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Title Kosovo and its Neighbours : Instability Threatens?

Key points

- 1) In the last six months there have been growing political tensions in the Western Balkans, and the relative progress of the last three years may be compromised. The EU enlargement process has an uncertain future
- 2) The effects on the wider region of the Greek economic crisis are beginning to appear and are intensifying longstanding local political problems
- 3) International community policy appears to be becoming increasingly fragmented and confused, with often contradictory and irreconcilable objectives being followed simultaneously
- 4) The policies of the Obama administration towards Russia and the politics of energy issues generally are having a more and more important influence on the region
- 5) A period of more unstable governments is likely, as local governments in the Balkans find it increasingly hard to satisfy both the international community and EU entry requirements, against national and economic agendas of their electorates

INTRODUCTION

The political climate in the western Balkans has become noticeably more tense and difficult in the last six months. Almost all governments have seen major changes and in some countries there have been violent street protests against existing governments and their policies. In others, such as Montenegro, longstanding central political figures like Milo Dukanovic have retired (if possibly temporarily) from main leadership roles. In European Union members in the region, like Rumania, economic stresses have intensified and financial stability has only been achieved by draconian measures that have impoverished substantial sections of the population. It remains to be seen what the medium/long term effect of these measures will be on social stability.

The Greek crisis has at a financial level been stabilised temporarily on the basis of the May 2010 EU 'bailout' plan but there remains widespread speculation that a major debt rescheduling will be needed to avoid a future default. Whatever the details, the days of Greece as a main economic motor for regional development are clearly over for the foreseeable future, with capital withdrawal from Greek owned banks in the Balkans and return of 'gastarbeiters' from Greece a feature of the last two years. Turkey is increasing its regional influence, a matter of concern in the United States if documents released through 'Wikileaks' are an accurate reflection of official opinion. Trade with Turkey is becoming increasingly important to Greece itself, although much less important to Turkey.

Against this changing and uncertain background there has been a natural impulse in the international community to try to accelerate the integration of the Western Balkans into the European Union accession process, despite the atmosphere of inevitability its proponents are creating. The candidacy of Croatia is advanced, but many problems remain about Croatian admission. It is possible that Croatian admission and Turkish non-admission would precipitate the long predicted crisis of the final breakdown of Turkish-EU membership negotiations. The EU will have to assess whether the risk of this is a risk worth taking given the vastly greater geo-strategic importance of a nation like Turkey compared to Croatia. It is also arguable that the long term effects of Croatian EU membership on Bosnia Herzegovina will be unhelpful.

Some small EU nations e.g. Romania, have said they will veto the Croatian admission unless they themselves are admitted to the full Schengen border control processes. The latter would be a highly controversial issue in many EU countries where immigration control is rising up the political agenda. In Croatia itself many of the economic and social stresses that affect other Balkan nations and the world in general can be seen, with rising unemployment, frequent corruption allegations against members of the political elite, rising central government debt and over-dependency on a single industry, tourism, to provide sufficient cash to keep the economy afloat. Croatian admission is in essence a German-led project with a substantial input, on religious grounds, from Italy and Poland and whether it proceeds or not will be an indicator of the real influence of these forces in deciding the future shape and nature of the EU. Opinion in Croatia itself is not unanimous. Recent polls estimate about 20% or more of the electorate support strongly anti-EU membership parties, largely on economic grounds. At the moment much of the tourist wealth can be held in regional localities and not remitted to Zagreb with its large and expensive administration. In reality, as with other new EU members in the region EU membership or non-membership will matter much less

than its proponents claim. Small new member EU nations have much less influence in the EU than local populations are led to believe at the time of admission. Much EU required-legislation is passed but has little effect on economic and political behaviour. The example of Bulgaria is salutary where existing patterns of corruption and organised crime have continued after EU membership much as they did before it, but with the advantage that EU membership provides generous funding for the operations of kleptocratic elites.

SERBIA AND KOSOVA - A FROZEN CONFLICT?

Politics in Serbia in the last year have as elsewhere been dominated by the stresses in the economy. A banking and government crisis was avoided in 2009 by an agreement with the International Monetary Fund(IMF) that saved the country from the possibility of a major funding crisis, on terms which other Balkan nations have seen as particularly attractive for Serbia. Supporters of the deal have argued that it is vital to keep the Tadic government with its alleged 'European' to form orientation in place, and the benefits in terms of regional stability justify the money involved. Inflation is nevertheless rising to high levels, above 10%, and unemployment and differences in wealth and income are growing rapidly. The living standards of important professional group like doctors and teachers are falling fast in an atmosphere of street demonstrations against the public sector pay freeze that resemble those of post-1996 Serbia. It has been a priority for the European Union through its foreign policy arm to try to rapidly accelerate the progress of the country towards EU membership, and to that end a number of special privileges have been allowed, so that, for instance, much EU pre-accession legislation and ACQUIS laws have been passed by executive order and without any parliamentary debate.

In the proposed negotiations with the Kosova government, the terms and atmosphere of the talks have been set by Baroness Ashton and Robert Cooper, the EU officials responsible, in a framework that is highly favourable to Serbia. Many issues that impinge on Kosova government sovereignty are being introduced at the margin of the talks, while serious war crime and human rights issues like the fate of Albanians who disappeared during the war can be avoided by Belgrade. As a result of the strong opposition of most sections of the majority population in Kosova to the ethos of the talks under EU control, if not always to the principle of talks, the Kosova coalition government led by PDK leader Hashim Thaci collapsed in autumn 2010. The subsequent elections resulted in Thaci's PDK being the largest party at 32 % but again requiring coalition partners to form a government. The radical Vetenvendosje movement with its rejectionist policy towards polled well as did Ramush Haradinaj's AAK party. The centre right Kosova Democratic League continued its long term structural decline with most of its remaining votes concentrated in the Prishtina region and in the south east. But the government formation process has been difficult and is still not complete in February 2011.

In reality there has been little change in Serbian policies towards Kosova for many years, and some of the nostrums being put forward date from the Milosevic period, such as partition of

northern Kosovo to form a kind of 'Republika Serbska' in Kosovo. The United Nations UNMIK mission continues a shadowy existence in the land north of the Ibar river, but has little influence south of it. The climate in Prishtina is dominated by the inner wheelings and dealings of the post-war Kosovo Albanian elite and the European Union's EULEX mission which have an often uneasy coexistence together. International community law and order campaigns continue as usual but have little effect on most social problems, as the Albanian majority in most of Kosovo and the Serbian minority in the north both see EULEX as inheritor of the discredited UNMIK international administration.

Serbia is able to retain its fixed policy stance for a number of reasons but at the moment the most important is the fact that several EU member states have not recognised the independence of Kosovo and have no obvious intention of doing so. This means EU policy cannot treat Kosovo as a normal candidate member, and it remains outside the visa liberalisation scheme and other positives the EU has offered to Serbia, Albania and Macedonia and other non-member states. Serbian policy has the underlying aim of seeking to gradually destabilise the post-conflict Kosovo settlement and to produce a situation where Kosovo is partitioned with the mineral-rich north and perhaps some sections of the east going to Serbia. Belgrade has studied the situation between Greece and FYROM/Republic of Macedonia and is operating in many similar ways to keep the smaller neighbour as poor and weak a state as possible. The more Serbia integrates into the EU prior to Kosovo or Albania, it will attempt to obstruct their development towards EU membership. In the past, the backing of the United States for Albanian and Kosovo aspirations would have served to counterbalance the generally more pro-Serbian inclinations in Brussels but with the advent of the Obama administration that is not the case. Washington policy has been more and more concerned with a withdrawal from a pro-active role and to leave the issues to the EU. Substantial Russian intelligence and diplomatic influence in Brussels further strengthens Belgrade's positions. The joint US-EU initiatives over the Belgrade-Prishtina talks went badly in late summer 2010 and contributed to the downfall of the previous PDK-LDK coalition government in Prishtina.

The Obama administration has put a heavy emphasis on improved relationships with Russia, and heralded the arms control agreements recently signed as an example of what can be achieved and a rare foreign policy success for the administration. It must be open to doubt if this is the entirety the case, as arms control negotiations and deals go on under all US administrations and some notable agreements have been reached in the past. It is clear though that Washington has little or no desire to offend Russia in the Balkans and this gives Serbia further political space in which to operate and maintain highly conservative and nationalist Kosovo policy. US oil and energy companies are anxious to obtain major Russian concessions, like the British BP company and want a new atmosphere with Moscow. Washington is also concerned about the growing influence of Ankara through the so called 'neo-Ottoman' policy, and in the minds of the Christian Right in the US and other conservative opinion-constituencies, this translates into support on a new kind for Christian majority nations like Serbia, against Islamic majority Turkey. The policy has many dangers. Turkey is a long standing and loyal NATO member and ally of the United States and the growing perception in Ankara of this bipolar reading of the region is unwelcome and unpopular. EU membership has been written off now by most Turkish elite opinion as any kind of immediate prospect or reality but NATO membership is one of the building blocks of modern Turkish identity and any disturbance in support for it would be highly destabilising. EU policy also reinforces the nationalist agenda in Serbia, which is a country with a substantial Muslim minority in Sandjak and elsewhere. Brussels and Washington are understandably concerned that the severe economic

weakness of Greece and booming Turkish economy will lead to regional security imbalances and intensified problems over Cyprus, the Aegean seabed, and other potential flashpoint issues.

Economic issues reinforce many of these difficulties. The Obama administration and the EU put a high premium on the growing economic unification of the Balkan region under the leadership of the energy industry. This is a highly questionable perspective which in practice hands many cards to the Russians and Gazprom as the primary gas suppliers in eastern Europe, and to Serbia as the country with the greatest Russian influence. Agriculture is increasingly neglected as a primary industry in international thinking although all nations in the region except Serbia are burdened with high and rising food import bills and food prices are rapidly becoming a more and more divisive political issue. Serbian grain and primary commodity trade with Russia is increasing again, and Russian banks are now able to operate in Serbia easily after the prohibitions of the immediate post-Milosevic years. It is sometimes forgotten that out of the 80,000 plus pages of the legal ACQUIS that candidate nations must accept before they can become European union members, over 60,000 are concerned with agriculture. Post-2004 Kosova governments have been particularly weak on agriculture with the result of a very high food import requirement.

THE MARTY REPORT AND THE PROPAGANDA WAR

The general difficulties and declining general climate in the region have been markedly worse by the 'Marty report' from the Council of Europe in Strasbourg, and unconnected but similarly influential EU initiatives to change the current political leadership in Montenegro. The substance of the Marty document has been widely debated and the mixture of propaganda and intemperate and unproven allegations has received widespread international publicity. The most cogent case against what Marty alleges has been made by ex-ICTY lawyer Geoffrey Nice in a recent issue of the 'London Review of Books' but other commentators have also pointed out the lack of evidence for the allegations, the dubious and highly speculative nature of the claims made and most important of all the lack of evidence connecting the organ trading allegations with Kosova Prime Minister Hashim Thaci himselfⁱ.

The Marty report has nevertheless affected the general image of Kosova quite deeply, particularly in nations like Spain and Italy where Serbia has always had a strong support constituency in various quarters. At a demagogic level it has solidified Serbian public opinion behind an intransigent Kosova policy. It will no doubt slow down the international recognition process and has produced a feeling at Kosova Albanian street level that the world is moving against them. This is likely to make the proposed talks with Serbia even less productive than they otherwise would have been. Thaci has at the time of writing withdrawn from a central role, so the Serbs have achieved a propaganda victory within Serbia for the Tadic government's intransigent and dogmatic positions on many issues. Thaci has the political ability and general standing through his wartime role to be able to sell major concessions to the Kosova Albanian public that no other Kosova politician has. This started with the agreements in 1999-2000 to demobilise the Kosova Liberation Army and concluded

with the many concessions to Serbian interests in the Ahtissari plan document prior to independence. The international community may feel Kosova, like Montenegro, now needs a new and more neutral postmodern image and the removal of Thaci from a central role is certainly a consequence of the Marty report, but in time they may come to regret the decision if they seriously expect a better relationship between Belgrade and Prishtina to develop.

The whole affair illustrates the survival of obsolete 'spin' notions of politics of the type that were common in the New Labour period in the UK, and seem to have resurfaced, like the explosion of the national debt through Keynesian economics, in Obama's Washington. Washington has defended Thaci from the wilder and most irresponsible allegations but in a context where the US Embassy in Prishtina has done little in concrete terms to protect his political, as opposed to his legal position. The idea seems to persist in some quarters in the international community that Balkan leaders can be moved and manipulated in a cost free way to engineer what are seen as desirable political changes. This is (like some other policy initiatives of the IC at the moment) deeply influenced by nostalgia for the pre-Kosova war 1990's in the region, the reinstatement in some countries of political figures influential in that period and trying to move back to the 1990's 'New World Order' atmosphere.

In fact the capacity of the US and its allies to directly control international events in small countries is declining, and the notion of 'managing' small nations is ineffective and out of date, as many current events in the Middle East bear out daily. It is also reminiscent – in Balkan terms - of the reactionary notion of 'Managing Milosevic's Serbia' that was current in the UK under the Major Conservative government when what was actually required was the removal of the Milosevic and his system. The emphasis on the primacy of diplomacy under Obama may be desirable as a moral ideal but has little purchase in a region where in the last analysis a highly conservative neo-realism and military force have always determined inter-Balkan state relationships in all historical periods. In the same way, whatever the state in the EU accession/membership stakes, the European 'model' also has little real substance. In practice all countries in the region get EU aid and development money, whether they are full members or not, which is just and which they need, and some get a more advantageous entry into the EU labour market although with current high EU unemployment levels this is less important than it may appear in the Balkan media. There is, in practice growing disconnect between perceptions of Balkan politics and economics – the IC is behaving in the region as though the post-2008 world economic crisis had not occurred and the crisis in Greece in particular, where it must be clear to all unbiased observers that vast quantities of EU aid money through structural and other funds do not abolish the basic realities of political economy, even if it takes a period of time before the effects show through. It is ironic that the EU has in part engineered the departure of Milo Dukanovic from a central political role in Montenegro, when his skill in navigating the financial turmoil avoided what could have been a major crisis in that small and vulnerable economy, and as key US oriented politician who has done much to bring Montenegro to closer links with NATO and participation in US-led coalitions. Washington was unable to protect his political position from the European assault on it. Much the same could be said of the Gruevski government in Skopje which has had similar achievements in economic management in the crisis but is under frequent negative international perceptions.

THE MACEDONIAN CONUNDRUM

The government in Skopje has done quite well in navigating the crisis, with a good export-led recovery this year, a conclusion to the privatisation process of major assets of interest to multinational companies, and the maintenance of currency stability, when many experienced observers of the Skopje scene believed a change in the value of the Euro and the Dinar was inevitable in 2009. As a food, mineral and base metal producer, the country has benefitted from rising world commodity prices, and in the near future is likely to benefit from the reorganisation of tobacco production and higher leaf prices. The difficulties with trade with Greece have been serious in one or two sectors e.g. quarrying, cement and other businesses linked to the Greek construction industry but have not spread to the wider economy. The expansion of trade with Turkey, Russia, Germany, the Ukraine and other partners has provided a 'cushion' in this respect. There is little motivation to make major concessions to Greece to try to settle the 'name' dispute, as any deal would be highly controversial in Macedonia and Greek economic turmoil has been seen with a degree of satisfaction in Skopje after so many years when Greece was held up as a model of regional development by the European Union.

Relationships between Belgrade and Prishtina are carefully balanced by the Skopje government as far as the diplomatic recognition given to Kosova from Macedonia allows. This seems likely to continue.

TROUBLE IN TIRANA

The violent street demonstrations in Tirana that left four citizens dead did not appear with as much prominence in the international media as they might have done because of the critical stage of the Egyptian street protests at that time (January 20-21). They were nevertheless an important turning point, where the acute tensions between government and opposition that have existed for months spilt over into the streets. The government of Sali Berisha had already been somewhat destabilised in December with the collapse of the deal with its junior coalition partner, Ilir Meta's centrist party after Meta was accused of corruption.

The question is bound to arise as to whether there is now a danger of a return to 1997-type chaos and violence where a previous Berisha government was forced from power. So far the signs are mixed. The highly adversarial relations between the parties are very similar to those then, but the police and army are much more coherent and better equipped and organised, if prone to violence in public order matters. The international community is aware of the dangers, and is putting intense pressure on Berisha and the opposition to moderate their confrontational instincts. But the IC, as elsewhere in the Balkans, often overestimates its capacity to control events. Berisha knows he has a strong opinion constituency in the important US Diaspora and in parts of the US administration. Opposition leader Edi Rama is very 'European' in his orientation which does not appeal much to these opinion-constituencies.

At the economic level, many families are experiencing serious hardship as a result of declining *gastarbeiter* remittance income from Greece (mainly) and Italy, but this is not something that can be blamed on the Tirana government. Berisha is now somewhat isolated and may well feel he can get away with vigorous repression of the Socialist opposition without severe consequences. In the diplomatic orbit, he is benefitting from the increasing regional importance of Turkey, while the opposition is weakened by the difficulties of Greece, unlike 1997. Berisha is also still reasonably popular in Kosova as a result of the panalbanian element in much of his recent rhetoric and strong defence of the Kosova government from the Martyr allegations. Kosova money and business acumen are playing a more and more important part in Tirana economic life and the new motorway linking Tirana and Prishtina is moving the centre of gravity of Albanian politics northwards in a way that is likely to benefit Berisha rather than the opposition. Thus a prolonged and possibly inconclusive power struggle is likely against a background of increasing economic stress. The EU has lost its most important 'carrot' to influence events in the political elite now visa-free movement for Albanians has been agreed between Brussels and Tirana. The general prospect of EU membership is now so remote that like Kosova it only forms a rhetorical background to politics.

New Faces in Podgoritsa

The retirement of long serving Montenegrin leader Milo Dukanovic had been trailed for some time, and has now taken place. He is said to be going to devote himself to business but given the nature of Montenegrin politics and society , he may still have considerable influence and there is nothing to prevent his return to power at some future point. The ethos of the new leadership is claimed to be more 'European' but it remains to be seen whether much, if anything, will change in the Montenegrin economy and polity. Entrenched power groups will remain untouched and much more local attention is likely to be focussed on Serbian Orthodox church leadership attempts to undermine the Montenegrin Orthodox church and the possibility of an approaching major schism. The whole issue is, of course, a symbol of the increasing alienation of the section of the Montenegrin population that determines it has a 'Serbian' political identity. The great advantage of Dukanovic at the top was that he was a past master of balancing the varied power groups in Montenegro within a traditional 'Balkan' patronage framework, and he kept the country moving well towards collaboration with NATO and to a lesser extent, the EU. It remains to be seen if his successors will have similar skills, or whether centrifugal forces start to take over. The Albanian and Bosniac minorities have many grievances and are in a position to cause difficulties over many issues if they are not handled sensitively.

CONCLUSION

ⁱ See 'London Review of Books', 3 February 2011