



CIGI PAPERS

NO. 23 — JANUARY 2014

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# **A FINE BALANCE: THE EU AND THE PROCESS OF NORMALIZING KOSOVO-SERBIA RELATIONS**

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**Dejan Guzina and Branka Marijan**

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## ABOUT THE AUTHORS



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## ABOUT THE PROJECT

This project examines the EU's accession policies as they relate to state and democracy building in the Western Balkans, analyzing the EU's external involvement in Bosnia and Herzegovina, Croatia, Montenegro and Serbia. The project focusses primarily on these specific policy challenges due to their omnipresence across the region and because the EU is directly involved in supporting reforms on these issues.

## EXECUTIVE SUMMARY

The recent agreement between Kosovo and Serbia is a significant accomplishment for the European Union. Still, the agreement marks the beginning, rather than the end, of a long-term process of normalizing relations between Serbia and Kosovo. The agreement's central objectives are to integrate Serb-controlled northern Kosovo into the governance structure of the Kosovo state, while allowing for the substantive autonomy of the local Serbian population through the development of a community of Serb majority municipalities. The maintenance of the EU's "constructive ambiguity" approach to the question of Serbia's recognition of Kosovo as an independent state is important for continued normalizing relations between the countries. Pushing for recognition too soon could derail any progress made and cause further insecurity in northern Kosovo, as the vicious circle of mistrust and maximalist claims of each side has not yet been broken. Despite the official channels of communication between the Serbian and Kosovar governments, both continue to engage in various policies of misinformation to their local respective populations on the ground. This represents a central impediment toward successfully implementing the agreement and furthering dialogue between the two sides. The EU's continuous and active involvement and interest in the region is of paramount importance for the full implementation of the agreement.

## INTRODUCTION

On April 19, 2013, Serbian Prime Minister Ivica Dacic and Kosovar Prime Minister Hashim Thaci reached a historic agreement during the tenth session of the European Union's mediated dialogue between the two governments. The agreement promises to open the process for settling some of the hotly disputed questions that have poisoned the relationship for more than 20 years: the question of Serbia's recognition of Kosovo as an independent state; border management; the position of the Serbian minority in north Kosovo; Serbian minority rights in the other parts of Kosovo; and the possible implications of agreement about the role of the European Union Rule of Law Mission in Kosovo (EULEX). Since the Kosovo War and NATO military intervention against Serbia in 1999, both sides have defined their relationship in zero-sum terms: what one side considers a political victory, the other sees as defeat. And yet, in a relatively short period of time, EU foreign policy chief Catherine Ashton and her team

managed to do what few expected.<sup>1</sup> As a result of their efforts, a normalization process signalling a significant shift in the relationship between the governments of Serbia and Kosovo has emerged, inspiring one of the leading regional analysts to describe the agreement as “an earthquake in Balkan politics” that might lead to “tectonic shifts” in regional affairs (Prelec 2013).

## THE BRUSSELS AGREEMENT: A MOMENTOUS FIRST STEP

The Brussels Agreement, it is widely acknowledged in the region, is a momentous first step. The choice of title for the 15-point bilateral agreement, “First Agreement of Principles Governing the Normalisation of Relations,” points to the fact that more agreements are on the way, and as the most recent session in December 2013 has shown, are likely to continue. But the implementation and transformation of “practical” everyday realities and political visions will be more difficult. The agreement has indeed initiated a process between the two parties, but that now requires a series of additional negotiations and engagements to fully address governance issues in Kosovo. According to some estimates, the entire process should last at least four years. The matter of Kosovo’s official status remains very central for both sides; here, the EU’s approach of “constructive ambiguity” toward Kosovo’s independence has allowed both sides to agree on the talks. Thus, even though at some point the question of independence will be raised in a dialogue between the parties, it has not been directly addressed in the agreement.

For the most part, the agreement (12 of its 15 points) is focussed on achieving two related goals: integrating Serb-controlled northern Kosovo into the governance structure of the Kosovar state while allowing for the substantive autonomy of the local Serbian population remaining in Kosovo — a measure structured to alleviate any fear that local Serbs will be left at the “mercy” of the Kosovo state. Put together, these measures represent a monumental shift in Serbia’s policy toward Kosovo. Without explicitly stating so, Serbia has agreed to relinquish its control over northern Kosovo to Pristina (the capital of Kosovo), and, in turn, it has informally and somewhat grudgingly

1 The broader EU-facilitated talks between Serbia and Kosovo began in March 2011 (Hamilton and Sapic 2013; Malazogu and Bieber 2012). The electoral defeat of the pro-European Serbian government in 2012 raised a strong expectation that Serbia would move away from its pro-EU policies, as Prime Minister Ivica Dacic and First Deputy Prime Minister Aleksandar Vucic, considered Serbia’s top negotiators with Kosovo, had been senior members of Slobodan Milosevic’s ruling coalition in the 1990s. Yet, they have turned out to be every bit as European as their predecessors — some would argue even more so, given their acceptance of the EU-sponsored agreement with the Kosovo government that almost every analyst describes as the beginning of the consolidation of the two single most contentious issues in the Western Balkans — Serbia’s policy of non-recognition of Kosovo and the question of the status of local Serbs in northern Kosovo.

accepted Kosovo as a political entity.<sup>2</sup> Even though Serbian government officials deny this interpretation, it can only be understood as a first step toward recognizing the existence of Kosovo as a legitimate state. The hard-core position of Kosovo Albanians — that there will not be any negotiations with Serbia until it recognizes Kosovo — has mellowed, which has allowed for the opening of negotiations about the autonomy of the local Serbian population.

In light of their respective catastrophic economies, both Serb and Kosovar states covet EU membership as a way out of crisis, which certainly goes a long way to explaining the EU’s role as a powerful broker between the two sides. Serbia, for example, is set to start membership talks with the EU on January 21, 2014, while the EU started talks with Kosovo on pre-accession economic and political agreements in October 2013 (Norman 2013). While successful thus far, the implementation of any agreement depends on overcoming several important roadblocks regarding commitment from local actors. The question of Kosovo’s status remains an area of divergence between the two governments and several EU member states. But the lasting challenge and the biggest unknown is, on one hand, the extent to which the local Serbian population is committed to accepting the legitimacy of Kosovo’s institutions, and on the other, Kosovo’s long-term policies towards the north of Kosovo.

## THE KOSOVO-SERBIA PROBLEM CONFLICT TRAJECTORY

The Brussels Agreement is even more of an achievement when posited against the history of the region. The conflict between Serbia and Kosovo has a long trajectory, but the period over the last decade is most relevant to this discussion. Between 1998 and 1999, tensions between the Government of Serbia and the Kosovo Liberation Army (KLA) resulted in a humanitarian crisis. On March 24 1999, NATO intervened with air strikes, targeting Serbian military infrastructure and other strategic targets (i.e., bridges) in both Serbia and Kosovo. Following the air strikes, the Serbian armed forces intensified actions against the KLA and the local Albanian population in Kosovo. In 1999, as part of UN Security Council Resolution 1244, Kosovo was placed under a UN interim administration (UNMIK). During 2006 and 2007, Martti Ahtisaari, UN Special Envoy for Kosovo (and former president of Finland) led the negotiations between Serbia and Kosovo known as the “status process” (Woodward 2007). In 2007, Ahtisaari stated that, due to the parties’ incompatible visions, no

2 Some 90 percent of the population in Kosovo is ethnic Albanian, with the Serbian minority concentrated in the north and in smaller enclaves throughout the rest of the country. Serbia has significant influence over the population in the north, as its population in these areas benefits from Serbia’s assistance and the existence of the so-called parallel structures of the Serbian state in northern Kosovo.

further negotiations were possible. However, many would argue that an additional reason that his mediating efforts failed was that in the Serbian negotiators' perceptions, Ahtisaari openly supported the Albanian claims for independence during the negotiations.<sup>3</sup>

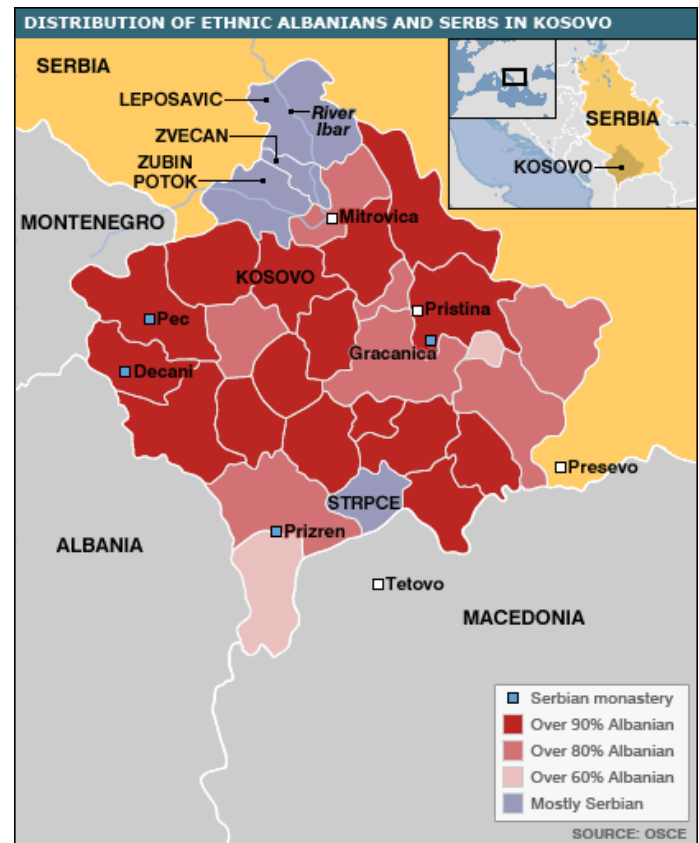
## KOSOVO DECLARES INDEPENDENCE

On February 17, 2008, Kosovo unilaterally declared independence from Serbia. To this day, Serbia strongly opposes the Kosovo declaration and refuses to recognize it as an independent state.<sup>4</sup> In December 2008, EULEX took over some responsibilities from UNMIK, whose powers and staff were greatly reduced after the adoption of the new Kosovo Constitution in August 2008.<sup>5</sup> Serbia maintains administrative powers in the north, despite Kosovo's declaration of independence. In addition, international actors (UNMIK and later EULEX) created and implemented their own governance structures, leading to a confusing administrative environment.

## SERBIA'S "PARALLEL INSTITUTIONS" IN NORTHERN KOSOVO

The consolidation of the Serbian majority in northern Kosovo was reinforced by the refugee flow of local Serbs from other parts of Kosovo during the initial stages of the Kosovar Albanian troops taking control of Kosovo in the aftermath of the NATO air strikes.<sup>6</sup> This area, although

formally part of Kosovo, is separate from the rest of the state due to the existence of Serbia's parallel institutions in that region, which has been a bone of contention between the two governments since 2007. Kosovo's government argues that Serbia's parallel institutions and administrative involvement in the north undermine Kosovo's sovereignty, with the ultimate objective of appropriating that land to Serbia. The EU's perspective is that these fears are well founded; accordingly, it fully supports the removal of Serbia's parallel structures. Conversely, Western demands — in particular, those of the United States and Germany — that Serbia fully recognize Kosovo as an independent state within its current borders, have met with Serbian protest and previously resulted in an impasse between Ahtisaari and Serb negotiators.



3 In a somewhat paradoxical fashion, the Serbian government is now fully committed to the Brussels Agreement, which some commentators identify as the "Ahtisaari Plus" agreement. The Brussels plan is, to a great extent, inspired by the Ahtisaari plan for northern Kosovo (Gallucci 2013). Still, this points to the importance of negotiators that are deemed legitimate by both sides. It also means that the choice of Ashton as lead EU negotiator has propelled the EU as the most legitimate actor to support this process between Serbia and Kosovo. Other international actors, such as the United States and Russia, lack legitimacy, given their own positions on the issue of Kosovo's independence.

4 Approximately 104 countries have recognized Kosovo's independence. Within the European Union, several states do not recognize Kosovo as an independent state. These are Cyprus, Greece, Romania, the Slovak Republic and Spain.

5 EULEX is primarily concerned with strengthening the rule of law in Kosovo and supporting Kosovo on its European path. As regards the rule of law, EULEX has operational responsibility. Like UNMIK, it functions within the framework of the UN Security Council Resolution 1244. In its reduced role, UNMIK focusses on political reporting and facilitation between different stakeholders on the ground (UNMIK 2014). In addition, NATO-led Kosovo Force (KFOR) is responsible for the internal and external security.

6 According to the Kosovo Agency of Statistics (2014), the Kosovo Serbs living in the four northern municipalities of North Mitrovica, Zvecane, Zubin Potok and Leposavic represent a majority of 93.6 percent (37,625), while the rest are Kosovo Albanians (2,571). These estimates, however, are based on the previous census, which does not incorporate demographic shifts due to the war. Thus, the agency's report also compares these figures with the 2010 Organization for Security and Co-operation in Europe (OSCE) data. According to the OSCE data, the current population of Kosovo Serbs living in the north is estimated at 73,300 and Albanians at 6,600.

Since the start of the talks in 2011, Pristina's attempts to strengthen control over the whole territory have met with resistance from the local Serb community, concentrated in four northern Kosovo municipalities. In 2011, clashes occurred over attempts by Kosovo's border police to take control of the border crossings between Serbia and Kosovo. The northern Kosovo Serb population put up barricades and prevented the Kosovo customs officers (who were supported by international actors) from gaining access to these points. There was some controversy when violence broke out between Kosovo Serbs and NATO-led KFOR regarding who was responsible for initiating or escalating the violence.

## EUROPEAN RESPONSES

Regardless of who started or escalated the violence, the fact remains that some of the northern Serbian community opened fire on KFOR (Spiegel 2011). Shots fired at German KFOR officers led to what Bassuener and Weber (2013) refer to as “the German awakening.” German Chancellor Angela Merkel reacted to the violence, stressing that the Serbian path to EU membership was on hold until the situation in Kosovo was addressed (Sheahan 2011).<sup>7</sup> It was this German interest, with UK support, which has led to the push to deal with the remaining problems in Kosovo.<sup>8</sup> Over the course of the last year, a majority of the customs issues have been resolved and the tensions between the two communities subsided. Still, in September 2013, one EULEX officer was killed near Zvečan in northern Kosovo by an unknown attacker (*Balkan Insight* 2013), showing better than anything else the remaining potential for violence in the region.<sup>9</sup>

## THE BRUSSELS SOLUTION

So what did Serbia and Kosovo agree to in Brussels, and what has been achieved so far? Several main elements were addressed in the Implementation Agreement: amnesty law; the forming of *Autonomna zajednica srpskih opstina* (a “community of Serb majority municipalities”); police and justice reform; and the carrying out of municipal elections. The majority of the goals are focussed on governance in the north and institution building in Kosovo. An initial step was for the respective parliaments to approve the Brussels

7 In 2012, the German Parliament outlined seven conditions that Serbia must address prior to joining the EU (Jevtic 2012). In addition to settling the Kosovo issues, the German government has requested that Serbia seek out those responsible for the 2008 attack on the German embassy in Belgrade, which came in the aftermath of riots over Germany’s recognition of Kosovo’s declaration of independence. Serbia has since begun probing the attacks. The German Parliament has also requested that Serbia continue the processes of reconciliation in the region by, for example, ceasing to deny Srebrenican genocide during the war in Bosnia.

8 Some controversy has arisen over the German-drafted and UK-supported “non-paper” sent to EU member states in early August 2013 (Trivic 2013). Serbian media reports suggest the non-paper further delays Serbian accession, and some media reports claim there is a demand for Serbia’s recognition of Kosovo in the near future. In response to these claims, Ernst Reichel, special envoy of the German Foreign Ministry, has stated that Germany has not imposed any new conditions on Serbia (InSerbia News 2013a). Still, Serbian Prime Minister Dacic has commented that some countries were pushing for the postponement of accession talks with Serbia to March 2014 (InSerbia News 2013b). As expected, though, Serbia began the talks on January 21, 2014.

9 On January 16, 2014, Dimitrije Janicijevic, a local Serb municipal councillor in the northern Kosovska Mitrovica assembly, was shot dead by yet unknown assailants (Bytyci 2014). Janicijevic was a member of the Independent Liberal Party, a Serb ethnic party that is a partner of the predominantly Albanian Kosovo coalition government (ibid.). So far, officials suspect that this act was carried out by hardliners who are against the agreement, although the ethnic background of the attackers has not been specified.

Agreement. The Serbian government approved the deal, which was followed by minor local protests.

## AMNESTY LAW

In September 2013, Kosovo President Jahjaga signed the amnesty law amid acrimonious political debate and controversy (Peci 2013a). The goal of the law is to provide reassurance to local Serbs that they will not be held responsible for any prior resistance to Kosovo’s law enforcement authorities. The *Vetevendosje* (“self-determination”) party, a nationalist ethnic-Albanian movement and political group, opposed the passing of the law and sent the document to the constitutional court for amendment. Earlier, the party had been vocal in its opposition to the ratification of the agreement in Kosovo’s Parliament (Hoxha 2013). Though the agreement was ratified in Parliament, the sentiments of the *Vetevendosje* should not be seen as representing only the sentiments of hardliners, as many local Kosovo Albanians share these sentiments and are concerned that this is only the beginning of many concessions that will be imposed upon the Kosovar government (Bassuener and Weber 2013, 6).

## AUTONOMNA ZAJEDNICA SRPSKIH OPSTINA

The second element is perhaps the most crucial for both sides, albeit for different reasons. It concerns the forming of the Serbian *zajednica* (“community”) noted earlier. The name of the organization itself already points to different interpretations. On the Kosovo Albanian side, particularly among the opposition parties (but also within the government), many fear that this is simply a way for Serbia to retain its foothold in the region. For this reason, even though Belgrade has maintained that the *zajednica* is a new entity, Kosovo has argued that it is simply an “inter-municipal” association that should be incorporated into the state’s existing governmental structures (Prelec 2013). In a somewhat similar fashion, many Serbian nationalist intellectuals are accusing the Serbian government of “selling” Kosovo for the promise of the EU entrance.<sup>10</sup> Finally, there are splits within Kosovo’s northern Serbian community to at least three factions: those who instrumentally support the agreement; those who radically oppose it; and those who try to embrace the emerging reality to forge a more constructive relationship with Kosovar administrative structures.

## POLICING

The agreement also calls for strengthened and integrated security structures. Since 1999, the Kosovo police have undergone a relatively successful UNMIK and OSCE-led

10 For an example of this kind of rhetoric, see the portal website of Nova Srpska Politicka Misao (2013).



police reform (Greene, Friedman and Bennet 2012). Yet, the policing situation in the northern municipalities has been complicated by the continued influence of Serbian structures (International Crisis Group 2011).<sup>11</sup> Under the auspices of the agreement, Serbia will close its security structures and provide information on the numbers and ranks of security-sector employees who wish to integrate with the Kosovo structures. Kosovo will then offer positions to these individuals, accommodating, to the extent possible, their places of residence. Serbian security personnel will be integrated into the Kosovo police structures, and significantly, during the tenth session in December 2013, the leaders of Serbia and Kosovo agreed that a local Kosovar Serb would be appointed as the acting regional police commander for the four northern municipalities (Andric 2013). Serbian Prime Minister Dacic has noted that the next steps are to ensure proportional representation of Serbs in Kosovo's police force (ibid.). Another key aspect for the stability of the region is maintaining assurances of the protection of Serb communities, as EULEX has recently indicted 11 members of the Kosovo special police unit for alleged violence against Serbs in Pristina during Orthodox Christmas (Peci 2013b).

## JUSTICE REFORM

The reform of judiciary remains to be addressed. No progress was achieved in the December sessions, as Serbia pushed for a separate court in Mitrovica with Serbian judges who would serve the Kosovo Serb population. At the moment, only minimal court services are available in the north, with one municipal and one Serbian high court — both of which are largely ineffective due to the lack of a clear rule of law (International Crisis Group 2011). The judiciary should be integrated, and all Serbian premises in Kosovo should close as the new Kosovo bodies open. According to the agreement, as with policing, Serbian judicial authorities will be integrated into Kosovo institutions, and any new structures required in the Serb majority municipalities are to be undertaken under Kosovo's judicial framework with the assistance of EULEX. Again, as with policing, Serbia is expected to provide information on the judiciary personnel who wish to join Kosovo structures after the amnesty law is passed, and Kosovo is expected to make judiciary

positions available that reflect the ethnic composition of the territorial jurisdiction.

Finally, Serbia must disclose details about the funding of institutions in Kosovo through the Implementation Committee. The two sides are also expected to fully implement all of the agreements previously agreed to on matters such as cadastre (land ownership and taxation), civil registries, customs stamps, university diplomas, the freedom of movement, regional representation, integrated border (or boundary) management, liaison arrangements, a special police unit for the protection of Serbian religious and cultural heritage, and a customs collection/development fund for northern Kosovo.<sup>12</sup>

## MUNICIPAL ELECTIONS

Municipal elections were to be carried out on November 3, 2013. These elections held particular significance, as a local Kosovo analyst pointed out that “these elections will not be co-shared [between Serbia and Kosovo]. These are Kosovo-run elections” (pers. comm.). These elections were also significant in that the Government of Serbia urged the local Serb population to participate, rather than boycotting the elections as in the past. In the predominantly Serb area in northern Kosovo, however, the November elections were marred by violence and intimidation by some alleged Serb extremist groups. As a result, and under the EU pressure, Kosovo's electoral commission annulled the results of three polling stations in Mitrovica and rescheduled the voting for November 17, with a second round on December 1, 2013. The follow-up elections seem to have overcome the initial roadblock of the November 3 election, as no violence occurred in the rescheduled elections — partly a result of increased international oversight and security presence. Though the December elections were less problematic, the question about the formation of the *zajednica* municipalities and the support of the local Serb populations for such an organization is far from settled.

## LOW VOTER TURNOUT

Many Serbs in northern Kosovo, however, did not go to the polls, refusing to participate in elections run by Pristina. The voter turnout was extremely low, with estimates ranging between 10 and 20 percent, pointing to the insecurity and uncertainty the population in the north felt, both going to the Pristina-run polls as well as the broader issue of their future within Kosovo (Balfour and Pappas 2013). These figures are also more telling than any agreement between

11 The International Crisis Group (2011) report alleges that some Serb members of the Kosovo police working in the northern municipalities are also unofficially on the Serbian Ministry of Internal Affairs payroll. The report describes the Serb police officers as torn between Belgrade and Pristina, and distrusted equally by the local Serb population (because they participate in a Pristina-run institution) as well as being distrusted by Pristina (because of the perceived influence of Belgrade), which clearly creates a lot of problems for the security structure of northern Kosovo. As part of the agreement, the goal is to fortify the role of Kosovo police and to ensure the removal of Serbian security structures — both official and unofficial.

12 IBM, the acronym normally employed to denote “integrated border management” in the EU context is one that Kosovo agrees with, as it points to national boundaries; however, Serbia argues that the acronym stands for “integrated *boundary* management” — that is, a territory with no national sovereignty (Hamilton and Sapic 2013). Thus, rather than defining the term using either “border” or “boundary,” the neutral acronym IBM is used exclusively in the agreement.

the two governments. Despite the intergovernmental agreement between Serbia and Kosovo, the local Serb population does not accept the agreement as a legitimate expression of their concerns. Still, any other outcome at this stage seems highly unlikely, given that Kosovo Serbs have been living in political limbo for 14 years, during which time they have developed a sort of “twin” sense of dependence on Serbian financial assistance, not to mention the fear of potential repercussions from Kosovo Albanians (Ejdus, Malazogu and Nic 2013).<sup>13</sup> This seems to have been lost on EU representatives in the region, who continue to push talks at the top level, while they seem to be dismissing the importance of local support for the implementation of the agreement.

## BEYOND THE AGREEMENT

An important obstacle in implementing the agreement is the disconnect, or lack of communication, between politicians and local populations. As one Kosovo Serb politician notes: “People on the ground have the impression that they are losing something. There is a lack of transparency, communication, and lack of a serious integration process between Pristina and the population in the North” (pers. comm.). This disconnect has led to divisions within the Serb population, between those who reject outright any attempt by Kosovar institutions to gain control, and those who accept some minimum involvement. Many members of the Serb community are considering leaving the country, as many have already done.<sup>14</sup> For some Kosovar Albanian critics, the agreement is incomplete because Serbia has not recognized Kosovo as an independent state. In addition, critics disagree with the provisions made for the Serb population, as there is concern that these will result in a potentially destabilizing territorial autonomy of Serb community within Kosovo.

## PROGRESS THROUGH AMBIGUITY

This uncertainty over the agreement, however, might prove to be its strength rather than its weakness. Portraying the agreement as benefitting both communities and allowing for ambiguity in the interpretation of the agreement’s ultimate objectives seem to form a very important part of the EU’s strategy toward both countries. Some have labelled this as a sort of “Brussels house style” diplomacy that “get the parties to commit publicly to an agreement whose content is to be filled in later, often by EU officials, out of the spotlight” (Prelec 2013). However, as Prelec

13 Currently, 75 percent of all Serbian personal income in northern Kosovo is linked to public-sector salaries that are provided by Serbia (Ejdus, Malazogu and Nic 2013).

14 There are 210,148 displaced persons from Kosovo in Serbia, and 17,900 internally displaced people in Kosovo (Internal Displacement Monitoring Centre 2012). Of these, three-quarters are of Serb background; 11 percent are of Roma, Ashkali or Egyptian descent.

notes, the trouble with this approach is that both sides can end up feeling cheated. As much as the EU’s approach has proven itself in the short term, it is still unknown how persuasive this policy will be over the long term.

But at the moment, it is the balance between the incompatible goals and interests that allows progress in the high-level dialogues. On the Serbian side, the government can portray the decentralized power-sharing in the north as a way to maintain ties with the Kosovar Serb population, thus arguing that Serbia has not “given up” on them. At the same time, the agreement leaves the issue of recognition unsettled in the short term (benefitting the Serbian government’s position), while it ensures that the Serbian government does not obstruct the acceptance of Kosovo into international organizations. Moreover, Serbia’s involvement in talks and the agreement’s implementation should ultimately reassure the northern Serb population that their ties to Serbia are not severed. The Serbian government, though, must be clearer about where this road leads and state more clearly that Kosovo will have jurisdiction over the territory.

The Kosovo government can portray the agreement as a final step in the long process of fully integrating all of the remaining institutions and parts of the country within the authority of the Kosovar state. However, any enthusiasm they betray for such a solution might undermine the already agreed-to level of decentralization between the north and the rest of the country. Hastiness in this direction may strengthen territorial sovereignty, but it comes at the price of continuing a dicey relationship with its northern neighbour. Decentralization should not be interpreted as a sign of Pristina’s weakness, but rather the strength of a new, democratic polity.

Indeed, in all but formal wording, Serbia has accepted Kosovo’s independence and it has promised not to undermine its efforts to join international organizations. Hence, the Kosovar government can point to any of the concessions it makes in the north as all in their own interests toward achieving full international territorial recognition. Short of renewed violence, the Kosovo government cannot impose itself in the north and must take the softer approach, albeit unsatisfactory for many in Pristina. This fine balance is key to the successful implementation of the agreement and the normalization of relations, and is another step in the direction of EU membership and ensuring stability in Europe’s “backyard.”

## ECONOMIC BENEFITS

Despite the past struggles between them, both Kosovo and Serbia recognize the economic benefits of joining the EU. High unemployment rates and stagnant economies make EU membership appealing to both parties. Kosovo has an estimated unemployment rate of 35.1 percent (Kosovo Agency of Statistics 2014), though experts point

out that this number is likely much higher, given the lack of credible reporting. In 2012, Serbia's unemployment rate rose to 25 percent, falling only slightly by the end of 2013 to 20.1 percent (Statistical Office of Serbia 2014). For these reasons, EU membership is appealing enough for Serbia to make decisions on an issue that is very sensitive in the domestic political context. At the same time, however, both governments overemphasize the economic gains to the extent of making more substantial political commitments to democratic reforms as well as full integration into European governing structures. Uncertainty thus remains as to whether and to what extent they can remain steady on the course that is set up by the EU-mediated agreement. It seems possible that, if there were any case of a political crisis undermining their position, either the Serbian or Kosovar governments might easily switch their pro-European rhetoric for the old nationalist one, easily undermining what has been achieved so far.

## TACKLING CORRUPTION

Tackling corruption and organized crime will be central to ensuring that all of the political gains are sustained in the longer term. Corruption and organized crime remain significant obstacles to the promotion of rule of law and good governance initiatives in Kosovo. Despite the significant investments from the EU through EULEX, high levels of corruption and organized crime persist. Since 2012, however, some important developments and the arrests of key criminal figures have been made. The new head of EULEX, Bernd Borchardt, took office on February 1, 2013, and has been credited with reinvigorating the mission (Tacconi 2013). Still, according to the latest Transparency International Corruption Perceptions Index (2013), Kosovo ranks 111th of 177 countries, while Serbia ranked 72nd of 177 countries, identifying both countries among the most corrupt in Europe. According to Transparency International estimates, Kosovo is the fourth, while Serbia is the eighth most corrupt country in Europe.

Corruption and organized crime are significant in the wider Western Balkan context, as weak states and conflicts in the last two decades have allowed for a flourishing of these groups and criminal practices. A lack of foreign investment as a result of this systematic corruption prevents economic development. In the context of Kosovo, EULEX remains best positioned to address the rule of law and security issues within Kosovo. Despite periodic clashes with EULEX, it is as much in the interests of local Serbs to support its role in Kosovo, for it is the only organization that can alleviate

fears and manage potentially violent situation in time of transition to Kosovar governance structures.<sup>15</sup>

## RECOMMENDATIONS

Ultimately, it is the local population in Kosovo as well as the two governments that will decide the success of the agreement. In the meantime, the EU can, as it has done up until now, be an important actor and ensure this success by maintaining the fine balance between the differing interests and incompatible visions of Kosovo. The question of recognition of Kosovo by Serbia is one that is not easily solved. Constructive ambiguity is the best approach in the short term. To this end, the following recommendations are made.

**The support and competence of EU negotiators must be maintained.** Ashton's term will end in October 2014, and it is crucial that an equally competent and legitimate broker between the two sides continue this process. Previous engagements, where perceptions of bias were present, have stalled the talks. The EU must carefully consider its representative in the continued process. Moreover, the EU needs to maintain some interest and focus on the region and recognize that this is a long-term process.

**Tread slowly, but resolutely, with the question of Serbia's recognition of Kosovo.** Leaving the matter incomplete in the short term is necessary in order to build confidence in the process and Kosovo's institutions among the Serb population. In the longer term, and closer to Serbia's joining the EU, the status will need to be addressed, but pushing for it too soon could adversely impact the security situation on the ground in northern Kosovo. Serbia's government needs to continue reassuring its domestic base of the importance of this political process. Serbian audiences are increasingly aware that joining the EU will necessitate its recognizing Kosovo.

**Confidence and security-building measures should be put in place by both Kosovar and Serbian governments.** Measures are needed to reassure the local Serb population in northern Kosovo, but also in enclaves throughout the country, of their equality in that society, as well as the benefits of more integrated institutions and society. The Kosovar government should provide security for Serb population everywhere in Kosovo, as well as policing units to protect Serbian cultural and religious sites (International Crisis Group 2013). In turn, Serbia can do more to strengthen the legitimacy of the new institutions in the north by clearly stating its support for them. Decreasing

<sup>15</sup> EULEX's importance to the entire process was demonstrated on January 7, 2014, when Serbian Deputy Prime Minister Vucic, the most influential politician in the country, stated that EULEX's presence in Kosovo is a guarantee of peace. This statement came in response to an earlier statement by Kosovar President Jahjaga that it was time for EULEX to withdraw from the region (InSerbia News, 2014).

uncertainty and ensuring a sense of normalcy in the north are central to achieving support for these institutions. Also, the Serbian government should stop “playing favourites” with local Serbian politicians and treat them all equally. The practice of alleged favouritism has thus far had negative consequences, leading to acrimonious accusations as to who really is a legitimate representative of the local Serbian community in northern Kosovo.

**EULEX needs to remain in Kosovo to oversee the process of normalization.** Prematurely closing the office, as Pristina has asked to be done in 2014, would be detrimental to the region’s security (Bassuener and Weber 2013). Reducing or eliminating corruption and organized crime should be key focus areas for the mission. EULEX needs to create outreach programs and engage with the Serb population in northern Kosovo. Previous incidents have made the local population distrustful of EULEX, which has negatively affected the entire mission. Weak governance structures in northern Kosovo contribute to instability, as unofficial, alternate routes between Serbia and Kosovo are often used by criminal networks (Hamilton and Sapic 2013). As local representatives from both communities are quick to point out, criminals in the region cooperate well together — regardless of ethnic background.

**Political plans for the removal of Serbian parallel structures in northern Kosovo should be followed and supported by economic plans for the region’s development.** While Brussels and Pristina would like to see the complete and fast removal of parallel structures, dismantling them without recognizing their economic impact could have detrimental effects on the legitimacy of the entire process, especially in the eyes of the local Serb population. Much firmer economic cooperation between the two sides, with the full support of the EU, is needed in the transitory stage to alleviate the local population’s fears that with the dismantling of Serbia’s parallel structures, they will lose the only available source of income and support for their families.

## CONCLUSION

While the fate of the Serbian population in northern Kosovo is being negotiated by Serbian political leaders, the legitimacy and the implementation of the agreement depends on the local population itself. Reassurance needs to be provided to the local Serb population that removal of parallel structures will not mean that their rights are unprotected. In turn, Kosovo’s institutions will have to ensure equal and fair access for all, regardless of ethnicity. Much will depend on the relationship that Kosovo’s government cultivates with the representatives of Serb-dominated areas. The fear and distrust between local populations will not disappear overnight. Barriers between the two communities are likely to continue, even if the agreement is fully implemented. After all, a strategy for

fuller integration of the local Serb population into Kosovar state structures also has to take into account issues such as flags, symbols, emblems, the protection of cultural and religious sites, among others.<sup>16</sup> Most of these questions are not even touched upon by the agreement and need to be addressed. Otherwise, conflict can erupt very quickly, fully undermining the entire peace process.

Regardless of the remaining challenges, EU foreign policy chief Catherine Ashton has proven an effective and legitimate broker between the two sides — and she is hopeful of even more progress in the next few months. Ashton has less than a year left in office (her current term ends on October 31, 2014), a fact that is not lost on either Ashton or the local actors (Norman 2013). As Ashton has pointed out, “they [Dacic and Thaci] know that I have a shelf-life and therefore...if they want me, let’s get it done” (ibid.). Maintaining this momentum and commitment from all sides will be important in the coming months in order for progress to be made. After all, this is a timely opportunity for the EU to lay the groundwork for the wider integration of the region, as well as tackle issues of organized crime and corruption that plague the Western Balkans. But the EU also needs to recognize that the transformation of the region will require long-term support and involvement.

16 Indeed, Krstimir Pantic, the elected mayor of northern Kosovska Mitrovica, refused to sign the oath of office because it featured Kosovo state symbols, such as the Kosovo coat of arms, when there was an expectation of status neutrality (B92 2014). Pantic also suggested that the OSCE-led elections were not neutral, stating that after the election material was submitted, the Kosovo coat of arms and the inscription “The Republic of Kosovo” were put on the documents, undermining their neutrality (ibid.). These symbolic aspects and the maintenance of neutrality in the short term must be addressed and should not be dismissed by international actors. Balancing neutrality is important, as it allows the northern municipalities to build trust in Kosovo’s institutions.

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