



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. Eighty-eight countries in all have recognized Kosovo. When it declared independence, Kosovo pledged to implement the Comprehensive Proposal for the Kosovo Status Settlement, drafted by U.N. envoy Martti Ahtisaari. The document contains provisions aimed at safeguarding the rights of ethnic Serbs and other minorities. An International Civilian Representative and EULEX, a European Union-led law-and-order mission, are tasked with guaranteeing Kosovo's implementation of the plan. KFOR, a NATO-led peacekeeping force, has the mission of providing a secure environment.

Serbia strongly objects to Kosovo's declaration of independence. It has used diplomatic means to try to persuade countries to not recognize Kosovo. It has set up parallel governing institutions in Serb-majority areas in Kosovo. However, after a July 2010 International Court of Justice ruling that Kosovo's declaration of independence was not illegal, the EU pressured Serbia into agreeing to hold direct talks with Kosovo over technical issues. The talks, which got underway in March 2011, have produced agreements on freedom of movement, trade, land registry records, and other issues. However, the deployment of Kosovo police units to northern Kosovo in July 2011 sparked violence and blockades of local roads by Serbs. KFOR then took over control of two border posts in the north. The deployment of Kosovo customs officials to the posts in September caused Serbs to reimpose their road blockades, leading to clashes with KFOR. Serbia broke off the talks with Kosovo for a short time, but then soon returned to them.

Kosovo faces other daunting challenges, aside from those posed by its struggle for international recognition and the status of its ethnic minorities. According to an October 2011 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. Many Kosovars are poor and reported unemployment is very high.

The United States has strongly supported the Serbia-Kosovo talks. U.S. officials have stressed that the United States is a "guest," not as a participant or mediator at the talks. In July 2011, a State Department spokesman expressed U.S. "regret" that the Kosovo government tried to take control of customs posts in Serb-dominated northern Kosovo without consulting the international community. The United States condemned violence by Serbs in northern Kosovo and called on them to restore freedom of movement in the area and for Serbia to "remain committed" to the EU-mediated talks with Kosovo.

Since U.S. recognition of Kosovo's independence in February 2008, congressional action on Kosovo has focused largely on foreign aid appropriations legislation. Aid to Kosovo has declined significantly in recent years. In FY2011, Kosovo received a total of \$85.428 million in U.S. aid. In FY2012, Kosovo will receive an estimated \$67.45 million. For FY2013, the Administration requested a total of \$57.669 million for Kosovo. Of this amount, \$42.544 million is aid for political and economic reforms from the Economic Support Fund, \$10.674 million from the International Narcotics Control and Law Enforcement account, \$0.7 million in IMET military training aid, \$3 million in Foreign Military Financing, and \$0.75 million in NADR aid to assist non-proliferation and anti-terrorism efforts.

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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, 2008. At present, 88 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 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 Kosovo by 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 have the right to form associations with each other and receive transparent funding from Belgrade. Local police are part of the Kosovo Police Service, but their composition has to correspond to the local ethnic mix and the local police commander would be chosen by the municipality. Central government bodies and the judiciary 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, Pieter Feith of The Netherlands, was chosen by an International Steering Group of key countries, including the United States. 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. It is expected that the ICO will close at the end of 2012. As the ICO's role is reduced and eventually eliminated, the role of the EU Special Representative in Kosovo will become more prominent. The EUSR, currently Samuel Zbogar of Slovenia, does not have the executive powers that the ICR has, but will play an advisory role, including on how Kosovo can move closer to eventual EU membership.

EULEX, a mission of over 2,800 persons (over 1,600 of them internationals) 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. EULEX says that it has 350 ongoing criminal investigations and that its judges have handed down 220 verdicts, including 15 on organized crime and 20 on war crimes. Critics have charged that EULEX hasn't moved quickly enough on organized crime and that its efforts, particularly in the area of witness protection, have been amateurish.

Due to the lack of unanimity within the EU on Kosovo's independence, EULEX functions as a "status-neutral" organization, providing assistance on rule-of-law to local authorities without endorsing or rejecting Kosovo's independence. EULEX has undergone significant reductions in personnel and funding, with more reportedly under consideration. Most of the cuts have come in the police side of the mission rather than the judiciary, where the need for assistance appears to be greatest.

KFOR

KFOR, the NATO-led peacekeeping force in Kosovo, 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 training 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 artillery and 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. Tasks previously undertaken by KFOR, such as guarding Kosovo's borders and key Serbian cultural and religious sites, have been gradually handed over to the Kosovo police.

In February 2012, KFOR had 5,790 troops in Kosovo, of which 763 were U.S. soldiers.² Before the incidents in northern Kosovo in 2011, NATO officials had contemplated possible further cuts in KFOR's size, but such moves are presumably on hold until the security situation in the country stabilizes. In the long run, the Kosovo government 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. However, KFOR, like EULEX, functions as a "status-neutral" body, given that a few NATO member states do not recognize Kosovo's independence.

Kosovo-Serbia Negotiations

Serbia and Kosovo Serbs have rejected Kosovo's independence as illegitimate, and continue to assert Serbia's sovereignty over its former province. After Kosovo's declaration of independence, Belgrade temporarily downgraded diplomatic relations with the United States and other countries that recognized Kosovo. These relations were later restored, however. Serbian officials refuse to participate in regional and other international meetings when Kosovar delegations are invited as representatives of an independent state. Serbia won a 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 (ICJ). However, the effort ultimately proved unsuccessful. In July 2010, the ICJ ruled that Kosovo's declaration of independence did not contravene international law.

After the ICJ ruling, the EU pressed Serbia to agree to hold EU-facilitated talks with Kosovo on technical issues, rather than on the questions of Kosovo's status. The collapse of the Kosovo government in late 2010 and the need for new elections delayed the talks, which began on March 8-9, 2011. The sides have discussed such issues as cadastral (land registry) records, telecommunications, energy, recognition of university diplomas, Kosovo's participation in regional initiatives (particularly the Central Europe Free Trade Agreement), trade, and freedom of movement. In early July 2011, the two sides reached an agreement on freedom of movement.

However, frustrated at the failure to secure Serbia's agreement to the free movement of goods bearing Kosovo's customs stamp across the border, Kosovo blocked Serbia's goods from entering Kosovo. Saying that EULEX refused to implement this policy, on July 25, 2011, Kosovo sent a special police unit to seize control of two customs posts in Serbian-dominated northern Kosovo. Local Serbs responded by erecting barricades blocking the routes to the posts. During the operation, a Kosovar policeman was killed by a sniper. On the 27th, one of the posts was burned by a Serbian mob. KFOR, including U.S. troops, then moved to take control of the two border posts.

In early August, KFOR and the Kosovo government reached an interim agreement that KFOR would take formal control of the border posts through September 15. Serbian goods (except for humanitarian deliveries) would not be allowed across the border. The agreement also reportedly contained a commitment that Kosovar Albanian customs officers would not be deployed during this period. Local Serbs took down the barricades around the posts. On September 2, Kosovo and Serbia reached a trade agreement. Serbia agreed to accept Kosovo goods marked "Kosovo

² "KFOR Placemat," February 1, 2012, from the KFOR website, at http://www.nato.int/kfor/structur/nations/placemap/kfor_placemat.pdf.

Customs,” but not containing symbols of Kosovo’s sovereignty. They also reached an agreement on cadastral records.

On September 16, KFOR helicopters transported EULEX personnel to the customs posts. Kosovar Albanian customs officers were also deployed to the posts. Some press accounts said they were transported by KFOR, which KFOR has denied. Angered by what they viewed as a betrayal either by KFOR or the Serbian government or both, local Serbs again raised barricades on roads in northern Kosovo. KFOR had to supply its troops in the north by helicopter. In addition to blocking the border posts, local Serbs tried to open new routes to bypass the customs posts so that they could continue trade with Serbia themselves.

On September 27, KFOR troops attempted to remove a barricade from a road leading to the Jarinje customs post. The troops clashed with hundreds of Serbian demonstrators. Nine peacekeepers were injured, as were 16 demonstrators. A KFOR spokesman said that in addition to stones thrown by many demonstrators, several threw pipe bombs. KFOR troops responded with rubber bullets and tear gas. The Serbian government and local Serbs claimed that KFOR fired live rounds at unarmed protestors, a charge denied by KFOR. A protracted stalemate then ensued, with efforts by KFOR and the Serbian government to negotiate with local Serbs to remove the roadblocks. In October 2011, KFOR made further efforts to dismantle a few roadblocks, firing tear gas to disperse protestors, and met with less resistance. In late October, local Serbs began to allow freedom of movement for KFOR vehicles, but not for EULEX or Kosovo government officials. By mid-December, most of the roadblocks were removed. Two roadblocks remained near the Jarinje and Brnjak customs posts, but could be circumvented by the use of other roads. KFOR continued to demand full freedom of movement throughout Kosovo.

After a brief walkout by Serbia in protest against the clashes, the EU-mediated talks resumed and made progress, likely due to warnings by the EU that Serbia’s hopes for EU membership candidacy hung in the balance. In October 2011, the European Commission released a report on Serbia’s qualifications to become a member of the EU. Noting the progress made in the EU-brokered talks with Kosovo, the Commission recommended that Serbia be given the status of a membership candidate if it re-engages in the dialogue with Kosovo and implements in good faith agreements already reached. The Commission recommended that Serbia be given a date to begin membership negotiations if it achieves further steps in normalizing its relations with Kosovo. These include “fully respecting the principles of inclusive regional cooperation; fully respecting the provisions of the Energy Community Treaty; finding solutions for telecommunications and mutual acceptance of diplomas; by continuing to implement in good faith all agreements reached; and by cooperating actively with EULEX in order for it to exercise its functions in all parts of Kosovo.”³

The two sides have started to implement agreements on freedom of movement, trade, the civil registry, and university diplomas. In February 2012, the two sides reached agreement on Kosovo’s participation in regional institutions. The deal will permit Kosovo to participate in the institutions under the name “Kosovo*,” with the asterisk referring to both UN Security Council Resolution 1244 (which Serbia says recognizes Kosovo as part of its territory) and a 2010 International Court of Justice ruling that Kosovo’s declaration of independence did not contravene international law.

³ Commission Opinion on Serbia’s Application for Membership of the European Union, October 12, 2011, at http://ec.europa.eu/enlargement/pdf/key_documents/2011/package/sr_rapport_2011_en.pdf.

Also in February, Serbs in northern Kosovo reportedly removed their last remaining roadblocks. Serbia and local Serbs have pledged not to interfere with freedom of movement for KFOR and EULEX in northern Kosovo. On the other hand, leaders in northern Kosovo held a local referendum in February on whether people there want to acknowledge Kosovo government institutions. According to the organizers, Kosovo government institutions were overwhelmingly rejected.

In March 2012, the EU accepted Serbia as a membership candidate. However, the EU has made clear that the granting of a date for the EU to begin negotiations with Serbia will depend upon reaching agreements on energy and telecommunications and implementation of the accords already agreed to.

Whether Serbia meets these conditions may depend in part on the outcome of Serbian parliamentary elections to be held on May 6, 2012. If the current pro-EU government in Serbia is defeated and the nationalist opposition comes to power, Serbia's policy could change. Negotiations between Kosovo and Serbia could be abandoned, previous agreements reversed, and tensions in northern Kosovo could increase substantially, given the fact that the prospect of EU membership is less attractive to Serbian nationalists, who favor closer ties with Russia. Another sensitive issue is whether Serbia will attempt to hold its parliamentary and local elections in Kosovo. Most EU countries and the United States oppose the move, viewing it as destabilizing and tending to legitimize the "parallel structures" in the north.

Observers have noted Kosovo's motives for making progress in the talks may not be as strong as Belgrade's, given that it has no near-term prospect of EU candidacy. Some Kosovar analysts have said they suspect the talks have been designed by the EU mainly to allow Serbia to simulate progress so that it can achieve membership candidacy. The EU has tried to overcome this possible problem by promising to improve ties with Kosovo in a number of areas, including negotiations on a free trade accord, on visa-free travel, and an EU feasibility study on a stabilization and association agreement. However, Kosovo faces many difficulties in achieving these goals, including non-recognition by five EU countries and its own shortcomings in political and economic reform.

Partition of Kosovo?

Some observers have called for Kosovo to be formally partitioned, part of it joining Serbia (most likely those regions of northern Kosovo already under its de facto control) and the rest recognized as independent Kosovo. Serbia has not formally proposed partition yet, as it still claims that all of Kosovo belongs to it, but President Tadic and other leading political figures in Serbia have repeatedly raised it as a possibility.

The Kosovo government strongly opposes any partition. For it to change its views, Kosovars would have to conclude that Kosovo has no real chance of extending its control over the north, and that it could gain something valuable in exchange for giving up its claims there. Presumably, this would have to include diplomatic recognition from Serbia, or some other way of ending the Kosovar-Serbian diplomatic "war" that would allow Kosovo to join the U.N. and ease its cooperation with the EU and its neighbors. Some Kosovars might also seek the cession to Kosovo of ethnic Albanian-majority areas of southern Serbia. In February 2010, Kosovo parliament speaker Jakup Krasniqi called for such an exchange of territory. The United States and most EU countries also oppose partition. A key reason for their opposition is that they fear it could revive other efforts to redraw borders in the Balkans, such as in Bosnia and Macedonia.

Another possibility raised by some experts would be to stop short of a formal partition, but to grant the Serb-dominated northern areas a special status within Kosovo perhaps going beyond that offered by the Ahtisaari Plan to other Serb-majority areas in the country (sometimes referred to as “Ahtisaari Plus”). This idea is also strongly opposed by the Kosovo government, and it has so far lacked public support among the international community. The current Serbian government might support such a move, but would likely still refuse to recognize Kosovo and its nominal sovereignty over the north. Any attempted solution might have to be ambiguous enough to permit the Kosovo government to claim that it falls within the Ahtisaari Plan, while permitting the Serbs to claim that it is entirely separate from it.

Some observers have proposed international administration of northern Kosovo. This proposal might be acceptable to the Kosovo government, if it led to the dismantling of the “parallel institutions.” Kosovar leaders could portray it as a transitional state toward the establishment of Kosovo government control of the north. On the other hand, the Serbian government might balk for the same reason. Local Serbs could react violently if forcible efforts are made to dismantle their institutions. In any case, the international community would likely be reluctant to undertake another expensive, open-ended, and troublesome commitment.

Even if partition is unlikely in the foreseeable future, Serbia will likely try to maintain its control of areas of Serb-majority regions through what the Kosovo government, the United States, and many other countries call “parallel institutions.” Some 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.

In January 2012, President Tadic admitted that partition was an outdated idea, given its lack of support among key international players. He suggested that other models be looked at, including Northern Ireland, South Tyrol, Aland Islands, or examples from the former Yugoslavia. He said that any solution must provide a satisfactory solution to the administration of Serb monasteries, special guarantees for Serbs in the enclaves, regulations regarding the property of Serb citizens and of Serbia, and a solution for northern Kosovo. He said that a “frozen conflict” in Kosovo was not in Serbia’s interest.

Kosovo’s Other Challenges

Kosovo faces daunting challenges as an independent state in addition to those posed by its struggle for international recognition and 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 and/or Yugoslavia until 1999, and by the international community from 1999 until 2008.

An October 2011 European Commission report on Kosovo is critical of the country’s progress toward EU standards in most areas. It noted that the December 2010 parliamentary elections were “marred by serious shortcomings.” The report says that “public administration and the judiciary are weak,” and that “much more needs to be done to tackle organized crime and corruption.” The Commission said that the capacity of the parliament to evaluate draft legislation and conduct

oversight of the government's actions remains "weak" and that the assembly's rules of procedure "are not always followed."⁴

In January 2012, the Organization for Security and Cooperation in Europe released a report on Kosovo's judiciary. While praising the adoption of legislation on the courts, the vetting of judges, and on judges' salaries, the report noted serious problems, such as a legacy of strong executive influence, threats against judges and their families, and poor court infrastructure and security arrangements.

Kosovo's image suffered a blow as a result of a report approved by the Parliamentary Assembly of the Council of Europe in January 2011. The report, authored by human rights rapporteur Dick Marty of Switzerland, linked Kosovo Prime Minister Hashim Thaci and others with the alleged murder of prisoners during the Kosovo Liberation Army's war with Serbia in the 1990s, and the extraction of their organs in Albania for sale on the international black market. Thaci and other former KLA leaders strongly deny the charges. Serbia has called for an independent investigative body to be formed by the U.N. Security Council. However, the United States and the EU have not supported this approach. In August 2011, EULEX appointed prosecutor John Clint Williamson, an American, to head a task force to investigate the charges. In October 2011, Mr. Williamson held his first meetings in Kosovo with top Kosovo officials.

Kosovo's Political Situation

The November 2009 local elections, the first held since the country's independence and the first administered by Kosovo's own election authorities, presented a mixed picture of Kosovo's democratic development. Local and international observer groups found that the elections "met many of the international standards for elections," but noted isolated problems of misconduct and the need for improvement in such areas as the accuracy of voter rolls.⁵ U.S. Ambassador to Kosovo Christopher Dell said that Kosovo and its citizens can be "very proud" about the conduct of the elections, which he said "demonstrated to the world that an independent Kosovo is a place where democracy can and does flourish." However, journalists from the Balkan Investigative Reporting Network said they had witnessed a few serious incidents of fraud and received reports of others, including tampering with ballots, repeat voting with fraudulent credentials, and intimidation of some voters and observers.⁶ Kosovo's Central Election Commission (CEC) decided to repeat elections in Prizren, Lipjan, and Gjilan, due to reports of widespread irregularities in the second round of voting. The United States hailed the CEC's decisions.

In September 2010, Kosovo President Fatmir Sejdiu resigned after the Kosovo Constitutional Court ruled that he had violated the constitution by simultaneously holding the posts of president and head of a political party. In response, the Kosovo parliament dissolved itself and new parliamentary elections were held on December 12, 2010. As in the case of the local elections, the vote was marred by fraud, which led to a rerun of the election in some districts in January.

⁴ For a copy of the report, see http://ec.europa.eu/enlargement/pdf/key_documents/2011/package/ks_rapport_2011_en.pdf.

⁵ ENEMO's preliminary statement can be found at http://www.enemo.eu/press/Preliminary_Statement_first_round_ENG.pdf.

⁶ Lawrence Marzouk, "Violent Incidents Take Luster Off of Historic Kosovo Poll," November 19, 2009, from the Balkan Insight website, <http://www.balkaninsight.com>.

After lengthy negotiations, a new government was formed in February 2011. Hashim Thaci, leader of the Democratic Party of Kosovo (PDK), was reelected as prime minister. In addition to the dominant PDK (which has 34 seats), the government, which was approved by 65 of the 120 members of the parliament, also includes the New Kosovo Alliance, led by wealthy construction magnate Behgjet Pacolli (8 seats). Most of the remaining coalition parties represent Serbs and other ethnic minorities.

As part of the deal to set up the government, Pacolli was elected president of Kosovo by the parliament in February 2011. However, in March 2011, the Kosovo Constitutional Court ruled that Pacolli's election was illegal because not enough members of parliament were present for the vote. Pacolli resigned, and in April 2011 Atifete Jahjaga was elected as president of Kosovo. A non-political, compromise figure, Jahjaga was formerly deputy director of the Kosovo Police Service. The reportedly prominent role played by U.S. Ambassador Christopher Dell in pushing for her election sparked some controversy in the Kosovar press.

The government's efforts to negotiate agreements with Serbia have to some extent been hindered by a lack of political consensus on the issue in the parliament. Particularly vehement has been the opposition of Vetevendosje (Self-Determination), which has 12 seats in the assembly. Vetevendosje has organized demonstrations against agreements reached with Serbia. The organization also opposes any international supervision of Kosovo. Vetevendosje has also been sharply critical of government corruption, a stance which may increase its popularity

Kosovo's Economy and International Assistance

Poverty, unemployment, and a lack of economic opportunity are serious problems in Kosovo. Kosovo is one of Europe's poorest countries, with a per capita Gross Domestic Product of 1,850 Euro. 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 17% 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 2009 was 45.4%, the most recent year for which statistics are available, according to the European Commission's October 2011 report on Kosovo. Small and inefficient farms are the largest employers in Kosovo. The country has little large-scale industry and few exports. However, Kosovo does have significant deposits of metals and lignite, which led to a sharp increase in exports in 2010 from this sector. Kosovo has to improve its investment climate in order to stimulate growth and attract foreign investment, according to the European Commission and World Bank.

Due to a surge in government spending (including a sharp increase in government salaries) and a failure to rein in its budget deficit, the IMF cut off funding from a stand-by loan in June 2011. This also led to the interruption of macro-financial funding from the EU. However, in March 2012, Kosovo reached a tentative agreement with the IMF to resume funding.

Kosovo has been heavily dependent on international aid and expenditures by international staff in Kosovo. These sources of income have declined. Kosovo is also dependent on remittances from the large number of Kosovars abroad. The first makes up about 7.5% of Kosovo's GDP, and the latter 13%-15%, according to the 2011 CIA World Factbook. Kosovo has not been as strongly affected by the global economic crisis as other countries, due to its low level of integration into the global economy. However, a downturn in Europe could have a negative impact on remittances.

At a 2008 international aid donors' conference for Kosovo, 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. The international aid was slated to 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.⁷ In 2011, the EU granted Kosovo 68.7 million Euro (\$94.4 million) in aid under the Instrument for Pre-Accession Assistance. The aid provides support for the rule of law, the economy, and for public administration reform. Kosovo is slated to receive 68.8 million Euro in IPA funding in 2012 and 73.3 million Euro in 2013.⁸

Kosovar leaders criticized EU decisions to permit visa-free travel to the EU for the citizens of other countries in the region in 2010, while continuing to require visas for Kosovo. In addition to the practical inconveniences involved, Kosovars may view the decision as a blow to the prestige of their country. Moreover, the country's European integration may be hindered if Kosovars, particularly young people, find it difficult to travel to the EU and see how EU countries function at first hand. In January 2012, the EU launched a dialogue with Kosovo on visa-free travel. However, Kosovo is unlikely to receive visa-free travel in the near future, given that the EU will likely demand substantial improvements in rule of law and border controls first.

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. 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. (Kosovo also receives similar trade privileges from the EU.)

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.⁹ 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.

⁷ Text of the donor conference press release, from the EU-World Bank website, <http://www.seerecon.org>.

⁸ See http://ec.europa.eu/enlargement/potential-candidates/kosovo/financial-assistance/index_en.htm.

⁹ 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/.

In October 2010, Secretary of State Clinton visited Kosovo. She said the United States would continue to aid Kosovo's efforts to build a democratic country, where the rule of law is respected and ethnic minorities are well-integrated. Clinton said the United States would assist Kosovo in its efforts to join the European Union and NATO. She expressed strong U.S. support for upcoming talks between Serbia and Kosovo. She stressed that the issues of Kosovo's sovereignty and territorial integrity are not up for discussion during the negotiations. Instead, she said, the talks should focus on "immediate and practical needs" such as "increasing travel and trade." She said that they should be "focused," produce results, and be quickly concluded, noting that Serbia's next elections are scheduled for 2012. In addition to meeting with Prime Minister Thaci and other top Kosovo government officials, Mrs. Clinton also visited the Gracanica monastery and met with the newly elected mayors of Serb-majority municipalities.

Although strongly supporting the Serbia-Kosovo talks, U.S. officials have said the United States does not play a leading role in them. In March 2010, U.S. Deputy Assistant Secretary of State Thomas Countryman told journalists from the region that the U.S. role at the talks between Serbia and Kosovo would be as a "guest," not as a participant or mediator. However, many analysts claim that the U.S. role is still significant, given that Kosovar leaders view the United States as their country's most powerful and reliable ally.

In July 2011, a State Department spokesman expressed U.S. "regret" that the Kosovo government tried to take control of customs posts in Serb-dominated northern Kosovo without consulting the international community. On the other hand, the United States supported KFOR's decision, after it took over the posts, to allow the deployment of Kosovar customs officers there. Angry local Serbs responded by erecting barriers on the roads to the posts and the Serbian government suspended its participation in the Serbia-Kosovo talks after clashes took place between KFOR and the Serbs on the barricades. The United States condemned the violence and called on local Serbs to restore freedom of movement in the area and for Serbia to "remain committed" to the EU-mediated talks with Kosovo.

During a February 2012 visit to Kosovo, Deputy Secretary of State William Burns reiterated U.S. support for Kosovo's integration into Euro-Atlantic institutions. To this end, he called on Kosovo to meet its remaining obligations so that international supervision can be ended. He particularly stressed the need for Kosovo to improve its record on rule of law. On February 24, 2012, Secretary Clinton issued a statement praising Kosovo and Serbia for reaching agreement on a technical protocol for integrated border management and on Kosovo's regional representation.

Congressional Concerns

After the end of the Kosovo war in 1999, the issue of Kosovo's status was 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, 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 largely on foreign aid appropriations legislation. According to the FY2011

Congressional Budget Presentation for Foreign Operations, Kosovo received an estimated \$123 million in U.S. aid in FY2009. This amount includes \$120.1 million in the Assistance for Europe, Eurasia and Central Asia (AEECA) account to support political and economic reform. In FY2009, Kosovo also received \$1.5 million in Foreign Military Financing (FMF), \$0.638 million in IMET military training funds to help build up the new Kosovo Security Force (KSF), and \$0.795 million in aid in the Nonproliferation, Antiterrorism, Demining and Related Programs (NADR) account.

The FY2010 State Department-Foreign Operations appropriations language is contained in Division F of P.L. 111-117, the Consolidated Appropriations Act, 2010. The conference report accompanying the measure recommended \$95 million in aid for political and economic reform for Kosovo from the AEECA account.

U.S. aid to Kosovo has dropped significantly in recent years. According to the FY2013 Congressional Budget Presentation for Foreign Operations, in FY2011, Kosovo received a total of \$85.428 million in U.S. aid. In FY2012, Kosovo will receive an estimated \$67.45 million. For FY2013, the Administration requested a total of \$57.669 million for Kosovo. Of this amount, \$42.544 million is aid for political and economic reforms from the Economic Support Fund, \$10.674 million from the International Narcotics Control and Law Enforcement account, \$0.7 million in IMET, \$3 million in FMF, and \$0.75 million in NADR aid. During a February 2012 visit to Kosovo, Deputy Secretary of State William Burns reiterated U.S. support for Kosovo's integration into Euro-Atlantic institutions. To this end, he called on Kosovo to meet its remaining obligations so that international supervision can be ended. He particularly stressed the need for Kosovo to improve its record on rule of law. On February 24, Secretary Clinton issued a statement praising Kosovo and Serbia for reaching agreement on a technical protocol for integrated border management and on Kosovo's regional representation.

U.S. aid programs include efforts to support the Kosovo Police Service and strengthen the judicial system and local government in Kosovo. Technical assistance is also used to build the capacity of Kosovo's government and parliament. U.S. aid also assists Kosovo in improving its system of higher education. Foreign Military Funding (FMF) and IMET military training aid help improve the capabilities of the Kosovo Security Force. Assistance from the Nonproliferation, Antiterrorism, Demining and Related Programs (NADR) account is aimed at boosting the capacity of Kosovo border police to fight proliferation and trafficking. The United States provides up to 80 police officers and up to 6 judges and 2 political advisors to EULEX, at a cost of \$15 million to \$16 million annually. A significant part of U.S. aid is targeted at promoting the integration of the Serbian minority into Kosovo's government and society.¹⁰

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¹⁰ Discussions with State Department officials and "Signing of European Union Rule of Law Mission (EULEX) Agreement," October 22, 2008, from the State Department website, <http://www.state.gov>.