.¹⁰ On the other hand, when he was in Belgrade, Biden told Serbia’s leaders that he did not expect them to recognize Kosovo’s independence in order to have improved relations with the United States. Vice President Biden also visited U.S. troops in Kosovo at the main U.S. base at Camp Bondsteel.

Congressional Concerns

Since the end of the Kosovo war in 1999, the issue of Kosovo’s status has been of significant interest to Members of Congress. 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 were adopted.

After U.S. recognition of Kosovo’s independence in February 2008, Congressional action on Kosovo has focused primarily on foreign aid appropriations legislation. According to the FY 2010 Congressional Budget Presentation for Foreign Operations, Kosovo is expected to receive an estimated \$120.9 million in U.S. aid for political and economic reform in Kosovo in FY 2009. U.S. aid programs include efforts to support the Kosovo Police Service and strengthen local government in Kosovo. Technical assistance is also used to build the capacity of Kosovo’s government, parliament, and the financial sustainability of Kosovo’s electricity sector. U.S. aid also assists Kosovo in securing access to clean drinking water for its population and in building new schools. In FY 2009, Kosovo is also receiving \$1.5 million in Foreign Military Financing (FMF) and \$0.5 million in IMET military training funds to help build up the new Kosovo Security Force (KSF).

⁹ “Secretary Clinton Congratulates Kosovo’s Progress in its Historic First Year as an Independent State,” from the State Department website, <http://www.state.gov/secretary/rm/2009a/02/119845.htm>.

¹⁰ A text of Vice President Biden’s speech to the Assembly of Kosovo can be found at the White House website at http://www.whitehouse.gov/the_press_office/Remarks-By-The-Vice-President-To-The-Assembly-Of-Kosovo/

The Obama Administration requested \$100 million in aid for political and economic reform in Kosovo in FY 2010. The request also included \$3.5 million in FMF aid and \$0.7 million in IMET assistance. The committee report accompanying the House-passed version of the FY 2010 State Department-Foreign Operations appropriations bill (H.R. 3081) retains the Administration's \$100 million recommendation for Kosovo. S. 1434, the Senate version of the FY 2010 State Department-Foreign Operations bill, has not received floor consideration. The committee report for the bill also contains a \$100 million recommendation for aid to Kosovo.

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