



INSTITUTE FOR REGIONAL AND INTERNATIONAL STUDIES

The importance of the Serbia-Kosovo deal is yet to be realised

Stefan Ralchev

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Springtime is a precarious time in the Balkans. It is a time of agitation, oftentimes unrest, and sometimes open and deadly conflict. Looking at more recent history, hostilities in the Croatian war of independence from Yugoslavia broke out in March 1991; the war in Bosnia began a year later, in the spring of 1992; and the conflict between Serbia and NATO over Kosovo erupted in full force in March 1999. Conflict and unrest have regularly occurred afterwards, always in the time of spring - in Macedonia in 2001 and in Kosovo in the form of ethnic clashes, blockades and tensions.

What makes the spring of 2013 different is that it witnessed an agitation of a slightly different nature. For the majority of interested parties and observers, the deal for improvement of relations between Serbia and Kosovo of 19 April is a giant step forward in the 'normalisation' of politics and democratisation in the Balkans. It is one of the most important reconciliation achievements in the geographic domain of the former Yugoslavia, one of the last sore wounds long waiting to be healed. Western diplomats, policy makers, observers, mainstream Kosovo and Serbia political factors, as well as neighbouring Balkan leaders all praised the reached agreement. For others - extreme nationalist elements in the north of Kosovo, where an ethnic Serb enclave exists, similar-minded people in Belgrade and their Albanian counterparts in Prishtina - the agitation of spring 2013 is negative in nature. They denounced the deal and promised to fight it.

The concrete details of the 'Brussels Agreement' are yet to become public and empirically tested. What is clear is that Belgrade recognised Prishtina's sovereignty over all of Kosovo, including the troublesome north, in exchange of broad autonomy of the 50,000 Serbs in the north in the realms of justice, policing, cultural affairs, education and healthcare. Serbia and Kosovo agreed not to interfere with each other's EU prospects, and Belgrade was granted it will not have to recognise the statehood of its former province. But here the details are only a minor element of the whole. The key are the implications and the enormous significance of this agreement, if it is successfully implemented, for the future of the Balkan region, the EU neighbourhood and the EU itself.

Serbia

Now that the deal is a fact, it is easy to look back and analyse what led to its becoming reality. But in the process, it was far from clear which forces would weigh in and shift the balance, especially as regards the most decisive factor - the Serbian leadership. Several factors contributed to the historic shift in Serbia's thinking. First, the leadership had by now acknowledged ('better late than never') that Kosovo, as depicted in the history textbooks and the parallel reality perceived in Serbian life, was no more. Prime Minister Ivica Dacic and company knew what their historic task right now was: to guarantee as much security and rights for the Serbs in Kosovo, and not only those in the north. The life of Serb communities there has been deteriorating, plagued by insecurity, unemployment, corruption and crime, and the least Belgrade could do is start seeking some form of legal guarantees for the people.

Second, the Serbian leadership acknowledged, again, that the European perspective is the only viable path for Serbia, a troubled country in the periphery of Europe, surrounded by EU and NATO members. Big Brother Russia may have supported Serbia over Kosovo almost universally, but Moscow is far away and has its own interests to take care of. The European magnet - the granting of an EU candidate status last year and the promise of accession talks once the Kosovo relations are fixed - played an immense part in Serbia's decision to compromise on Kosovo. Yes, Belgrade is not fully relieved yet of the complex duality of the Boris Tadic years and the Democratic Party rule ('both EU and Kosovo') - the debate on the efficiency of UN war crimes courts organised by UN General Assembly president and ex-Serbian foreign minister Vuk Jeremic was a disgrace, with major Western powers openly condemning it as a provocation. But it is obvious, and really ironic, that Milosevic's former ally Dacic and the ex-radical nationalists Tomislav Nikolic, the current president, and Aleksandar Vucic, the deputy prime minister, were the ones to awaken to the reality of 21st century Europe and play the role of the so-much-needed pragmatics in the equation. The unimaginable trio: Nikolic, the awkward country guy, the bull in the china shop, who just months ago said Vukovar was a Serbian city and that Srebrenica saw no genocide; Vucic, the reformed radical and holy warrior against crime and vice, the defender of the Serbian way of life; and Dacic, the one who used to speak for the devil just a decade ago but now spoke for reason - the true interlocutor for the West. These three politicians may turn out to be the most prudent decision-makers Serbia has had ever since the decay of Yugoslavia started in the late 20th century. Now that Serbia chose Europe, the European Commission recommended on 22 April that Serbia start accession negotiations with the EU, and the Council is certain to grant a date this year.

And third, the economic situation in which Serbia is right now compelled its leadership to take the only possible decision: a long-term commitment to the West - the firmest possible guarantee for consistent financial support and foreign direct investment. Serbia's economy shrank 1.7% in 2012 and recovery is expected only this year. Unemployment stands at 25%. The population is aging. The government was facing bankruptcy last year and still is, and the clear European perspective of the country comes as a life-saver. Apart from European support, the IMF will be more talkative in renewing a loan deal, and foreign investors will be more inclined to come. The prospects would be much worse had Serbia chosen to delay its Europe plans for the sake of Kosovo. One alternative saviour is always Russia. Dacic went to Moscow earlier this month and all he got is some \$500 million in loans, out of \$4.2 billion needed in total to patch up the budget.

Kosovo

For Kosovo, the deal is just another step in the self-assertion of the young nation on the international arena. Understandably, rejoice at the Brussels agreement was more common in Prishtina than in Belgrade. Ironically, the current Kosovo leadership represented by Hashim Thaci was the one fighting guerilla warfare against Milosevic's Serbia a decade or so ago. The promise to launch talks on a Stabilisation and Association Agreement with the EU, the first rung on the ladder to membership one day, is not less worthy. But most importantly, Kosovo obtained guarantees from Serbia on its territorial integrity and on non-obstruction in its EU integration. One other thing is that Thaci may have played his part in the politics of Kosovo now. A report by the European Parliament recently alleged he was associated with trading in human organs during the conflict with Belgrade, and for the EU it may be the right time to withdraw its support.

The region

The 'Brussels Agreement' has immense regional implications for the Balkans. The difficulties between Serbia and Kosovo are not the single source of contention in the bloc's immediate neighbourhood. Bosnia is the starkest case in point. It is clogged in ethnic bickering, cronyism and corruption which prevents the country from getting closer to the EU, all this to the direct detriment of its citizens. The immediate setback is that the leaders of the three ethnic groups - Bosniaks, Serbs and Croats - cannot agree to a change in constitution that would allow other ethnic groups to run for senior political posts; the EU has said it cannot accept an official candidacy for membership from Bosnia with such a discriminatory constitution. The deeper trouble dates back to 2006 when Milorad Dodik, initially the West's favourite, took the helm of the Serb-dominated autonomous half of Bosnia, Republika Srpska (RS). His frequent nationalist rhetoric and talk of secession of Srpska from Bosnia is underpinned by that same constitution - an ethnically centred document, part of the Dayton Peace Agreement of 1995, designed to end a war rather than serve as a legal fundament of an EU-aspiring democracy. Dodik has been actively working to weaken Bosnia's central institutions and strengthen his own 'entity' RS, thus harming the interests of the Bosnian population (including the Serbs): weaker Bosnian central state means inability for closer EU integration and less financial benefits. A new absurdity is bound to take place when Croatia joins the bloc in July this year. Croatia is currently a major destination of meat and dairy exports from Bosnia. But EU rules require a single authority in non-EU countries to exercise central control over the quality of the exported produce. Because Bosnia has no central agriculture ministry and because RS is unwilling to concede to forming one, many Bosnian farmers, including Serbs, will suffer profoundly.

The Belgrade-Kosovo agreement may contribute to softening Republika Srpska's centrifugal line. Dodik has now endorsed the 'no strong BiH, even if no EU' stance similar to the one of retrograde nationalists in Belgrade - 'no EU if no Kosovo'. But if Big Brother Belgrade has a clear EU perspective and reaps visible benefits, Dodik and his obstructionist policies may become obsolete and the isolation of RS and Bosnia painful. Moreover, Serbia's Dacic has hinted in an interview for the public broadcaster RTS, right after the Brussels deal, that Belgrade may start pressing Bosnian Serbs to finally accept some changes to Dayton that will make out of Bosnia a more viable and palatable system for the EU to digest. Up until this spring, Kosovo was regarded by

observers as the black hole in the Balkans vis-à-vis European integration: the young country is ripe with corruption, organised crime and generally unable or unwilling to make the necessary reforms. But now it seems Kosovo is making progress and Bosnia is the one stuck for a long period of time, with no clear prospects.

The 'Brussels Agreement' may have a benign effect on another regional dispute in the Balkans, lasting for over 20 years now: that between Greece and Macedonia on how the latter should be called officially. Greece is blocking its north-western neighbour's NATO and EU membership bids because it believes the name 'Macedonia' entails territorial claims on the Greek northern province of the same name. UN mediation efforts since the early 1990s have produced no results, and the European Union has not been very active in this respect. If the brokerage between 'arch-rivals' such as Serbia and Kosovo can be successful, maybe it is time for the EU factors responsible for foreign policy (at the Commission and the European External Action Service, EEAS) to step in and address more actively this dispute, too. A due question here is, however, Is mediation possible when one side is an EU member (cf. also Cyprus).

The EU

Of course, the Serbia-Kosovo agreement is immensely significant for the EU itself. It is a testimony of several things. First, despite the recent financial and political troubles it is going through, the EU's soft power is at its full play, and it is still an alluring option for countries in the neighbourhood. This was first demonstrated in March when Slovenia and Croatia solved a bilateral banking dispute with the decisive help of Brussels, allowing for Slovenian ratification of its neighbour's EU treaty. This soft power can and must be applied more actively in dealings with the Eastern Neighbourhood, too, especially with more prospective countries such as Moldova, Georgia, Ukraine and why not Armenia. Second, despite huge internal divisions (eurozone vs. others, north vs. south, austerity vs. growth, Germany vs. France, UK vs. the others), the EU showed it can act coherently on an important foreign policy issue; we should not forget either that five EU member states are still non-recognisers of Kosovo. Third, it finally seems the Europeans are taking care of their own backyard without substantial help from the United States. Fourth, the EU learns from its mistakes: it did not allow a rampant autonomy of the north Kosovo Serbs to be agreed, thus preventing a second Republika Srpska in the Balkans free to sabotage integration and pursue yet another secession. (That's the hidden positive effect Milorad Dodik had on the Balkans.) Fifth, the EEAS established by the Lisbon Treaty works, meaning European institutionalism works. And sixth, the personal merit of Lady Ashton in the whole affair is enormous. Her devoted efforts and the trust she built in Serbian and Kosovo leaders show why the EU, after all, deserves to be a Nobel Peace Prize winner.