



# Time for Action in the Western Balkans

Policy Prescriptions for American Diplomacy

May 2018 - New York



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## **Foreword & Acknowledgements**

In preparing the policy recommendations that follow in this paper, we conducted an intense and extensive inquiry. We met with numerous high-level officials, diplomats, civil society representatives, and members of the academic community throughout this process in New York City, Washington, D.C., Europe and select regional capitals. We engaged individuals from the United States, the European Union, the United Nations, Serbia, Bosnia and Herzegovina, Macedonia, Montenegro, Albania, Croatia, Kosovo, Slovenia, Russia, Turkey, Austria, Germany, the United Kingdom, Greece, and Finland. We are grateful to them all for their insights, debate and candor during what proved to be a highly informative series of meetings. We would like to extend particular thanks to Ambassador Kai Sauer of the Permanent Mission of Finland to the United Nations for his wisdom and advice throughout this process.

We must also extend our thanks, and pay tribute to several recent publications, and the conferences that inspired them, including: *A Roadmap for Strengthened Transatlantic Pathways in the Western Balkans* by the Heritage Foundation; *Resilience in the Western Balkans* by the E.U. Institute for Security Studies; *The Unraveling of the Balkans Peace Agreements* by the Council on Foreign Relations; *Balkans Forward* by the Atlantic Council; the *Future of the Western Balkans*, published by the British House of Lords; and the European Commission's *A Credible Enlargement Perspective for and Enhanced EU Engagement with the Western Balkans*.

Lastly, we would like to express our gratitude to the Rockefeller Brothers Fund for its guidance and support of this initiative. Its generous support of, and long-term commitment to, the Western Balkans has greatly aided the region on its long road to peace and stability.

*This report was prepared by Frank G. Wisner, Thomas Graham, Jonathan Levitsky, and Cameron Munter, veterans of U.S. diplomacy in the Balkans and Europe, with the assistance of Mark Stadnyk and Stephen Whittaker.*

## Executive Summary

Since the end of the Cold War, the United States has been engaged in the Western Balkans<sup>1</sup> to ensure a Europe that is “whole, free and at peace” and a reliable partner for dealing with global challenges. Our goal has been to stabilize the Balkans, and to enhance security throughout Europe, through the integration of the Western Balkans into trans-Atlantic structures. We have succeeded only in part. Although the Western Balkans are better off now than they were in the 1990s, they are stagnating and risk instability as a result of three factors: deficient internal governance and weak economies, continuing tense relations between ethnic groups and neighboring states, and the malign influence of outside forces.

### **Modest U.S. engagement will yield significant dividends**

The United States was heavily involved in the region, along with our European partners, from the Balkan conflicts of the 1990’s to the independence of Kosovo in 2008. Since then, however, we have had little sustained high-level engagement and relied on the Europeans to advance the region. Yet in recent years, Europe has had less time for the region as it deals urgently with financial crises, refugee flows and internal threats to cohesion. As a result, progress in the Western Balkans has stalled, and, in places, the situation has deteriorated.

Now is the time for the United States, alongside our European allies, to re-engage in the region to forestall a downward spiral that could lead to potentially fractured states and widespread instability on Europe’s borders. As the delayed U.S. response to the Yugoslav crisis in the 1990s demonstrated, continued inaction in the face of warning signs may demand a far greater U.S. commitment in the future. U.S. action now could restart political and economic reform, while reducing the scope of action by outside powers inimical to U.S. and European interests.

This re-engagement, premised on partnership with the E.U. and NATO, would entail only a minimal commitment of resources. U.S. credibility remains high, and political persuasion has been our greatest tool in the region. But to be effective, the United States must be visible, and that requires high political level U.S. involvement (such as Vice-President Pence’s visit to Montenegro). Such involvement need be only episodic, but it is critical to giving weight to officials who will bear the lion’s share of the responsibility for implementing U.S. policy.

### **The United States and Europe need to refine their strategies and to re-energize their partnership**

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<sup>1</sup> For purposes of this report: Albania, Bosnia-Herzegovina, Kosovo, Macedonia, Montenegro, and Serbia.



Vice President Pence and regional leaders at the Adriatic Charter Summit during his August 2017 trip to the Western Balkans.

*Photo credit: White House/Flickr*

To be successful, the U.S. strategy cannot be based on old talking points and unrealistic conditions. We must instead offer achievable goals, matched with credible incentives for progress and strong deterrents to inaction or obstruction. Reform efforts should be premised on eventual membership in the E.U. and NATO, and thus closely tied to the criteria needed for accession to those institutions. But we need to be flexible. The accession of Balkan states to the E.U. and NATO should be a multi-speed process with two steps: (i) interim measures of cooperation and coordination and (ii) formal accession. Long-term alignment of values and institutions will require sustained support and

European and U.S. Engagement. Europe will have to take the lead on E.U. matters, but the United States and Europe must be in lock-step in their overall approach. As part of the E.U.'s intense review of its Balkan obligations, the Western Balkans will be high on the agenda of the E.U. Summit, to be held this spring in Sofia, Bulgaria. The Western Balkans should also be on the agenda of the upcoming U.S.-E.U. Summit and the NATO Summit.

**This year offers a window of opportunity to focus on and develop common policies for the Western Balkans.**



## Key Recommendations

### **Bosnia-Herzegovina**

- Bosnia is an urgent priority in 2018. The U.S. along with the E.U. should encourage Bosnia's party leaders to negotiate a new election law. Should they fail to reach agreement, the High Representative should use his powers to intervene, to include drafting and promulgating a law on behalf of the Bosnian entities.
- After Bosnia's elections this fall, the U.S. and the E.U. should focus on streamlining the Dayton institutions in ways consistent with E.U. accession, but not at the cost of upsetting the fundamental bargain struck by Dayton.
- Solidifying cooperation with NATO should be the priority. NATO should reconsider current obstacles to increased ties, including its insistence that defense property be registered with the national government.
- The U.S. can "kick start" and diversify economic development by creating a Bosnia-Herzegovina and American Enterprise Fund focused on small and medium enterprises.

### **Kosovo**

- To stop the slow slide to a frozen conflict, the United States should encourage the E.U. to revitalize the Kosovo-Serbia dialogue. The dialogue must lead to Serbia's recognition of Kosovo as an independent state. The U.S. should be prepared to accept measures that the parties agree to as part of their normalization of relations.
- NATO should work with Kosovo to develop a small, lightly-armed, defensive military capability. The process of launching this force must involve dialogue between Kosovo and Serbia, but under no circumstances should Serbia enjoy a veto in the process.
- KFOR should remain in Kosovo, but a permanent NATO or U.S. base in the region would needlessly provoke Serbia and Russia and is unnecessary.



## **Serbia**

- The U.S. needs a renewed and strengthened relationship with Serbia, the region's largest and most powerful state. It should maintain support for Serbian membership in the E.U. while supporting the E.U.'s position that new members comply with its Russia policy and that Serbia will not join unless it recognizes Kosovo.
- NATO membership should remain an option for Serbia, but U.S. expectations must be tempered by the historical legacy of NATO's military operations in the region, as well as the likelihood of vociferous Russian opposition. NATO cooperation should continue, with NATO encouraging Serbia to limit its security ties to Russia to arms trade and training.

## **Macedonia**

- Macedonia's entry into the E.U. and NATO institutions must be the priority. The U.S. should use its influence at the highest levels in Macedonia and Greece to stress the importance of resolving the "name issue," which stands in the way, and working with the U.N. to that end.

## **Partnerships**

- The U.S. should not ignore the real value of bilateral or multilateral partnerships between itself and a smaller group of European states. A partnership with France and Germany could be particularly useful.

## **Russian Disruption**

- The U.S. and the E.U. should counter Russian interference by (i) re-affirming the continued opportunity for Western Balkan countries to join the E.U., NATO, or both, (ii) countering Russian media manipulation with objective alternative sources of information, and support for independent media, (iii) advancing the region's cooperation with NATO and E.U. efforts to promote cyber-security, and (iv) analyzing the extent to which other energy sources, including U.S. liquefied gas (LNG), can serve as exceptional alternatives to Russian energy.
- The U.S. should encourage and participate in a U.S.-E.U.-Russia dialogue as part of a broader effort to signal to Russia that Europe's security borders include the Balkans and that NATO's Balkan activities are not aimed at encroaching upon Russian security interests.



President Slobodan Milošević of the Federal Republic of Yugoslavia, President Alija Izetbegović of the Republic of Bosnia and Herzegovina, and President Franjo Tuđman of the Republic of Croatia initial the Dayton Peace Accords in December 1995.

*Photo credit: U.S. Air Force/Staff Sgt. Brian Schlumbohm*

## Introduction

The Western Balkans are at risk. To be sure, they do not now face a crisis of the same gravity as that of the 1990's and none appears imminent. The region is unmistakably in a better place today than it was in the 1990's. European integration has proceeded—albeit partially and sporadically. Kosovo has had success in launching a new state in 2008 and building its institutions on the basis of a framework developed by former U.N. Envoy Martti Ahtisaari. In Macedonia, a coalition government was formed in May 2017, amid growing resolve to settle the “name issue” with Greece. Montenegro became a member of NATO the same year. But otherwise, progress -

in rule of law, governance, and quality of life - largely stalled a decade ago, and today the region faces serious challenges. *First*, Balkan states suffer from poor governance, weak institutions, corruption, and depressed economic prospects. These weaknesses feed ethnic and sectarian tensions. *Second*, regional relations between Balkan states—especially Serbia and Kosovo—remain fraught with tension and distrust. Ongoing failures to integrate ethnic and sectarian minorities across the region risk compounding existing fissures that affect Europe as a whole. *Third*, the Balkans are a playground for the ambitions of external forces. Russia sees the

Balkans as a point of leverage in its quest for a greater say in Europe's affairs and in its overall effort to reduce American prestige and influence. China and Turkey seek to play out their external aspirations on Balkan soil, and radical Islamist influence has made an appearance as well. All of these challenges are exacerbated by a lack of interest and commitment from Europe and the U.S.

These forces will, if unchecked, cause continued stagnation or regression on badly-needed Balkan reforms. They will inexorably drive the region to further instability and possible violent strife. And they will force the Balkans onto the U.S. agenda again, as they did in the 1990's. Now is the time for decisive action by European capitals and Washington to head off such outcomes.

### **Why the Western Balkans Matter**

E.U. and NATO policies have oscillated between a genuine commitment to addressing the region's ills through expanding membership and a tepid appetite for engaging with the region's issues. Washington, as well as Brussels and European capitals, has failed to prioritize the needs of the Western Balkans in recent years, as urgent matters arose in the Middle East, East Asia, and elsewhere in Europe and calls multiplied for a re-orientation of American foreign policy.

In these circumstances, why should the United States devote more resources to the Western Balkans? Simply put, the Western Balkans are a European vulnerability - conflict there spills into in European politics and erodes Europe's security. Transnational crime, international terrorism, illegal migration resulting from underperforming economies, weak institutions and poor governance in the Balkans will affect Europe. And Europe's vulnerabilities impact American national security interests.

The E.U., it cannot be forgotten, arose from post-war institutions founded to reduce conflict through economic cooperation and integration. NATO protects Europe, but requires U.S. support to be credible and effective. In other words, Europe's twin institutions were designed to mitigate strife and ward off threats to the continent through cooperation and integration. American commitment to European security is a commitment to these institutions. But, these institutions—and the values they protect—are now vulnerable. From the U.K.'s anticipated exit

from the E.U., economic tensions between northern and southern member states, the sometimes strident discord among member states in addressing common challenges like the refugee crisis, and ineffective leadership, fissures already run deep through the European façade. Forces of populism, chauvinism, and intolerance are rising throughout Europe. In NATO member states, electorates increasingly question Article V commitments and the need for burden sharing. Instability in the Western Balkans, dangerous even at the best of times, risks feeding threats to European unity and security. And if instability in the Balkans undermines these institutions and the values they protect, it is an American concern. Acting forthrightly in the Balkans will help address European perceptions of declining American interest and influence.

Apart from U.S. strategic interests in a Europe whole and free, the Balkans are also at the frontlines of other key U.S. policy goals, from managing Russian and Chinese power globally to promoting liberal democratic values in the face of authoritarianism.

**Why a call for American action now?** The dangers of continued inaction are too great to wait for the lesson to be taught anew that a failure to deal with incipient dangers will invariably require a far greater U.S. commitment when crises erupt full-blown. Bosnia requires immediate attention. A rapid corrosion in governance threatens to be exacerbated by the absence of an adequate election law as hotly-

contested elections rapidly approach this fall. Kosovo is sliding towards frozen-conflict status. Macedonia, in the struggle with Greece over its name, presents both a challenge and finally an opportunity for progress. Clear thinking and decisive action is needed now from U.S. leaders. They need to elaborate a policy the U.S. can

pursue in cooperation with European partners that sets out a credible and achievable trajectory to membership for the Western Balkans in the E.U. and NATO, while simultaneously addressing the specific challenges each country faces.

### Developing Consensus on a Credible Trajectory to E.U. and NATO Membership

The basic framework established by the U.S. and E.U. to stabilize the Western Balkans is still viable today. But a new approach is necessary, one that comprehensively addresses the overlapping political, economic, and security dimensions of the multiple challenges facing the Western Balkans. Policymakers in Washington and Europe need to work together to refine their strategies, and reenergize their partnership to successfully address the issues at hand. The U.S. and the E.U. need to be in lock-step in their approach.

Full integration into the E.U. will not take place quickly. The task is to develop interim forms of cooperation, tailored to each candidate country, that fall short of membership as a way of creating incentives for each country to take the steps necessary to bring them into compliance with the Copenhagen Criteria for membership. As the European Commission wrote in its February 2018 report, “*A credible accession perspective is the key driver of transformation in the region and thus enhances our collective integration, security, prosperity and social well-being.*” The Commission stresses aggressive Balkan diplomacy and identifies important action to be taken by European leaders. However, the Commission’s laudable goals should involve outside actors (first among them the U.S. and

NATO), prioritize necessary reforms over aspirational ones, and actively confront malign external pressures.

Even after membership, the Western Balkans will need continued assistance from the E.U. — and to a lesser degree the United States — in combatting corruption, overcoming poor governance, implementing rule of law, enhancing respect for core democratic principles like tolerance, respect for diversity, and economic inclusivity, and accelerating economic growth.

The U.S. should encourage E.U. leaders to agree on a credible and achievable trajectory to membership through a two-step approach, that is, first interim forms of ever-closer cooperation to be followed by formal accession once the criteria for membership have been fully met. At the same time, aspiring member states must take substantial and good faith steps to actively grasp these incentives by addressing their outstanding issues. For instance, neither Serbia nor Kosovo can expect to become E.U. members if they do not agree upon normalization of their relations. Nor can Macedonia join if the “name issue” dispute with Greece remains unsolved.

What inducements or incentives can the E.U. offer?

Pre-accession steps might entail cooperation in one or more of the following areas:

- controlled ‘circular migration’ whereby seasonal work is permitted in E.U. countries;
- trade facilitation and *stimuli*, including incentives to exporting industries;
- access to infrastructure funds;
- stabilization mechanisms to help Balkan countries manage their currencies, banking systems and financial markets, at moments of stress;
- participation as observers in E.U. institutions, including technical bodies like agriculture or transport regulatory bodies, as well as in European security discussions, intelligence sharing, and police coordination; and
- observer status in the European Parliament.

Further, the U.S. and the E.U. should step up their efforts to facilitate regional economic integration. Working with business leaders from the U.S., Europe and the region itself, such efforts (outlined at the 2017 Trieste summit and strengthened by specific economic initiatives) reinforce cross-border cooperation and

encourage prosperity. They can only improve the chances for the long-term viability of reforms needed for accession.

Additionally, certain Balkans states already enjoy close cooperative relationships with NATO. The recent E.U. initiative to deepen European defense cooperation and further develop defense capabilities for E.U. military cooperation through the E.U. Permanent Structured Cooperation (PESCO) might offer a platform for building on existing and successful NATO relationships with E.U. candidate states in the Balkans.

A successful policy cannot be implemented with incentives alone. There should be disincentives, that is, withdrawal of benefits accorded during the interim period. In addition, there should be disincentives for violations of human rights, international agreements, and, in Bosnia, the Dayton Constitution, as was the case with U.S.-imposed sanctions on Republika Srpska Prime Minister Milorad Dodik. These may include:

- Public and private political pressure;
- Targeted sanctions against regional leaders;
- Investment blacklists, including eliminating or reducing European and/or U.S. financial support—both public and private.

### **NATO: A Key Actor to Confront the Balkans’ Security Challenges**

As with the E.U., it is time to re-think NATO conditionality and to offer a realistic path to membership—or at least close partnership. The Western Balkans’ pressing security threats fall squarely within NATO’s expertise and sphere of authority. Moreover, membership in NATO has served as a springboard to E.U. accession since the end of the Cold War. Indeed, NATO has

already made material and sustained efforts to expand its membership to former Yugoslav or Warsaw Pact states. NATO membership should continue to be open to all Balkan states. Absent a credible promise of membership, the current patchwork quilt—even one dotted with Partnerships for Peace—creates pressure points and leaves room for external interference.



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Bosnia, Serbia, and Kosovo need a NATO “waystation” since full membership is not presently likely for various reasons. This “waystation” can serve as a useful inducement to co-operation and security alignment. In this regard, NATO should work to actively improve Balkan security institutions. Strengthening bilateral military-to-military ties, standardizing armaments production and intelligence cooperation can be done without formal membership. Further, NATO should work with Kosovo to develop a small, lightly-armed, and defensive military capability. NATO should be responsible for training, equipping, and supervising this defensive Kosovar force.

The development of a Kosovar defensive force will not, in the near term, enable the United States and its European allies to reduce their direct military commitment to Kosovo. Until Serbia and Kosovo enjoy a stable relationship, NATO, including U.S. forces, needs to be present. That said, the NATO presence in Kosovo is temporary by definition. It should remain so, and Washington and NATO should reject recent calls for a permanent U.S. or NATO military presence in Kosovo or elsewhere in the Balkans, which would needlessly provoke Russia and Serbia.



President Filip Vujanović of Montenegro greets NATO Secretary General Jens Stoltenberg at the flag-raising ceremony marking the accession of Montenegro to NATO.

*Photo credit:* North Atlantic Treaty Organization/Flickr/CC BY-NC-ND 2.0

## Resolving Dangerous Calcification in Bosnia

Bosnia should be an urgent priority for the United States in 2018. The most pressing challenge to Bosnia's future is the absence of a viable election law as elections this fall approach and tensions accordingly rise. The U.S., E.U., and High Representative should engage directly and at high-level Bosnian party leaders while they negotiate a new election law. Should they fail to reach agreement on this vitally important legislation, the High Representative should use his powers to intervene, to include drafting an election law and promulgating it on behalf of the Bosnian entities. Sanctions should be considered in cases of obstruction. We fully recognize the drastic nature of such a course of action, but conclude the circumstances could come to warrant it.

Bosnia's problems do not end there. The Dayton Agreement of 1995 ended the violence in Bosnia-Herzegovina through a mixture of force and diplomacy. It created a multi-ethnic state, but in effect froze and institutionalized the country's ethnic divisions. It has proved impossible ever since to reform Bosnia's institutions or to endow the country with effective governance.

The Bosnian public sector is bloated, with multiple layers of governance well beyond what is needed. Its participants have little appetite or incentive to make necessary reforms, and in some cases actively oppose them. Unemployment is endemic, and, with few legitimate economic opportunities, young and educated Bosnians are leaving the country.

Stasis should not be mistaken for stability. Bosnia-Herzegovina risks becoming a failed state. Crime and corruption are rampant. A serious shock—economic crisis, ethnic violence, or a charismatic leader fomenting nationalist sentiments—could set off an internal conflict. The upcoming elections, in the absence of an election law, provide a potential platform for just

such a shock.

A long-term solution requires taking a strong stand behind the Dayton Agreement. It was, to use former High Representative Lord Ashdown's memorable expression, a "*superb agreement to end a war, but a very bad agreement to make a state.*" That said, the U.S. and Europe have painfully learned that it is hard to rewrite Dayton. Our failure to secure agreement to the "April Package" in 2006, a set of reforms to the Dayton constitution, is instructive. If Dayton cannot be re-negotiated due to Russian and Republika Srpska opposition, then it must be defended against attempts to redraw borders or create additional divisions. The E.U.—with U.S. support—should intensely focus on improving and streamlining the Dayton institutions, including the multiple layers of sub-national and local governments that have resulted in bloated and corrupt administration. But this must not come at the cost of upsetting the fundamental bargain struck by Dayton.

The best way to address Bosnia's dysfunctionality is making E.U. membership a real option, with the inducements and disincentives mentioned earlier. Given the current E.U. political climate, the full benefits of membership (and, in particular, those associated with free movement of persons) would not be available to Bosnia in the short- or even mid-term. But access to the common market or other economic integration can both build on existing Bosnia-E.U. trade and offer a feasible level of mid-term integration. As part of the accession process, Bosnia should also work with the E.U. to proactively manage refugee flows and to cooperate on security matters. Pre-accession, the E.U. could also focus on harmonization of Bosnian law with E.U. regulations and directives in core areas, notably legal administration and the economy.



Bosnian membership in NATO must also remain a long-term goal—but one which cannot be achieved in the face of Republika Srpska opposition. We must assume Serbia stokes this opposition, as does Russia. Solidifying cooperation with NATO should therefore be the priority. To this end, NATO should reconsider current obstacles to increased ties, including most significantly its insistence that the Republika Srpska register state property (essentially abandoned military bases) with the national government. Various compromises are possible, such as requiring these bases to be converted to non-military public use.

The U.S. can additionally ‘kick start’ and diversify economic development by creating a Bosnia and Herzegovina-American Enterprise Fund whose investment activities will be focused on small and medium enterprises. Such a fund was recently proposed by Senators Shaheen (D-NH) and Wicker (R-MS), and deserves serious scrutiny from U.S. policymakers. This model could also be considered for other regional states and would support significant near-term action for small- and medium-sized enterprises recommended by the European Commission in its February 2018 paper *A Credible Enlargement Perspective for and Enhanced EU Engagement with the Western Balkans*.

### **Stopping Kosovo’s Slow Slide to Frozen Conflict Status**

Kosovo is inching towards a frozen conflict in which its disputed international status will become its unfortunate reality. The past decade has proven that even recognition by all E.U. states or a substantial portion of the international community will not change Kosovo’s standing with Serbia, nor diminish Russian support for Serbian obstruction. The solution requires Serbia and Kosovo to reconcile their disagreement on Kosovo’s statehood.

This normalization would deliver material benefits to the region. It would bring Serbia closer to the E.U. and enable Kosovo to pursue full membership before the U.N. and other international organizations. Kosovar membership in INTERPOL, for instance, would allow for greater cooperation and coordination in combating corruption and terrorism. In time and with a relaxation of tensions, normalizations would also allow the Kosovo Force (KFOR), which includes significant U.S. forces, to reduce its physical presence and commitment. The perpetuation of the conflict also presents a continued opportunity for Russian leverage over Serbia.

This sorely-needed normalization faces serious obstacles. While the two countries have reached

a number of understandings on issues as varied as representational offices in Belgrade and Pristina, energy, reciprocity of diplomas, border management, and customs procedures, many have not been implemented fully. At a minimum, existing agreements must be fully carried out in good faith by both parties. As for outstanding issues requiring negotiation and agreement, the parties should be encouraged to agree at the highest level on a ‘roadmap’ of steps leading to their resolution and implementation.

In this connection, the U.S. should encourage the E.U. to revitalize the Kosovo-Serbia dialogue, with support from the United States. But even this dialogue may not succeed in achieving normalization. New and creative proposals could one day be needed. Serbia’s President Vučić has hinted about the possibility of a ‘grand bargain’ that could include a territorial exchange between Kosovo and Serbia. Despite the initial attraction of the idea as an innovative escape from Kosovo’s slide towards frozen conflict status, our view is that this is an idea whose time has not yet come—either on its own or as part of a package settlement involving other compromise. It is not clear that Serbian leaders could come up with a proposal that would not provoke intense opposition in Kosovo. In any

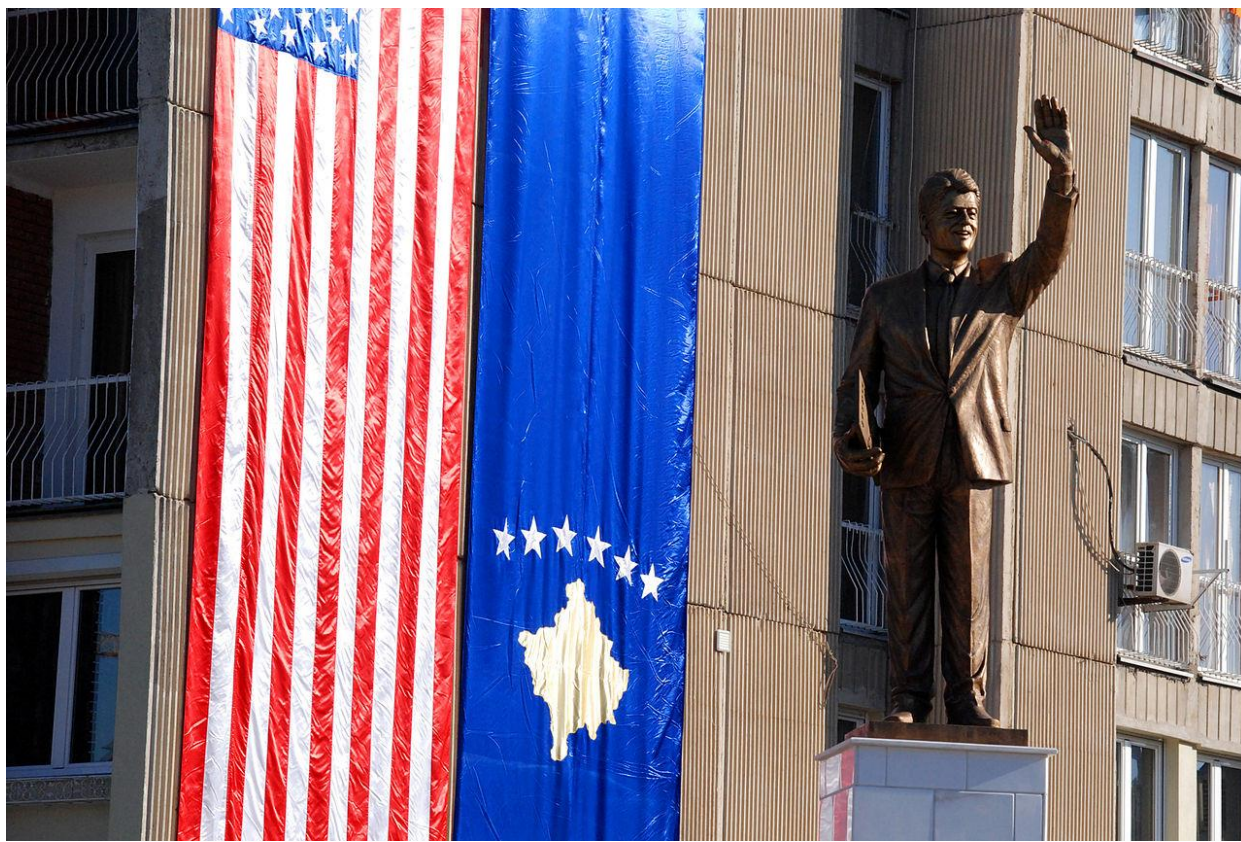
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event, signaling that Kosovo's borders are fluid and up for negotiation could have deleterious effects throughout the Balkans.

In addition to Kosovo's active engagement in this dialogue, Kosovo must take decisive and independent action to re-affirm its commitment to the principles underlying the Copenhagen Criteria. The work of the Specialist Chambers should be supported, not obstructed. At the same time, the U.S. and the E.U. would be well advised to plan for the aftermath of the

announcement of indictments. The U.S. and the E.U. should be ready with messages of support for the country's stability.

The U.S. should encourage the E.U. to re-affirm that Kosovo remains on a credible path to accession, even if much remains to be done. It must make clear to Serbia that its own accession path requires recognition of Kosovo and understanding that, once Serbia has joined, it cannot obstruct Kosovo's eventual membership in the E.U.



A statue of former President Bill Clinton erected along Bill Clinton Boulevard in downtown Pristina, Kosovo. The Boulevard intersects another street named for a U.S. President, Clinton's successor, George W. Bush.

*Photo credit: European External Action Service/CC BY-NC 2.0/Flickr*



Assistant Secretary of State A. Wess Mitchell and Serbian President Aleksandar Vucic meet in Belgrade in March 2018

*Photo credit: Vesna Andjic - RFE/RL*

### **Serbia: A State that Must Decisively Commit to the E.U.**

Serbia is the region's largest and most influential state. It walks a diplomatic tightrope by simultaneously courting Russia and the E.U. The oscillation of E.U. policy towards the region has, however, given Serbia's leaders the opportunity to continue to entertain Russian entreaties, like the creation of the quasi-military Russian Humanitarian Center in Niš, Serbia. European leaders cannot expect Serbia to commit decisively to the E.U. if membership continues to appear distant. In a word, if Serbia cannot sit on two stools, neither can the E.U.

The U.S. needs a renewed and strengthened relationship with Serbia and its leaders. The U.S. should maintain its support for Serbia's E.U. accession. Membership in the E.U. will require

strict adherence by Serbia to E.U. policies towards Russia, including its sanctions.

NATO membership should remain an option for Serbia, but any U.S. expectations must be tempered by the historical legacy of NATO's military operations in the region, as well as the likelihood of vociferous Russian opposition. Full membership in NATO is accordingly extremely unlikely. In any event, the highly-useful practice of close cooperation between Serbia and NATO's military command should continue. NATO must make an effort to involve Serbia as much as possible in its institutions without insisting on full membership. Serbia must, in exchange, limit its security ties to Russia to arms trade and training arrangements.



## **The Macedonian “Name Issue”: Resolution within Grasp?**

Continuing ethnic and political tensions sap confidence in Macedonia’s future, as do Russia’s attempts to gain disruptive influence in recent and upcoming elections. The United States must be committed to supporting and maintaining a stable coalition government that is based on genuine partnership between Macedonia’s Slavs and Albanians.

Macedonia’s entry into the E.U. and NATO must be the priority. The U.S. should use its influence with both Macedonia and Greece to resolve the longstanding dispute over Macedonia’s name that stands in the way.

The “name issue” is closer than ever to resolution, with Prime Minister Tsipras of Greece and Prime Minister Zaev of Macedonia amenable to a negotiated solution. At the highest levels, the U.S. and E.U. should emphasize the importance of resolving the “name issue” to the parties. They should also provide full support to the U.N. process.

NATO could also consider restarting the accession process with Macedonia under the “FYROM” name, but formally admitting it only once agreement is reached between Greece and Macedonia.

## **Montenegro: NATO’s Newest Member**

Montenegro, the smallest country in the region, demonstrated last year its firm commitment to join trans-Atlantic structures. Montenegrin authorities thwarted a Russian-backed coup to topple the NATO-friendly government and became the 29<sup>th</sup> NATO member. Its accession served as a signal to other states in the region that membership in the trans-Atlantic community was still an option.

The United States and Europe should not assume that foreign meddling in Montenegrin affairs is over. The United States and NATO

should continue to support the development of Montenegro’s security sector including cyber security. The United States should also provide support for countering media manipulation through development of alternative sources of information.

The E.U. report on the Western Balkans released February 6, 2018 is encouraging in its positive assessment of Montenegrin reform efforts, and the United States should continue to support E.U. efforts aimed at reforms needed for Montenegro’s accession.

## **Albania: Pushing Toward Reform**

Albania has come a long way since it broke with its Communist past in 1991. Its accession to NATO in 2009 officially ended the isolation the country experienced since the Second World War. With a relatively homogenous population and a history devoid of major internal conflicts, Albania nonetheless experiences weak institutions as do other countries in the Western Balkans. An E.U. candidate country since 2014,

Albania has struggled to implement reforms required for initiating negotiations on membership. The recent E.U. report stated the E.U. may soon open negotiations with Albania, a welcome signal. The United States should encourage Albania to take this opportunity to further its integration in Europe by providing strong support to E.U. reform efforts, and the E.U. should consider offering interim incentives.

### Containing Russian interference

Serbia serves as the focal point of Russian foreign policy in the region, with deleterious effects radiating throughout the Western Balkans. The most clear-cut and troublesome instance was Russia's attempt last fall to interfere directly and violently with Montenegro's democratic institutions to disrupt its plans to join NATO. Other efforts to gain a greater foothold in the region are also worrisome, such as attempts to foment discord and disunity in Bosnia through, among other things, its support of independence movements in the Republika Srpska.

The United States and its European partners need a common strategy to manage Russian disruption. The core challenge is that such interference takes many forms, from subtle but pervasive media distortion, to manipulating ties to the Orthodox church, to blunt and forcible action (as in Montenegro). Dependence on Russian energy sources, including long-term supply contracts, is another potential threat to some countries in the region, as they provide an opportunity for significant economic leverage.

Ultimately, however, Russian influence has been dependent on low-cost but effective forms of disruption. The perception of Russian power is greater than its reality, and is fed in part by U.S. and European inaction.

The United States and the E.U. should counter Russian interference by (i) re-affirming the

continued opportunity for Western Balkans countries to attain membership in the E.U. or NATO, or both, (ii) countering Russian media manipulation with objective alternative sources of information and support for independent media in the region, and (iii) cooperating with NATO and E.U. efforts to promote cyber-security.

As for the prospect of Russian economic leverage, the E.U. should consider developing a policy to prevent energy supply arrangements from being abused to achieve Russian geopolitical desires. The E.U. and United States should analyze the extent to which other energy sources, including U.S. liquefied natural gas (LNG), can serve as exceptional alternatives to Russian energy supplies—if only in the extreme case in which Russia threatens to “close the tap.” Energy projects like the LNG terminal in Krk, Croatia, which benefits from E.U. financing and U.S. support, should be promoted.

Finally, the United States should encourage and participate in a three-way dialogue with the E.U. and Russia as part of a broader effort to signal to Russia that Europe's security borders include the Balkans—but also to convey that NATO's Balkans activities are not aimed at encroaching upon Russian security interests. Constructive Russian proposals should be taken into account, but the dialogue should not countenance Russian interference or veto.

### The Role of Turkey and China

Russia is not alone in seeking to play out its aspirations on Balkans soil. China, a newcomer to the region, is rapidly developing an economic platform there through its Belt and Road Initiative. In 2012, China launched a regional diplomatic initiative, which includes 11 E.U.

member states and 5 Balkan nations in different stages of their E.U. accession process. In 2016, China established a €10 billion fund for the region. It has strategic partnership agreements with Serbia and Croatia as well as infrastructure projects in Macedonia, Bosnia and Montenegro.

The purchase of 51% of the port of Piraeus is a significant play for position in the region. While not a major political player in the Balkans today, China is poised to become much more significant in the years ahead. Its capital commitments threaten to outpace EU investments.

Managing the E.U. and U.S. global relationship with China needs to take into account Chinese ambitions in the region. China's deal with Montenegro in 2014 was opposed by the IMF, which said the arrangement threatened Montenegro's fiscal stability. Chinese investment criteria are weaker than those of the E.U.; Chinese financing terms can challenge European regulations and policies, including labor laws and environmental standards. Chinese investments cannot be permitted to undermine responsible economic behavior by Balkan nations. The paucity of conditions put forth by Chinese investors is a disincentive to regional reform efforts. At the same time, China should recognize that accession of Western Balkan nations into the E.U. presents an economic opportunity. Accession will give China an even greater opening to E.U. markets than it already enjoys. Crucially, however, this access will require it to abide by E.U. "rules of

the road" on continued transparency, corruption, labor, and the environment. The E.U. and the United States should institute and pursue consultations about the Balkans with the Chinese government. China needs to understand U.S. policies—and we need to understand Chinese priorities.

Turkey, for its part, remains an important player in the Balkans. However, Turkey's Islamic authoritarian model offers an additional set of challenges to a transatlantic future for the Balkans. Whether Turkey is a responsible player or not is dependent on Turkey both (i) continuing its significant levels of economic, security, intelligence, and political cooperation with the U.S. and Europe and (ii) showing restraint in pursuing Turkish domestic politics on Balkans soil. Its recent pursuit of Gulenists in the Balkans is unhelpful.

More troublesome is Turkey's offer of a different model of governance—an Islamic authoritarian one. It is not in E.U. or U.S. interests to see that model spread to the Balkans any more than it is in our respective interests to see the institutions of liberal democracy and the rule of law undermined anywhere in the E.U.

### **Combatting Violent Extremism**

The threat of violent extremism in the Balkans is exacerbated by the region's ethnic rivalries, economic and social conditions, and institutional deficiencies. Kosovo and Bosnia have been recruiting grounds for radical groups in Syria and Iraq, and a potential staging area for radical incursions in Western Europe.

The origin of this problem intersects in large part with the other problems discussed in this paper: the lack of durable political institutions, shortcomings in the rule of law, and the absence of diverse and sufficient economic opportunities for the region's youth.

The United States should continue to provide intelligence and counter-terror training and support. It should continue to maintain close liaison relationships with Balkan intelligence services. Multilateral cooperation between regional governments—for instance, in regional and international anti-terrorism organizations—is occurring, and is commendable. But until Kosovo is a full member of international organizations, like INTERPOL, the necessary levels of cooperation will not exist. As long as Kosovo's bid for membership in INTERPOL is stalled, serious consideration should be given to other channels of cooperation.

### Identifying U.S. Partners

The E.U. is, and should remain, the primary driver of major reforms in the Western Balkans. However, the United States should not ignore the real value of bilateral or multilateral partnerships between itself and a smaller group of European states. Nimble configurations, like the ‘Quint’ partnership between the United States, U.K., France, Germany, and Italy, continue to serve as a means for decisive and incisive diplomacy that realistically is not possible or feasible in a 28-member body. Of the E.U. member states, the members of the ‘Quint’ have historically been the most deeply committed to

the Western Balkans. In recent years, Germany has been a driver of Balkan policy. Now that Chancellor Merkel has formed a governing coalition, the U.S. should encourage the Chancellor to retake her active role. France’s President Macron has recently expressed renewed commitment to the Western Balkans, and France, too, may be able to play a leading role. Further, Bulgaria has taken a leading role in promoting the E.U. integration of the Balkans through its focus on the region at the upcoming Sofia summit in May.



The flags of the United States and the European Union flying in Brussels, Belgium.  
*Photo credit: U.S. Mission to the European Union*



## Conclusion

The Western Balkans have a real and measurable impact on European stability and security. The myriad political, economic, and security challenges vexing the region today threaten to stoke instability that could affect the rest of Europe. Should it do so, the call for resources and commitments from the United States will be significant—as it has been in the past.

The Balkans' problems are not insurmountable: they do not require new institutions, or a significant financial or military commitment on the part of the United States. Rather, the solution requires working through two bodies already present in the region: the E.U. and

NATO. Comprehensively addressing the full range of political, economic, and security challenges in the Balkans requires both entities to work in close coordination with one another and the United States.

A realistic and reassured path to both NATO and E.U. membership is paramount in moving the region forward. However, the first step toward a stable Western Balkans necessitates a political decision in European capitals, and in Washington, to recognize the region's importance, and an understanding that low-cost strategies can yield substantial outcomes.

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