

# Kosovo: Background and U.S. Policy

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## Kosovo: Background and U.S. Policy

Kosovo, a country in the Western Balkans with a predominantly Albanian-speaking population, declared independence from Serbia in 2008, less than a decade after a brief but lethal war. It has since been recognized by about 100 countries. The United States and most European Union (EU) member states recognize Kosovo. Serbia, Russia, China, and various other countries (including five EU member states) do not.

Key issues for Kosovo include the following:

- **New Leadership.** Following several years of political turmoil, early parliamentary elections in February 2021 delivered a landslide victory to the left-leaning Self-Determination Party (Vetëvendosje). Party leader and longtime opposition figure Albin Kurti became prime minister on March 22, 2021, just one year after his first short-lived government collapsed. Kosovo's parliament elected Vetëvendosje-backed candidate Vjosa Osmani as president on April 4, 2021.
- **Dialogue with Serbia.** The unresolved dispute between Kosovo and Serbia is one of the main threats to regional stability in the Western Balkans. Since 2011, the EU has facilitated a dialogue aimed at normalizing their relations. In July 2020, Kosovo and Serbia returned to EU-led talks after a 20-month suspension. Shortly thereafter, the two parties agreed to new measures on economic cooperation at talks hosted by the White House. Prime Minister Albin Kurti has indicated that the dialogue with Serbia will be a low priority under his government. Nevertheless, he is likely to face considerable U.S. and EU pressure to participate in EU-led talks and work toward a comprehensive final agreement with Serbia.
- **Corruption and Rule-of-Law Challenges.** Corruption and weak rule of law are long-standing challenges in Kosovo. The consecutive victories of Vetëvendosje in snap elections in October 2019 and February 2021 were fueled in part by widespread voter anger over the status quo; Vetëvendosje has long railed against corruption and was outside of national government prior to 2020. The Kurti government's agenda of combating corruption and state capture aligns with long-standing U.S. and EU priorities for Kosovo.
- **Relations with the United States.** Kosovo regards the United States as a key ally and security guarantor. Kosovo receives the largest share of U.S. foreign assistance to the Balkans, and the two countries cooperate on numerous security issues. The United States is the largest contributor of troops to the NATO-led Kosovo Force (KFOR), which has helped to maintain security in Kosovo since 1999. Although successive U.S. Administrations have strongly supported the EU-led dialogue between Kosovo and Serbia, the former Trump Administration played a more direct role in facilitating negotiations between the two parties. At the same time, some expressed concern over the Trump Administration's reportedly strong pressure on Kosovo and weak coordination with the EU. The Biden Administration has pledged support for the EU-led dialogue, called for greater transatlantic cooperation on the Kosovo-Serbia dispute, and urged Kosovo and Serbia to work toward a final, comprehensive settlement.

Congress was actively involved in debates over the U.S. response to a 1998-1999 conflict in Kosovo and subsequently supported Kosovo's declaration of independence. Today, many Members of Congress continue to support Kosovo through country- or region-specific hearings, congressional visits, and foreign assistance funding levels averaging around \$50 million per year since 2015.

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## Overview

The Republic of Kosovo is a landlocked country in the Western Balkans (see **Figure 1**). Ethnic Albanians comprise about 90% of Kosovo's population, and Serbs and other minority groups comprise about 10%. Kosovo declared independence from Serbia in 2008, nearly a decade after the end of a brief but lethal conflict between Serbian forces and a Kosovo Albanian insurgency led by the Kosovo Liberation Army (KLA). Since 2008, Kosovo has been recognized by more than 100 countries. The United States and most European Union (EU) member states recognize Kosovo. Serbia, Russia, China, and various other countries (including some EU member states) do not. The United States has strongly supported Kosovo's state-building and development efforts, as well as an EU-led dialogue aimed at normalizing Kosovo and Serbia's relations. Kosovo generally regards the United States as a security guarantor and key ally.

### Kosovo at a Glance

**Capital:** Pristina

**Population:** 1.82 million (2019 est.)

**Ethnic Groups:** Albanian (92.9%), Bosniak (1.6%), Serb (1.5%)

**Languages:** Albanian (94.5%), Bosnian (1.7%), Serbian (1.6%), Turkish (1.1%)

**Religions:** Muslim (95.6%), Catholic (2.2%), Orthodox Christian (1.5%)

**Leadership:** Prime Minister Albin Kurti; President Vjosa Osmani; Assembly Speaker Glauk Konjufca

**Sources:** CIA *World Factbook*; International Monetary Fund; 2011 Kosovo Census.

**Note:** Figures for ethnic Serbs, Serbian language, and Orthodox Christians is likely closer to 5%-10%. Kosovo Serbs largely boycotted the 2011 census.

Congress has maintained interest in Kosovo for many decades—from concerns over Serbia's treatment of ethnic Albanians in the former Yugoslavia to the armed conflict in Kosovo in 1998-1999 after Yugoslavia disintegrated. Many Members were active in debates over the U.S.- and NATO-led military intervention in the conflict. After Serbian forces withdrew in 1999, many Members backed Kosovo's independence. Today, many in Congress continue to support Kosovo through country- or region-specific hearings, congressional visits, and foreign assistance funding levels averaging around \$50 million in recent years.

Looking ahead, Members may consider and assess U.S. policy regarding the Kosovo-Serbia dialogue, transitional justice processes, efforts to strengthen the rule of law, and regional security.

## Domestic Issues

Kosovo's political scene has been volatile over the past few years, with three government transitions and two snap parliamentary elections since late 2019. During the same period, some of the country's most prominent political figures were indicted on war crimes charges and resigned from their positions. More broadly, mounting public anger over corruption and economic conditions has fueled a major shift in Kosovo's politics. Early parliamentary elections in February 2021 delivered a major victory to the Self-Determination Party (Vetëvendosje), a left-leaning movement-turned-party that campaigned on these issues.

Key issues in Kosovo's domestic affairs include managing relations with the country's ethnic Serb minority, particularly in northern Kosovo, and improving economic and living conditions, including through mitigating the public health and economic impacts of the Coronavirus Disease 2019 (COVID-19) pandemic.

## Politics

Kosovo is a parliamentary democracy with a prime minister, who serves as head of government, and an indirectly elected president, who serves as head of state. The unicameral National Assembly has 120 seats, of which 10 are reserved for Serbs and 10 are reserved for other minorities. Longtime Vetëvendosje leader Albin Kurti became prime minister for the second time on March 22, 2021, just one year after his first short-lived government collapsed. The National Assembly elected Vetëvendosje-backed candidate Vjosa Osmani as president on April 4, 2021.

**Figure 1. Republic of Kosovo**



**Source:** Congressional Research Service.

Prior to 2020, Kosovo's political system was largely dominated by several parties that governed in varying coalition configurations. The center-right Democratic League of Kosovo (LDK), Kosovo's oldest party, has roots in nonviolent resistance to Serbian rule during the 1990s. The Democratic Party of Kosovo (PDK), LDK's main rival, grew out of the armed KLA resistance. PDK and several other parties led by KLA veterans sometimes are referred to as the *war wing*. Although many in Kosovo credit these established parties with resisting Serbian rule and helping to bring about independence, critics assert the parties also became entrenched in state institutions and bear considerable responsibility for Kosovo's corruption challenges.<sup>1</sup>

More recently, political power has shifted from these parties to reform-oriented political parties. Vetëvendosje entered into national government for the first time in February 2020 after narrowly winning parliamentary elections in October 2019. Albin Kurti became prime minister; however, the party's coalition partner, LDK, triggered a no-confidence motion less than two months later. Analysts attributed the government collapse to political infighting and divisions over how to respond to U.S. pressure to unconditionally lift tariffs against Serbia and return to negotiations (the prior government's imposition of tariffs in 2018 effectively froze the talks).<sup>2</sup>

<sup>1</sup> Freedom House, *Nations in Transit 2020: Kosovo*; U.S. Agency for International Development (USAID), *Kosovo Political Economy and Analysis, Final Report*, December 2017.

<sup>2</sup> Albin Kurti opposed unconditionally lifting tariffs, whereas the Democratic League of Kosovo's (LDK's) leader expressed concern that not doing so could damage relations with the United States. Fatos Bytyci, "Kosovo Coalition Partner to File No-Confidence Vote in Government," Reuters, March 18, 2020; Shaun Walker, "Kosovan Acting PM Accuses Trump Envoy of Meddling," *Guardian*, April 20, 2020.

LDK's Avdullah Hoti formed a new coalition government in June 2020, and Vetëvendosje returned to opposition. The Hoti government lifted tariffs against Serbia, returned to the EU-led dialogue, and participated in talks with Serbia's leader at the White House in September 2020 (see "U.S.-Kosovo Relations," below). In December 2020, however, the Constitutional Court invalidated the Hoti government and ordered early parliamentary elections.<sup>3</sup>

## 2021 Snap Parliamentary Election and Outlook

Kosovo held parliamentary elections (the country's fifth since independence) on February 14, 2021 (see **Table 1**). Polls conducted during 2020 indicated a spike in support for Vetëvendosje after it was sidelined from government and high approval ratings for then-Parliamentary Speaker and Acting President Vjosa Osmani, who spoke out against LDK's no-confidence motion and subsequently left LDK. Vetëvendosje partnered with Osmani for the election, proposing Kurti for prime minister and Osmani for president. Kurti described the election as a referendum on "justice and jobs, against state capture and corruption."<sup>4</sup>

As anticipated by polls, the joint Vetëvendosje-Osmani ticket won decisively, with nearly 50% of votes—the largest vote share in Kosovo's modern election history and nearly double Vetëvendosje's 2019 share. Analysts regard the results as a sharp voter rebuke of the status quo and of established parties. PDK placed second, with 17% of the vote, and LDK placed third, with 13%. As in recent elections, Serbian List (Srpska Lista) won all 10 seats reserved for Serbs.

The election results appear to accelerate a shift in power from the KLA veterans who led the country for most of the past two decades to a younger generation. In addition, women won nearly 40% of seats to the new parliament—a record figure in Kosovo. Exit polls indicate that youth and female voters in particular helped to deliver the victory to Vetëvendosje/Osmani.<sup>5</sup> Although buoyed by its strong results, Vetëvendosje faces high voter expectations for swift change—potentially beyond what the party can realistically be expected to deliver.<sup>6</sup>

In a departure from Kosovo's often unstable coalition governments and periodic intra-executive tensions, Vetëvendosje and its allies now hold the key positions in national politics, and the party governs without other major parties.<sup>7</sup> With the support of 67 out of 120 MPs, the National Assembly voted in the Kurti government on March 22, 2021. The National Assembly elected Vetëvendosje-backed candidate Vjosa Osmani as president on April 4, 2021; she is the second woman to serve as president.

Prime Minister Kurti has outlined an agenda focused on domestic issues, particularly generating jobs and combating corruption. Kurti asserts that the dialogue with Serbia is a relatively low priority, although his government likely will face strong U.S. and EU pressure to participate in negotiations and to refrain from revisiting existing agreements reached through the dialogue. The public health and economic impacts of COVID-19 also loom large. As of April 8, 2021, Kosovo

<sup>3</sup> The Constitutional Court ruled that parliament's June 2020 confirmation of the Avdullah Hoti government, which passed by just one vote, was illegitimate because a member of parliament who voted for it had been convicted of a criminal offense within the preceding three years and thus was ineligible to have a parliamentary mandate under Kosovo election law.

<sup>4</sup> Quoted in Al Jazeera, "Kosovo's Left-Wing Opposition Party Sees Landslide Win," February 15, 2021.

<sup>5</sup> Kosovo has a 30% gender quota for candidate lists and allocation of seats in parliament. Andrew Higgins, "In a Land Dominated by Ex-Rebels, Kosovo Women Find Power at the Ballot Box," *New York Times*, March 6, 2021.

<sup>6</sup> Una Hajdari, "Ousted Ex-PM Wins Historic Victory in Kosovo Election," Politico.eu, February 15, 2021; Engjellushe Morina, "Kosovo Snap Elections: A Chance for Action," European Council on Foreign Relations, February 17, 2021.

<sup>7</sup> As is required under Kosovo's constitution, several cabinet ministers are from minority communities.

has had 95,015 confirmed cases and 1,956 reported deaths from COVID-19. Vaccine rollout in Kosovo has lagged. On March 28, 2021, the country received its first installment of 24,000 vaccine doses through the COVAX facility. Prime Minister Kurti has raised alarm over the public health situation in Kosovo, including vaccine shortages, and urged “support and solidarity, especially from the United States and the EU.”<sup>8</sup> As discussed below, the pandemic has erased some of Kosovo’s recent economic gains in reducing unemployment and poverty rates.

**Table 1. Early Parliamentary Election Results, October 2019 and February 2021**

Party	2019 Vote (%)	2021 Vote (%)	2021 Seats
Self-Determination (Vetëvendosje)	26.3	49.95	58
Democratic Party of Kosovo (PDK)	21.2	16.9	19
Democratic League of Kosovo (LDK)	24.6	12.7	15
Serbian List (SL)	6.4	5.1	10
Alliance for the Future of Kosovo (AAK)	11.5	7	8
Social Democratic Initiative (NISMA)	5.0	2.7	0
Other	5.0	5.7	10
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>120</b>

**Source:** Republic of Kosovo Electoral Commission.

### Vetëvendosje: From Protest Movement to Governing Party

Left-leaning Vetëvendosje grew out of a 2000s-era protest movement that channeled popular frustration with corruption. The movement-turned-party also railed against aspects of the postwar administration of Kosovo, accusing international missions of failing to establish the rule of law despite their vast powers. Vetëvendosje steadily built support across election cycles but remained in opposition at the national level until 2020.

While in opposition, Vetëvendosje’s platform and tactics sometimes caused friction with Kosovo’s allies. U.S. and European officials reportedly were wary of its position on certain issues, including its more hard-line stance on negotiations with Serbia and statements of support for eventual unification with Kosovo’s neighbor and close ally, Albania. (Unification does not appear likely to become a serious proposal or a priority under current conditions, not least due to U.S. and EU objections.<sup>9</sup>) U.S. and European officials criticized Vetëvendosje’s (and some other parties’) use of obstructionist tactics—including release of tear gas—to block legislative proceedings and try to subvert agreements with Montenegro and Serbia that were viewed as important to regional reconciliation.

Yet Vetëvendosje appears to have moderated its tactics and improved relations with Kosovo’s allies as it moved closer to government. After its early 2021 parliamentary victory, U.S. and European officials were quick to congratulate the party and express support for continued cooperation. Like most Kosovo parties, Vetëvendosje has underscored the importance of Kosovo’s relationship with the United States. The party’s focus on fighting corruption and organized crime appears to align with U.S. and EU priorities for Kosovo.

**Sources:** Aidan Hehir, “Will There Be a Political Earthquake Following Kosovo Elections?,” *Balkans in Europe Policy Advisory Group*, February 13, 2021; Eraldin Fazliu and Jack Butcher, “Tear Gas, Eggs, and Protests,” *Kosovo 2.0*, October 22, 2015; Freedom House, *Nations in Transit 2020: Kosovo*.

<sup>8</sup> Johns Hopkins University, *Coronavirus Resource Center*; EuroNews, “Kosovo Receives First COVID-19 Vaccines Through COVAX Programme,” March 29, 2021. The COVAX system is a platform developed by global health organizations to deliver COVID-19 vaccines in an equitable manner.

<sup>9</sup> Some observers contend that politicians sometimes use pan-Albanian statements to mobilize domestic political support or strategically exert pressure on international allies opposed to any such measure. Kosovo’s constitution states that Kosovo “shall seek no union” with any other state (Article 1). See discussions in Blerta Begisholli, “Kosovo and Albania Agree to Run Joint Foreign Policy,” *BalkanInsight*, July 3, 2019; Agon Maliqi, “What a New Poll Reveals About Albania-Kosovo Relations,” *Sbunker.net*, November 27, 2019.

## Democracy and the Rule of Law

Analysts have been largely positive in their assessments of Kosovo's democratic development since 2008. Kosovo's political scene is fragmented yet dynamic, and the country's elections are generally free, fair, and competitive. Kosovo's active media and civil society sectors are open to a variety of viewpoints, although they are somewhat reliant upon international donor support.<sup>10</sup> Kosovo's postwar state-building was undertaken with significant international input, and the country's institutions and legislation largely reflect contemporary best-practice guidelines.

Nevertheless, corruption, organized crime, and weak rule of law are enduring challenges. Weak implementation of legislation and political interference in the criminal justice system have enabled widespread malfeasance, according to anti-corruption watchdogs. Only a small share of high-level corruption investigations and prosecutions result in final convictions.<sup>11</sup> Many in Kosovo attribute endemic corruption to the parties that circulated in government for most of the past two decades. Some critics also charge that U.N. and EU missions in Kosovo, which had far-reaching powers in the country's judiciary until 2018, failed to improve the situation.<sup>12</sup>

## Kosovo Serbs and Northern Kosovo

An estimated 120,000 Serbs live in Kosovo, primarily in semi-isolated rural areas and in urban North Mitrovica.<sup>13</sup> Integrating this population into Kosovo's institutions has been an enduring state-building challenge and a source of friction between Kosovo and Serbia. Kosovo accorded various forms of representation and protection to Kosovo Serbs and other minority groups in its 2008 constitution and related legislation.<sup>14</sup> These provisions established a municipal level of governance with specific areas of responsibility (most Serbs live in municipalities where they form a majority). In addition, the constitution requires Serb representation in parliament, the executive, and other institutions. Consent from minority members of parliament is mandatory on some votes, and Serbian is an official language. Nevertheless, some observers question the effectiveness of these measures in integrating Serbs.<sup>15</sup> Autonomy measures for Kosovo Serbs are a contentious issue in the ongoing EU-led dialogue between Kosovo and Serbia (see "EU-Led Dialogue to Normalize Relations," below).

More than half of Kosovo Serbs live in several municipalities in central and southeastern Kosovo, where they comprise a majority. These municipalities are largely integrated into Kosovo's institutions, although wartime legacies of distrust and fear persist. The situation in northern Kosovo has been a more serious challenge. About 40% of Kosovo Serbs live in four Serb-majority municipalities along the border with Serbia (see map in **Figure 1**). Pristina has been

<sup>10</sup> Freedom House, *Nations in Transit 2020: Kosovo*; Engjellushe Morina, "Kosovo Snap Election: A Chance for Action," European Council on Foreign Relations, February 17, 2021.

<sup>11</sup> U.S. Department of State, *2020 Country Reports on Human Rights Practices: Kosovo*; European Commission, *Kosovo Progress Report 2020*.

<sup>12</sup> Aida Cama, "EU Ends Kosovo Rule-of-Law Mission amid Criticism over Results," DeutscheWelle, June 14, 2018.

<sup>13</sup> On population estimates, see Tim Judah, "Kosovo's Demographic Destiny Looks Eerily Familiar," *BalkanInsight*, November 7, 2019; Florian Bieber, "The Serbs of Kosovo," in Sabrina Ramet et al., eds., *Civic and Uncivic Values in Kosovo* (Central European University Press, 2015), pp. 175-197. Hereinafter, Bieber, "Serbs of Kosovo."

<sup>14</sup> Florian Bieber, "Power Sharing and Democracy in Southeast Europe," *Taiwan Journal of Democracy*, (Special Issue 2013); Ilire Agimi, "Governance Challenges to Interethnic Relations in Kosovo," in Mehmeti and Radeljić, eds., *Kosovo and Serbia: Contested Options and Shared Consequences* (Pittsburgh: University of Pittsburgh Press, 2016), pp. 85-105. Hereinafter, Agimi, "Governance Challenges."

<sup>15</sup> See discussion in Agimi, "Governance Challenges."



unable to exert full authority in this region, whereas Serbia has retained strong influence there despite the withdrawal of Serbian forces in 1999.

After the war, Kosovo Serbs in the north continued to rely on Serbian-supported *parallel structures* for security, health care, education, jobs, welfare, and other services. Some of these structures have been dismantled, but Serbia continues to wield influence through others. Many Kosovo Serbs depend on Serbia for employment and public services.<sup>16</sup> This fragmented authority has enabled northern Kosovo to become a regional hub for smuggling and other illicit activities undertaken by organized crime groups.<sup>17</sup>

Serbian List party (*Srpska Lista*, SL), which is backed by the Serbian government, has overwhelmingly won Serb votes in Kosovo's recent elections and has been in some of Kosovo's governing coalitions. There have been reports of harassment and intimidation against rival Kosovo Serb politicians and an overall shrinking space for opposition to SL. The 2018 murder of prominent opposition figure Oliver Ivanović raised questions about the power structures and vested interests that prevail in northern Kosovo.<sup>18</sup> In the February 2021 parliamentary elections, SL won all 10 seats reserved for Serbs. Kosovo officials assert that SL sought to influence elections for some of the 10 other non-Serb minority seats and expand its clout in parliament.<sup>19</sup>

## Economy

The 1998-1999 war with Serbia caused extensive damage to Kosovo's infrastructure and economy. Two decades later, economic recovery continues. Employment is a particularly challenging policy issue; Kosovo's average 40% labor force participation rate is the lowest in the Western Balkans. The pre-COVID 19 unemployment rate stood at about 26% in 2019, with disproportionately higher levels among working-age females and youth.<sup>20</sup>

Kosovo has a small, open economy. Gross domestic product (GDP) steadily grew during the 2010s, with growth rates of 3.8% in 2018 and 4.2% in 2019. Services, agriculture, mining, and construction are key sectors.<sup>21</sup> Foreign direct investment (FDI) in Kosovo in 2019 was €272 million (about \$329 million), the lowest figure in the Western Balkans. By contrast, remittances received from citizens abroad totaled €852 million (about \$1 billion) in 2019, equivalent to more

<sup>16</sup> Bieber, "Serbs of Kosovo"; OSCE Mission in Kosovo, *Parallel Structures in Kosovo*, October 2003; International Crisis Group (ICG), *Relaunching the Kosovo-Serbia Dialogue*, January 25, 2021 (hereinafter, ICG, *Relaunching the Kosovo-Serbia Dialogue*); U.S. Department of State, *Country Reports on Human Rights Practices for 2019: Kosovo*; Eraldin Fazliu and Jack Robinson, "Srpska Lista Facing Little Opposition in Upcoming Elections," *PrishtinaInsight*, January 20, 2021.

<sup>17</sup> See, for example, Global Initiative Against Transnational Organized Crime, *Hotspots of Organized Crime in the Western Balkans*, May 2019; Marko Prelec, "North Kosovo Meltdown," ICG, September 6, 2011; European Commission, *Kosovo Progress Report 2020*.

<sup>18</sup> Ibid. European External Action Service, "Well-Administered and Transparent Elections Affected by an Uneven Playing Field, and Marred by Intimidation and Lack of Competition in the Kosovo Serb Areas," October 8, 2019; "Ivanovic Named Radoicic as North Kosovo Dark Ruler," *BalkanInsight*, February 27, 2018.

<sup>19</sup> "Vjosa Osmani: Vucic Interfered Directly in Kosovo's Elections," *PrishtinaInsight*, February 26, 2021.

<sup>20</sup> World Bank, *Fighting COVID-19*; World Bank, *Western Balkans Regular Economic Report: Rising Uncertainties: Fall 2019*. Labor force participation rate reflects the share of working-age persons employed or actively seeking work.

<sup>21</sup> International Monetary Fund, World Economic Outlook (WEO) Database, October 2020 (hereafter, WEO Outlook Database, October 2020); U.S. Department of Commerce, *Kosovo Country Commercial Guide*, 2020; Organisation for Economic Co-operation and Development, *Unleashing the Transformation Potential for Growth in the Western Balkans*, 2019.

than 15% of GDP. Kosovo's large diaspora also makes significant contributions to the country's economy through tourism, entrepreneurship, and investment.<sup>22</sup>

The International Monetary Fund estimates Kosovo's GDP contracted by 7.5% in 2020 due to COVID-19.<sup>23</sup> The pandemic also erased Kosovo's recent gains in employment and poverty reduction. The World Bank assesses that the government's policy responses helped mitigate some of these adverse trends, however.<sup>24</sup>

Kosovo's key trade partners are the EU and neighboring countries in the Western Balkans. Kosovo has largely liberalized trade with both blocs through its Stabilization and Association Agreement with the EU (a cooperation framework that includes steps to liberalize trade) and as a signatory to the Central European Free Trade Agreement (CEFTA) alongside other non-EU Balkan countries.<sup>25</sup> Kosovo's top exports are metals; plastic and rubber products; mineral products; and prepared foods, beverages, and tobacco.<sup>26</sup> In 2019, goods exports totaled about €384 million (\$465.3 million), of which the largest shares went to CEFTA countries and the EU.

In lobbying for greater FDI, Kosovo officials tout the country's young workforce (the median age in Kosovo is 29; in the EU, the median age is 44), natural resources, low corporate tax rate, use of the euro as its currency, and preferential access to the EU market. However, various impediments to investment remain, including corruption, weak rule of law, uncertainty over Kosovo's unresolved dispute with Serbia, and energy-supply disruptions. Economic conditions and perceived limits to upward socioeconomic mobility contribute to high rates of emigration.<sup>27</sup>

## Relations with Serbia<sup>28</sup>

Kosovo declared independence from Serbia in 2008 with U.S. diplomatic support. Serbia does not recognize Kosovo and relies on Russia in particular for diplomatic backing. Many analysts believe the lack of normalized relations between Kosovo and Serbia impedes both countries' prosperity and progress toward EU membership and imperils Western Balkan stability. Relations between the two countries remain fraught. According to the nongovernmental organization International Crisis Group, there is a "low but persistent risk of returning to deadly conflict" in Kosovo, with northern Kosovo in particular a "potential flashpoint for violence."<sup>29</sup> Since 2011, the EU has overseen a dialogue aimed at normalizing Kosovo and Serbia's relations. Despite some recent progress, a comprehensive final settlement appears unlikely in the near term.

<sup>22</sup> Lyra Hadri, "Increasing Diaspora Investments in Kosovo," *PrishtinaInsight*, November 5, 2018. The main source countries for remittances in 2019 were Germany (41%), Switzerland (20%), and the United States (7%). See Central Bank of Kosovo, *Annual Report 2019*. GDP share data from World Bank, *Personal Remittances, Received (% of GDP)-Kosovo*. Many remittances flow outside of reported channels, making it difficult to estimate actual levels.

<sup>23</sup> WEO Outlook Database, October 2020; World Bank, *Western Balkans Regular Economic Report: An Uncertain Recovery: Fall 2020* (hereinafter, World Bank, *An Uncertain Recovery*).

<sup>24</sup> World Bank, *An Uncertain Recovery*.

<sup>25</sup> CEFTA countries include Albania, Bosnia, Kosovo, Moldova, Montenegro, North Macedonia, and Serbia.

<sup>26</sup> European Commission, "European Union, Trade in Goods with Kosovo," February 1, 2020; Central Bank of Kosovo, *Annual Report 2019*. 2019 figures for exports to the EU include the United Kingdom.

<sup>27</sup> U.S. Department of State, *2020 Investment Climate Statements: Kosovo*; Tim Judah, "Kosovo's Demographic Destiny Looks Eerily Familiar," *BalkanInsight*, November 7, 2019.

<sup>28</sup> For simplification, this report uses *Serbia* to refer to the Federal Republic of Yugoslavia (1992-2003) and the State Union of Serbia and Montenegro (2003-2006); Serbia was the dominant entity in both states.

<sup>29</sup> ICG, *Relaunching the Kosovo-Serbia Dialogue*.

## War and Independence

Following centuries of Ottoman rule, Kosovo became part of Serbia in the early 20<sup>th</sup> century. After World War II, it became a province of Serbia, one of Yugoslavia's six republics. While some Serbian perspectives view Kosovo's incorporation as the return of historical territory that is prominent in Serbian national identity narratives, Kosovo Albanians largely view it as an annexation that resulted in the marginalization of the Albanian-majority population.<sup>30</sup>

During the 1980s, Kosovo Albanians grew increasingly mobilized against Serbian rule. In 1989, Serbia—then led by autocrat Slobodan Milošević, who leveraged Serbian nationalism to consolidate power—imposed direct rule in Kosovo. Throughout the 1990s, amid Yugoslavia's violent breakup and Milošević's continued grip on power in Serbia, human rights groups condemned Serbian repression of Albanians in Kosovo, including suppressing Albanian language and culture, mass arrests, and purges of Albanians from the public sector and education institutions.<sup>31</sup> In the late 1990s, the Albanian-led Kosovo Liberation Army (KLA) launched an insurgency against Serbian rule. Serbia responded with heavy force in 1998 and 1999.

Following a NATO air campaign against Serbian targets in early 1999, Serbia agreed to cease hostilities and withdraw its forces from Kosovo. U.N. Security Council (UNSC) Resolution 1244 authorized the U.N. Interim Administration Mission (UNMIK) to provide transitional civil administration and the NATO-led KFOR mission to provide security (both missions still operate on a smaller scale). Milošević lost power in 2000 amid mass protests in Serbia.

Kosovo's independence in 2008 followed protracted and ultimately unsuccessful efforts on the part of the international community to broker a settlement with Serbia. Serbia challenged Kosovo's actions before the International Court of Justice (ICJ); however, the ICJ's 2010 advisory opinion found that Kosovo had not contravened international law.

## EU-Led Dialogue to Normalize Relations

Following the ICJ ruling, the two parties agreed in 2011 to participate in an EU-led dialogue aimed at eventual normalization of relations.<sup>32</sup> Kosovo and Serbia's goal of EU membership has helped to incentivize their participation in the dialogue; the EU maintains that neither country can join until they normalize relations. Kosovo's participation in the dialogue also is motivated by its desire to clear a path to U.N. and NATO membership.

The EU-led talks initially focused on technical measures to enable the cross-border movement of goods and people and otherwise improve the quality of life. The EU hoped that beginning with practical measures would build trust between the parties and lay the groundwork for more sensitive issues. In 2012, the dialogue was elevated to a political level, bringing together leaders from the two countries. In 2013, Serbia and Kosovo reached the First Agreement of Principles Governing the Normalization of Relations (the *Brussels Agreement*), which included measures to dismantle Serbian-backed parallel structures in northern Kosovo and create an Association of Serb Municipalities (ASM) linking Kosovo's 10 Serb-majority municipalities. Further talks in 2015 led to additional agreements on the ASM, telecommunications, and other issues. To date, the dialogue has produced 33 agreements. Implementation has progressed in some areas, such as

<sup>30</sup> See Leandrit I. Mehmeti and Branislav Radeljić, "Introduction" in Mehmeti and Radeljić, eds., *Kosovo and Serbia: Contested Options and Shared Consequences* (Pittsburgh: University of Pittsburgh Press, 2016), pp. 3-13.

<sup>31</sup> See, for example, Human Rights Watch (HRW), *HRW World Report 1990-Yugoslavia*, January 1, 1991.

<sup>32</sup> For background, see ICG, *Kosovo and Serbia after the ICJ Opinion*, 2010.

Kosovo Serb electoral participation and integrating law enforcement and the judiciary in the north into statewide institutions. Other agreements, such as the ASM, have not been implemented.<sup>33</sup>

Although the dialogue format does not predetermine a specific outcome, the EU has urged a comprehensive, legally binding agreement between the parties. Two particularly thorny issues in any such agreement are (1) what the outcome of *normalization* would entail (whether Serbia would fully recognize Kosovo or accept Kosovo's institutions and U.N. membership without formal recognition) and (2) how to address northern Kosovo in a final settlement. On the latter issue, U.S. and EU officials have mostly rejected local (primarily Serbian) leaders' occasional hints at partition as a potential solution, fearing it would set a dangerous precedent in the Western Balkans.<sup>34</sup> Alternatively, some consider expanded autonomy for Kosovo Serbs, such as the ASM, to be a compromise that would preserve Kosovo's territorial integrity. The ASM agreement's implementation has faced legal hurdles in Kosovo, however, and some Kosovo officials fear that enhanced autonomy could give Serbia greater leverage in Kosovo.<sup>35</sup> As a third scenario, some have posited that an offer of accelerated EU membership and/or financial assistance could bring about normalization of relations.<sup>36</sup>

Since late 2015, there has been little progress in reaching new agreements or implementing existing measures. Further, a shift in focus absorbed some of the dialogue's energies. In 2018, then-President Thaçi and Serbian President Aleksandar Vučić raised the prospect of partition as a settlement. To the surprise of some, Trump Administration officials broke with long-standing U.S. opposition to redrawing borders by signaling willingness to consider such a proposal if Kosovo and Serbia were to reach a mutually satisfactory agreement.<sup>37</sup> Shortly thereafter, the dialogue came to a halt when Kosovo imposed tariffs on Serbian goods in retaliation for Serbia's campaign to undermine Kosovo's international legitimacy. Under U.S. and EU pressure, Kosovo lifted the measures in June 2020, and EU-led talks resumed in July. EU Special Representative Miroslav Lajčák has facilitated recent talks on missing persons, property issues, financial claims, and implementation of the ASM; the latter in particular remains a fraught issue.<sup>38</sup>

## Dialogue Outlook

The EU-led dialogue has been operating for more than a decade. Many analysts view a final, comprehensive agreement as unlikely in the near term yet caution that the status quo cannot hold indefinitely. Politicians in Kosovo and Serbia appear to have done relatively little to prepare the public to accept compromise. The International Crisis Group describes a seeming impasse: “[Serbia] has one big concession to make—recognition—which is also [Kosovo’s] main goal ... Yet Kosovo has not explained what it is prepared to offer in exchange and Serbia’s aims are nebulous; [Serbian President] Vučić typically says his country must get ‘something’ in return ...

<sup>33</sup> Donika Emini and Isidora Stakic, *Belgrade and Pristina: Lost in Normalisation?*, EU Institute for Security Studies, April 2018; BIRN, *Big Deal: Lost in Stagnation*, April 2015; Marta Szpala, *Serbia-Kosovo Negotiations: Playing for Time Under Pressure from the West*, Centre for Eastern Studies (Warsaw), August 21, 2018.

<sup>34</sup> Analysts believe such a scenario might entail transferring Serb-majority municipalities in northern Kosovo to Serbia, possibly in exchange for Albanian-majority areas of Serbia's Preševo Valley.

<sup>35</sup> ICG, *Relaunching the Kosovo-Serbia Dialogue*; Balkans Policy Research Group, *Scenarios for the ‘Grand Finale’ Between Kosovo and Serbia*, 2018; ICG, *Kosovo and Serbia After the ICJ Opinion*, 2010.

<sup>36</sup> Given signs of “enlargement fatigue” in some EU member states, as well as EU concern over Serbia's compliance with core EU membership requirements, it is unclear whether the EU would be in a position to extend such an offer.

<sup>37</sup> RFE/RL, “Bolton Says U.S. Won't Oppose Kosovo-Serbia Land Swap Deal,” August 24, 2018.

<sup>38</sup> European Western Balkans, “The Fifth Round of Belgrade-Pristina Dialogue at the Expert Level Was Held Today in Brussels,” October 29, 2020.

but offers no details.” With the November 2020 resignation of then-President Thaçi, who largely had led Kosovo’s participation in the dialogue since 2011, Kosovo may lack “a prominent proponent for a negotiated settlement.”<sup>39</sup> Many in Kosovo, including key politicians, contend the country should not have to concede anything to Serbia.<sup>40</sup>

Political divisions in Kosovo have made it difficult for the country to bring a unified position to negotiations. Kosovo’s spring 2021 leadership changes could bring greater internal cohesion and coordination but also could bring a more hard-line approach to relations with Serbia. While in opposition, Vetëvendosje criticized the dialogue, protested against some of its agreements, and called for wartime reparations from Serbia. Ahead of spring 2021 elections, Vetëvendosje leader (now Prime Minister) Kurti stated that the dialogue would be a relatively low priority and proposed revisiting some of the agreements that have already been reached.<sup>41</sup> President Osmani has voiced support for the dialogue but calls for “remorse and an apology from Serbia and ... justice for those who have suffered from [Serbian] crimes.”<sup>42</sup> Both leaders are likely to face considerable EU and U.S. pressure to participate in the dialogue and work toward a comprehensive final settlement.

Separately, some observers caution that growing uncertainty over the Western Balkan countries’ EU membership prospects could alter the incentive structure weaving together the dialogue and the accession process, making normalization more challenging.

## Transitional Justice

Transitional justice relating to the 1998-1999 war is a sensitive, emotionally charged issue in Kosovo and Serbia and a source of friction in efforts to normalize relations. Serbian police, soldiers, and paramilitary forces were accused of systematic, intentional human rights violations during the conflict. About 13,000 people were killed, and nearly half of the population was forcibly driven out of Kosovo. An estimated 20,000 people were victims of conflict-related sexual violence. The vast majority of all victims were ethnic Albanians. On a smaller scale, some KLA fighters—particularly at the local level—carried out retributive acts of violence against Serb civilians, other minority civilians, and Albanian civilians whom they viewed as collaborators.<sup>43</sup>

Before closing in 2017, the International Criminal Tribunal for the former Yugoslavia (ICTY) tried several high-profile cases relating to the Kosovo conflict, including those of deposed Serbian leader Milošević, who died before his trial finished, and former Kosovo Prime Minister Ramush Haradinaj, who was twice acquitted of charges relating to his role as a KLA commander. Courts in Kosovo and Serbia now handle most war crimes cases. Weak law enforcement and judicial cooperation between Kosovo and Serbia is an impediment in the many cases in which evidence, witnesses, victims, and alleged perpetrators are no longer in Kosovo.<sup>44</sup> Critics assert

<sup>39</sup> ICG, *Relaunching the Kosovo-Serbia Dialogue*.

<sup>40</sup> Marko Subotic, “Kurti’s Comments Spark Pessimism in Belgrade over Kosovo-Serbia Talks,” EuroNews, February 18, 2021.

<sup>41</sup> Valon Fana, “Kurti Urges for Discussion on Reparations in Kosovo-Serbia Dialogue,” *PristinaInsight*, October 28, 2019; Marko Savkovic, “How Does Kurti See the Dialogue?,” *European Western Balkans*, February 11, 2021.

<sup>42</sup> Quoted in Reuters, “Kosovo Parliament Elects Vjosa Osmani as New National President,” April 4, 2021.

<sup>43</sup> For further information, see HRW, *Under Orders: War Crimes in Kosovo*, 2001 (hereinafter, HRW, *Under Orders*); Amnesty International, “Wounds That Burn Our Souls”: *Compensation for Kosovo’s Wartime Rape Survivors, But Still No Justice*, 2017; Organization for Security and Cooperation in Europe (OSCE), *Kosovo/Kosova As Seen, As Told: The Human Rights Findings of the OSCE Kosovo Verification Mission*, 1999.

<sup>44</sup> On current challenges in transitional justice, see Human Rights Watch, *World Report 2020*; Humanitarian Law Centre (Belgrade), *Regional Judicial Cooperation in the Prosecution of War Crimes: Analysis and Improvement*

that low political will in Serbia in particular hampers transitional justice. Officials from successive post-Milošević Serbian governments have been criticized for downplaying or failing to acknowledge Serbia's role in the wars in Bosnia, Croatia, and Kosovo in the 1990s and for fostering a climate that is hostile to transitional justice and societal reconciliation with the past.<sup>45</sup>

Transitional justice processes concerning the KLA are controversial in Kosovo. Under U.S. and EU pressure, in 2015 the National Assembly adopted a constitutional amendment and legislation to create the Kosovo Specialist Chambers and Specialist Prosecutor's Office. These institutions are part of Kosovo's judicial system but are primarily staffed by international jurists and located in The Hague, Netherlands, to allay concerns over witness intimidation and political pressure. They are to investigate the findings of a 2011 Council of Europe report concerning allegations of war crimes committed by some KLA units. The Specialist Chambers is controversial in Kosovo, because it is to try only alleged KLA crimes. In 2017, lawmakers from the then-governing coalition moved to abrogate the Specialist Chambers but backed down after the United States and allies warned that doing so would have "severe negative consequences."<sup>46</sup>

Over the past two years, the Special Chambers has begun issuing summons for questioning to former KLA combatants and filing indictments against prominent former officials who were KLA commanders.<sup>47</sup> The highest-profile case is that of former President and Prime Minister Hashim Thaçi, a towering figure in Kosovo's push for independence and its politics for more than two decades. Along with three high-profile codefendants, Thaçi's charges include six counts of crimes against humanity and four counts of war crimes.<sup>48</sup> While many in Kosovo criticized the actions of the Specialist Chambers and the Specialist Prosecutor's Office, EU and U.S. officials reiterated support for the courts and lauded Kosovo officials' cooperation with the bodies.<sup>49</sup>

## Relations with the EU and NATO

The EU and NATO have played key roles in Kosovo; these relationships continue to evolve alongside Kosovo's state-building processes.

### European Union

The EU has played a significant role in Kosovo's postwar development. As discussed above, the EU has facilitated a dialogue between Kosovo and Serbia since 2011. The EU provides the largest amount of foreign assistance to Kosovo; it allocated €602 million (about \$717 million) in assistance from 2014 to 2020.<sup>50</sup> Many member states also provide bilateral aid to Kosovo through their national foreign assistance programs.

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*Recommendations*, December 2018.

<sup>45</sup> On Serbia, see Milica Stojanovic, "Serbia: A Year of Denying War Crimes," *BalkanInsight*, December 26, 2019; HRW, *Under Orders*; Humanitarian Law Centre (Belgrade), *Report on War Crimes Trials in Serbia*, 2019; and relevant sections in European Commission, *Serbia Progress Report 2020*.

<sup>46</sup> U.S. Embassy in Kosovo, "Quint Member States Statement," January 4, 2018.

<sup>47</sup> Serbeze Haxhijaj, "Kosovo: War Commanders Questioned as Prosecutors Step Up Probes," *BalkanInsight*, December 27, 2019; Dean Pineles, "American Dilemma: What if Kosovo's Thaci Is Indicted?" *BalkanInsight*, January 24, 2019.

<sup>48</sup> Kosovo Specialist Chambers, Hashim Thaçi et al. (Case number KSC-BC-2020-06).

<sup>49</sup> U.S. Embassy Pristina, "Statement from the Heads of Mission," September 18, 2020; European External Action Service, "Kosovo: Statement by the Spokesperson on the Latest Developments," November 5, 2020.

<sup>50</sup> European Commission, "Kosovo—Financial Assistance Under IPA II."

A European Union Rule of Law Mission (EULEX) was launched in 2008 to assume some of the policing, justice, and customs functions that UNMIK had carried out since 1999. The mission's broad mandate has decreased over time as domestic institutions assume more responsibilities. Assessments of EULEX's results under its initial mandate are mixed.<sup>51</sup> Today, EULEX's primary role is to monitor and advise on rule-of-law issues, with some executive functions. EULEX's Formed Police Unit continues to play a role in internal security as second responder in a three-level system (the domestic Kosovo Police is first responder).<sup>52</sup>

Kosovo is a potential candidate for EU membership and signed a Stabilization and Association Agreement with the EU in 2014.<sup>53</sup> Public opinion polls indicate that Kosovo has one of the most pro-EU populations in the Western Balkans. The next steps in Kosovo's EU membership bid are obtaining candidate status and launching accession negotiations, which would commence the lengthy process of harmonizing domestic legislation with that of the EU. Kosovo's EU membership bid is complicated by the fact that five EU member states do not recognize it.<sup>54</sup>

Kosovo's more immediate goal in its relationship with the EU is to obtain for its citizens visa-free entry into the EU's Schengen area of free movement, which allows individuals to travel without passport checks between most European countries. Kosovo is the only Western Balkan country that does not have this status, despite EU officials' assessment that it fulfilled key requirements in 2018.<sup>55</sup> Some observers contend that the EU's continued denial of visa liberalization to Kosovo has undercut the bloc's credibility and influence in the country.

## NATO

The NATO-led Kosovo Force (KFOR) was launched in 1999 as a peace-support operation with a mandate under UNSC Resolution 1244. KFOR's initial objectives were to prevent renewed violence and establish public safety and security. Early on, NATO deployed additional troops to aid KFOR on several occasions amid interethnic violence and destabilizing incidents. In response to an improving security situation, in 2009, NATO defense ministers resolved to shift KFOR's posture toward a deterrent presence. Some of KFOR's functions have been transferred to the Kosovo Police. KFOR's current role is to maintain safety and security, support free movement of citizens, and facilitate Kosovo's Euro-Atlantic integration. Many analysts assert that KFOR continues to play an important role in both internal and regional security.<sup>56</sup>

The United States is the largest contributor to KFOR, providing about 660 of the 3,500 troops deployed as of February 2021.<sup>57</sup> KFOR is headquartered in in Pristina (Camp Film City) and has two regional commands: one based in southeastern Kosovo (Camp Bondsteel) and the other in the

<sup>51</sup> Some have criticized EULEX's limited track record in cases concerning war crimes, high-level corruption, and organized crime during the decade when EULEX had broad powers in Kosovo's judiciary. See Naim Rashiti, *Ten Years After EULEX: Key Principles for Future EU Flagship Initiatives on the Rule of Law*, Centre for European Policy (Brussels), May 2019; Toby Vogel, "Auditors Say EU Mission in Kosovo Ineffective," Politico.eu, October 30, 2012.

<sup>52</sup> EULEX, "About EULEX;" UNMIK, "Rule of Law in Kosovo and the Mandate of UNMIK."

<sup>53</sup> European Commission, *Kosovo Progress Report 2020*. The Stabilization and Association Agreement entered into force in 2016.

<sup>54</sup> The five EU member states that do not recognize Kosovo are Cyprus, Greece, Romania, Slovakia, and Spain.

<sup>55</sup> Kosovo fulfilled a key requirement, the ratification of a border demarcation agreement with Montenegro, in 2018. European Commission, "Visa Liberalisation: Commission Confirms Kosovo Fulfills All Required Benchmarks," July 18, 2018; Die Morina, "Kosovo's EU Visa Liberalisation Hopes Dwindle in 2019," *BalkanInsight*, January 16, 2019.

<sup>56</sup> "Is KFOR Still Guaranteeing Stability and Security in Kosovo?" *European Western Balkans*, December 17, 2018.

<sup>57</sup> Ibid; NATO, "KFOR: Key Facts and Figures," February 2021.

west (Camp Villagio Italia). Any changes to the size of the mission would require approval from the North Atlantic Council and would be “dictated by continued positive conditions on the ground.”<sup>58</sup>

KFOR has played a key role in developing the lightly armed Kosovo Security Force (KSF) and bringing it to full operational capacity. KSF’s current role is largely nonmilitary in nature and is focused instead on emergency response. A recurring issue is how KSF may transform into a regular army. In December 2018, Kosovo lawmakers amended legislation to gradually transform KSF by increasing its size and expanding its competencies to include territorial defense.<sup>59</sup> Serbian officials strongly objected, and NATO Secretary-General Jens Stoltenberg called the measure “ill timed” amid rising Kosovo-Serbia tensions. The United States expressed support for the Kosovo government’s decision but urged officials to ensure a gradual, inclusive transformation.<sup>60</sup>

## U.S.-Kosovo Relations

The United States enjoys broad popularity in Kosovo due to its support during the Milošević era, leadership of NATO’s 1999 intervention in the Kosovo war, backing of Kosovo’s independence in 2008, and subsequent diplomatic support for Kosovo. Kosovo regards the United States as a security guarantor and critical ally, and many believe the United States has significant influence in Kosovo’s domestic policymaking and politics.

### Support for Normalization of Kosovo-Serbia Relations

Successive U.S. Administrations have supported EU-led efforts to normalize Kosovo and Serbia’s relations, while generally avoiding a formal U.S. role in the dialogue format (in part due to expectations that Russia could seek a similar role).<sup>61</sup> Many analysts contend that U.S. and EU policy regarding the dispute is more effective when coordinated.<sup>62</sup> Because of the close U.S.-Kosovo relationship, some observers view the United States as uniquely positioned to help Kosovo’s political class overcome divisions on the dialogue.<sup>63</sup>

Under the Trump Administration, U.S. officials played a more direct role in Kosovo-Serbia negotiations, asserting that normalization of the two countries’ relations was a strategic priority.<sup>64</sup> U.S. policy initially focused on bringing Kosovo and Serbia back to negotiations (the process had halted in late 2018) and subsequently focused on directly facilitating talks.<sup>65</sup> In early 2020, U.S. officials announced two new Kosovo-Serbia agreements on transportation links. In September 2020, shortly after the EU-led dialogue resumed, then-Prime Minister Hoti and Serbian President Vučić met at the White House to sign separate agreements largely aimed at normalizing economic

<sup>58</sup> NATO, “The Evolution of NATO’s Role in Kosovo,” November 19, 2019.

<sup>59</sup> “Kosovo Votes to Turn Security Force into Army,” *BalkanInsight*, December 14, 2018.

<sup>60</sup> RFE/RL, “NATO Chief Warns Kosovo over ‘Ill-Timed’ Army Plans,” December 5, 2018; “Statement from U.S. Embassy Pristina,” December 14, 2018.

<sup>61</sup> Filip Rudic, “Serbia Seeks Russian Role in Kosovo Talks,” *BalkanInsight*, December 20, 2017.

<sup>62</sup> Florian Bieber, *Leadership Adrift: American Policy in the Western Balkans*, Balkans in Europe Policy Advisory Group, August 2019; Majda Ruge, *Trump’s Kosovo Show: No Big Deal*, European Council on Foreign Relations, September 10, 2020 (hereafter, Ruge, *Trump’s Kosovo Show*).

<sup>63</sup> ICG, *Relaunching the Kosovo-Serbia Dialogue*.

<sup>64</sup> U.S. Embassy in Pristina, “Special Representative for the Western Balkans Matthew Palmer,” November 1, 2019. See also “Trump Gave Grenell Full Mandate to Clinch a Quick Deal on Kosovo,” *Bloomberg*, October 9, 2019.

<sup>65</sup> Julija Simic, “U.S. Envoy Tells Serbia, Kosovo to Make Concessions, Cooperate,” *Euractiv*, January 24, 2020.



relations. Among other measures, the two parties pledged to work on cross-border infrastructure projects with support from the U.S. International Development Finance Corporation. Through a side agreement, the United States also facilitated Kosovo and Israel's mutual diplomatic recognition (formalized on February 1, 2021), and Kosovo agreed to locate its embassy in Jerusalem. The aforementioned initiatives were brokered outside of the EU-led dialogue framework, and U.S. officials reportedly did not fully consult with EU officials in advance.<sup>66</sup>

The Trump Administration hailed the new measures as a breakthrough in Kosovo and Serbia's relations. Many observers welcomed greater U.S. involvement in normalization talks, and some assessed that it helped spur the EU to redouble its efforts in the dialogue.<sup>67</sup> For Kosovo, Israel's diplomatic recognition was a particularly welcome development. Kosovo politicians and parties had mixed reactions to other aspects of the U.S.-brokered agreements, however. Some observers questioned their legal standing and the prospects for implementing various measures, including several that overlapped with existing EU-brokered agreements and EU-backed projects. Others asserted that weaker transatlantic coordination under the Trump Administration had effectively created a two-track dialogue between Kosovo and Serbia and sown confusion in Belgrade and Pristina.<sup>68</sup> Some Members of Congress expressed concern over reportedly strong U.S. pressure on Kosovo's government to return to negotiations in early 2020, including temporary suspension of assistance through Kosovo's Millennium Challenge Corporation (MCC) Threshold Program.<sup>69</sup>

Biden Administration officials have affirmed support for the EU-led dialogue and have called for greater cooperation with the EU on the dispute as part of broader efforts to revitalize transatlantic alignment on global challenges.<sup>70</sup> One early development is the Administration's seeming emphasis on Serbian recognition of Kosovo ("mutual recognition") as part of a final settlement—an outcome that Kosovo insists upon but Serbia has not committed to.<sup>71</sup>

## Foreign Assistance

The United States remains a significant source of foreign assistance to Kosovo, although U.S. assistance levels have declined since independence (see **Figure 2**). U.S. assistance aims to

<sup>66</sup> Jack Robinson, "Lajcak: DC Agreements Pushed Kosovo Further Away from European Future," *PristinaInsight*, January 12, 2021; Patrick Kingsley and Kenneth P. Vogel, "Pushing for Serbia-Kosovo Peace Deal, U.S. Roils Allies," *New York Times*, June 20, 2020.

<sup>67</sup> Belgrade Centre for Security Policy, *Belgrade & Prishtina Dialogue about Dialogue*, October 2020; European Western Balkans, "Miroslav Lajcak Appointed as EU Special Representative for the Belgrade-Pristina Dialogue and Regional Issues," April 3, 2020.

<sup>68</sup> Ruge, *Trump's Kosovo Show*; Jeta Xharra and Perparim Isufi, "Kosovo 'Should Rethink Serbia Agreements' with Biden in Power," *BalkanInsight*, January 5, 2021; *PristinaInsight* January 12, 2021, op. cit.

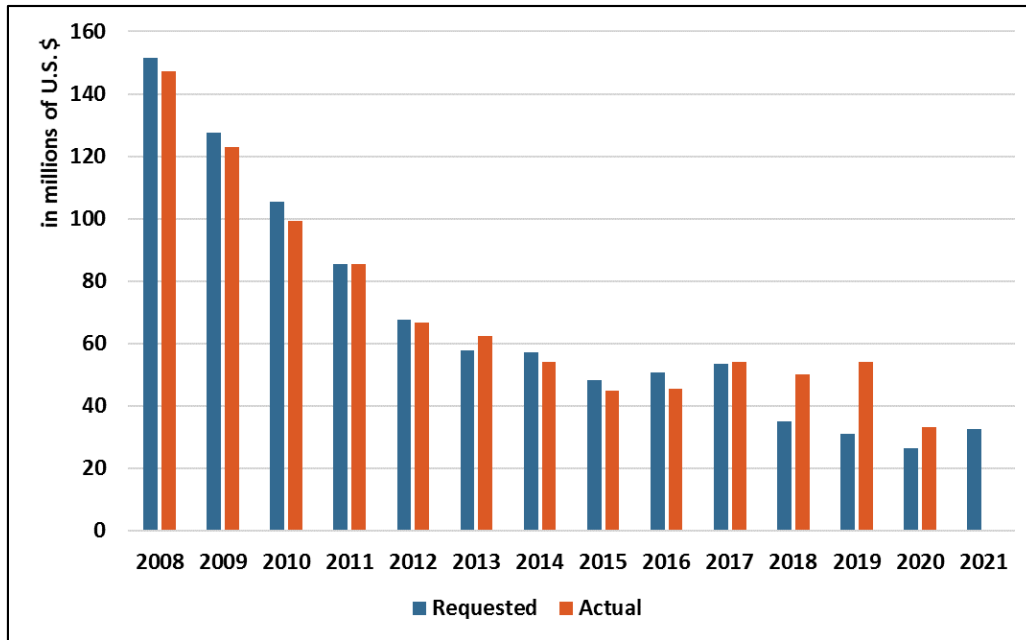
<sup>69</sup> Prime Minister Albin Kurti alleged that U.S. officials aided efforts to unseat his government in the March 2020 no-confidence session when he resisted U.S. pressure to immediately lift tariffs and return to talks. RFE/RL, "Kosovo's Kurti Accuses U.S. Envoy of 'Direct Involvement' in Collapse of His Government," April 20, 2020; U.S. House of Representatives Committee on Foreign Relations, "Engel & Menendez Express Concern about Trump Administration Approach to Serbia and Kosovo," April 13, 2020.

<sup>70</sup> Keida Kostreci, "By Weighing in on Long-Running Serbia-Kosovo Dispute, Biden Signals Interest in Europe," *Voice of America*, February 24, 2021; Nike Ching, "U.S. to Scrutinize Beijing Commitments Under EU-China Investment Deal," *Voice of America*, February 24, 2021.

<sup>71</sup> In correspondence with Kosovo and Serbia's leaders, President Biden urged the parties to reach "a comprehensive agreement ... focused on *mutual recognition*." Quoted in RFE/RL, "Biden Says Kosovo Holds 'Special Place' for His Family," February 17, 2021 (emphasis added). Secretary of State Antony Blinken is also quoted as urging a comprehensive agreement based on "mutual recognition." Quoted in Zeljko Trkanjec, "U.S. Goal is to See Serbia-Kosovo Agreement Centered on Mutual Recognition," *Euractiv*, April 1, 2021.

support the implementation of agreements from the Kosovo-Serbia dialogue and to improve transparent and responsive governance, among other goals.<sup>72</sup> Additional assistance is provided through a \$49 million MCC Threshold Program that launched in 2017, with focus on governance and energy efficiency and reliability. Threshold programs are intended to help countries become eligible to participate in a larger Compact Program. In December 2018, the MCC board determined Kosovo was eligible to participate in a compact; this assessment was renewed in 2019 and 2020. As discussed above, MCC assistance was suspended temporarily in 2020.

**Figure 2. U.S. Foreign Assistance to Kosovo Since 2008**



**Source:** U.S. State Department Congressional Budget Justifications; State Department, FY2020 Estimate Data.

**Notes:** Includes assistance through Department of State, Foreign Operations, and Related Programs. Assistance extended through the Millennium Challenge Corporation is not included. FY2020 data are partially reported. Assistance figures have not been adjusted for inflation.

## Cooperation on Transnational Threats and Security Issues

The United States and Kosovo cooperate to combat transnational threats and bolster security. Like elsewhere in the Western Balkans, Kosovo is a transit country and in some cases a source country for trafficking in humans, contraband smuggling (including illicit drugs), and other criminal activities. Observers consider Kosovo to have a relatively strong legal framework to counter these threats. At the same time, U.S. and EU officials have urged Kosovo to better implement its domestic laws by more strenuously investigating, prosecuting, and convicting cases.<sup>73</sup>

Combating terrorism and violent extremism is a core area of U.S.-Kosovo security cooperation. Kosovo is a secular state with a moderate Islamic tradition, but an estimated 400 Kosovo citizens traveled to Syria and Iraq in the 2010s to support the Islamic State amid the terrorist group's growing recruitment efforts. As this policy challenge emerged, the United States assisted Kosovo

<sup>72</sup> U.S. Department of State, *U.S. Relations with Kosovo*, October 31, 2019.

<sup>73</sup> U.S. Department of State, *2020 Trafficking in Persons Report: Kosovo (Tier 2)*.

with tightening its legal framework to combat recruitment, foreign fighter travel, and terrorism financing, as well as strengthening its countering violent extremism strategy.<sup>74</sup>

The United States provides support to Kosovo law enforcement and judicial institutions to combat terrorism and extremism. The State Department's Antiterrorism Assistance program, for example, has provided training or capacity-building support for the Kosovo Police Counterterrorism Directorate and for the Border Police. Kosovo and the United States agreed to an extradition treaty in March 2016. In April 2019, the United States provided diplomatic and logistical support for the repatriation of about 110 Kosovo citizens from Syria—primarily women and children—who had supported the Islamic State or were born to parents who had. Some repatriated persons were indicted on terrorism-related charges.<sup>75</sup>

Kosovo has a sister-state relationship with Iowa that grew out of a 2011 State Partnership Program (SPP) between the Iowa National Guard and the KSF. That relationship has been hailed as a “textbook example” of the scope and aims of the SPP. In January 2021, Kosovo's parliament approved a U.S.-Kosovo agreement to deploy KSF units in global peacekeeping missions under the command of the Iowa National Guard.<sup>76</sup>

## **Congressional Engagement**

Congressional interest in Kosovo predates Yugoslavia's disintegration. Through resolutions, hearings, and congressional delegations, many Members of Congress highlighted the status of ethnic Albanian minorities in Yugoslavia, engaged in heated debates over military intervention during the Clinton Administration, urged the George W. Bush Administration to back Kosovo's independence, and supported continued financial assistance.

Congressional interest and support continues. In the 116<sup>th</sup> Congress, several hearings addressed Kosovo in part or in whole, including an April 2019 House Foreign Affairs Committee hearing on Kosovo's wartime victims and hearings on Western Balkan issues held by the Senate Armed Services Committee and the Senate Foreign Relations Committee's Subcommittee on Europe and Regional Security Cooperation. Congressional interest in Kosovo is also tied to interest in developments in Kosovo's neighboring countries and broader regional concerns.

Given Kosovo's geography, history, and current challenges, the country also factors into wider U.S. foreign policy issues in which Congress remains engaged. Such issues include transitional justice, the rule of law, combating human trafficking and organized crime, U.S. foreign assistance and overseas military deployments, security in Europe, and EU and NATO enlargement.

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<sup>74</sup> See U.S. Department of State, *Country Reports on Terrorism: Kosovo for 2014-2019*.

<sup>75</sup> “Kosovo Is Trying to Reintegrate ISIL Returnees. Will It Work?” *Al Jazeera*, June 9, 2019.

<sup>76</sup> “Iowa, Kosovo a Model National Guard State Partnership Program,” National Guard, November 25, 2015; Associated Press, “Kosovo Approves Sending Army Troops on Peacekeeping Missions,” January 5, 2021.

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