Future of the Balkans and U.S. Policy Concerns

Updated January 18, 2006

Steven Woehrel
Specialist in European Affairs
Foreign Affairs, Defense, and Trade Division
Future of the Balkans and U.S. Policy Concerns

Summary

The United States, its allies, and local leaders have achieved substantial successes in the Balkans since the mid-1990s. The wars in the region have ended, and all of the countries are undertaking political and economic reforms at home and orienting their foreign policies toward Euro-Atlantic institutions. However, difficult challenges remain, including resolving issues of political status, especially the status of Kosovo; breaking up the power of political-criminal groups; enforcing the rule of law; bringing war criminals to justice; and reforming the economies of the region.

The current goal of the international community in the Balkans is to stabilize the region in a way that is self-sustaining and does not require direct intervention by NATO-led forces and international civilian officials. Relatedly, the United States is seeking to reduce the costs of its commitments to the region, in part due to competing U.S. and international priorities, such as the war on terrorism, and efforts to stabilize Iraq and Afghanistan, which have placed strains on U.S. resources. SFOR and KFOR, the NATO-led peacekeeping forces in Bosnia and Kosovo, have been rapidly reduced, raising the question what impact the withdrawals will have on the region’s stability. In December 2004, SFOR’s mission was concluded and the European Union took over peacekeeping duties in Bosnia. A few hundred U.S. troops remain in Bosnia to assist Bosnian defense reforms and fight terrorism. Large-scale anti-Serb riots in Kosovo in March 2004 called into question the adequacy of KFOR and U.N. efforts to promote security and stability in Kosovo.

Since the September 11, 2001 attacks on the United States, the war on terrorism has been the United States’ main foreign policy priority, including in the Balkans. Before September 11, Al Qaeda supporters operated from Bosnia and Albania. However, the Administration has said that these countries and others in the region have “actively supported” the war on terrorism, shutting down terrorist front organizations and seizing their assets. Although their efforts are hampered by the weakness of local government institutions, U.S. anti-terrorism efforts in the Balkans are aided by U.S. military and intelligence assets in the region, as well as a reservoir of good will among local Muslims of all ethnic groups.

Congress has played an important role in shaping U.S. Balkans policy. Some Members supported Clinton Administration efforts to intervene to stop the fighting in the region, while others were opposed. Members were leery of an open-ended commitment to the region and sought to contain these costs through adoption of benchmarks and limiting U.S. aid and troop levels to the region to about 15% of the amounts provided by all countries. The end of the wars in the Balkans and the shift in U.S. priorities in the wake of the September 11 attacks has moved the Balkans to the periphery of congressional concerns, at least when compared to the situation in the 1990s. However, in recent years, Congress has continued to have an impact on such issues as Kosovo’s future status and conditioning some U.S. aid to Serbia on cooperation with the International Criminal Tribunal for the Former Yugoslavia. The second session of the 109th Congress may consider legislation on these topics.
Contents

Introduction: Are the Balkans Still Important to the United States? ........... 1

Current Challenges in the Region ............................................. 1
  Political Status Issues ..................................................... 1
  Kosovo .............................................................................. 1
  Serbia and Montenegro .................................................... 3
  Establishing Democracy and the Rule of Law ......................... 4
  Economic Reform and Improving Living Standards ................. 5

U.S. Policy Concerns ................................................................. 6
  Creating Self-Sustaining Stability in the Balkans ..................... 6
  Filling a Possible Security Gap ............................................. 7
  Restructuring the International Civilian Presence in the Region ... 9
  U.S. and International Aid in the Balkans ............................... 10
  The War on Terrorism and the Balkans .................................. 11

The Role of Congress in U.S. Balkans Policy ............................... 12
Future of the Balkans
and U.S. Policy Concerns

Introduction: Are the Balkans Still Important to the United States?

The United States and the international community have achieved substantial successes in the Balkans since the mid-1990s. The wars in the former Yugoslavia have ended, and all of the countries are undertaking political and economic reforms at home and orienting their foreign policies toward Euro-Atlantic institutions. Noting the relative stability of the Balkans at present, some skeptics doubt that the United States still has vital security interests in the Balkans that warrant the investment of U.S. forces. Given the increasing strain on U.S. forces due to deployments in Afghanistan, Iraq and elsewhere, they argue that the United States should accelerate the process of turning over responsibility for the region to the Europeans, who have a greater stake in the region’s stability.

Advocates of continued U.S. engagement in the Balkans point out that both the Clinton and Bush Administrations have stated that ensuring the stability of the Balkans is an important part of a U.S. vital interest in securing a Europe whole, free and at peace. They say the United States needs to finish the job of consolidating peace in the Balkans and that a premature U.S. pullout from the region could cause the current positive trends in the region to unravel. They note that the United States has strong political credibility in the region, particularly among Bosniaks and Albanians, which the Europeans lack. In addition, the region may have a higher strategic profile given possible plans to shift U.S. troops from Western Europe to new NATO members Romania and Bulgaria, for operations in the Middle East. Proponents of continued U.S. engagement also say that a U.S. presence is needed to uproot terrorist networks in the region.

Current Challenges in the Region

Political Status Issues

The wars of the 1990s were ostensibly fought over the political status and borders of the successor states of the former Yugoslavia, and at least two of these issues remain unresolved.

Kosovo. Perhaps the most difficult status issue involves Kosovo. The future status of Kosovo will be determined by the U.N. Security Council, as set down in UNSC Resolution 1244. However, the resolution provides very little detail on the issue, saying only that Kosovo’s status should be determined by an unspecified
“political process.” UNSC Resolution 1244 explicitly confirms the territorial integrity of the Federal Republic of Yugoslavia (which consisted of Serbia and neighboring Montenegro) and calls for “substantial autonomy” for Kosovo “within the Federal Republic of Yugoslavia.” The overwhelming majority of ethnic Albanians in Kosovo (who make up over 90% of the province’s population) favor independence for the province. The Serbian minority in Kosovo (under 10% of the population) and the Serbian government want the province to remain part of Serbia. Serbian leaders say that they are willing to offer Kosovo “more than autonomy, but less than independence.” They have also proposed the creation of autonomous Serbian areas within an autonomous Kosovo.

Until recently, the consensus in the international community on the status issue, as laid out by UNMIK, has been dubbed “standards before status.” According to this policy, Kosovo’s institutions and society must achieve certain standards, including democratization, the rule of law and respect for ethnic minorities, before the issue of Kosovo’s final status is discussed. Kosovar Albanians expressed opposition to this approach, which they believe is designed to delay their aspirations for independence indefinitely.

The “standards before status” policy was called into question by widespread ethnic Albanian riots against Serbs in Kosovo on March 17-18, 2004, the worst inter-ethnic violence since the end of the 1999 Kosovo war. Ethnic Albanian crowds attacked several ethnic Serb enclaves as well as international security forces trying to control the rioters. Nineteen civilians were killed in the attacks, more than 900 persons were injured, and over 4,000 were forced from their homes. UNMIK also reported that the riots resulted in the destruction of or serious damage to about 30 churches and monasteries, 800 houses, and 150 vehicles. The March 2004 events underlined both how far Kosovo is from meeting the standards and the frustration of Kosovo Albanians over what they see as the temporizing of the international community on the status question.

The March 2004 riots led to an acceleration of international efforts to deal with the status question. U.N. envoy Kai Eide submitted a report to U.N. Secretary General Kofi Annan in October 2005 on whether Kosovo had made “sufficient progress” in implementing the standards for status talks to begin. According to both Serbian and ethnic Albanian officials, the Eide report provides a relatively accurate and balanced assessment of the situation in Kosovo. The report praises Kosovo’s achievements in setting up political and economic institutions. On the other hand, he noted that the economic situation in the province is “bleak;” that Kosovo’s police and judicial system suffer from serious weaknesses; and that the prospects for a multi-ethnic society are “grim.” Nevertheless, Eide recommended that status talks should begin, noting growing impatience with the status quo within the ethnic Albanian community and “Kosovo fatigue” within the international community. In November 2005, U.N. Secretary General Kofi Annan appointed Martti Ahtisaari of Finland to lead the status talks. Talks are expected to begin in January 2006.

---

Many experts believe that “conditional independence” is a likely outcome, although this view has not been endorsed by U.S. or European officials. Under this proposal, Kosovo would receive independence in exchange for pledges from Kosovo to rule out the establishment of a greater Albania and agree to decentralize Kosovo in order to give more autonomy to ethnic minorities.\(^2\) The United States has played a leading role on the issue of Kosovo status, insisting on status talks in 2006 and pushing for their conclusion by the end of the year.\(^3\)

**Serbia and Montenegro.** In February 2003, the Federal Republic of Yugoslavia was dissolved and a new, much looser “state union” was formed between its two constituent republics, Serbia and Montenegro. The new arrangement was brokered by the European Union in 2002 to head off efforts of Montenegrin leaders to declare their republic’s independence. However, it did not eliminate this issue; it permitted the parties to secede from the union in three years. The European Union, supported by the United States, opposed Montenegro’s independence because they believe that it could provoke instability in Montenegro (where polls have shown independence is supported at best by a slender majority) as well as elsewhere in the region.

A large part of the concern about Montenegrin independence is the possible effect on the situation in Kosovo. The union’s Constitutional Charter describes Kosovo as part of Serbia, a provision that has been denounced by Kosovar Albanians. Kosovar Albanians claim that since the FRY no longer exists, Kosovo can no longer be considered part of it according to UNSC Resolution 1244, and is therefore free to become independent. Serbia claims that the deal between Serbia and Montenegro demonstrates international opposition to Kosovo’s independence.\(^4\)

Montenegro’s leaders have vowed to hold a referendum on independence in April 2006, in conformity with the three-year moratorium set by the 2003 Constitutional Charter. The EU, once flatly hostile to Montenegrin independence, has shifted its position somewhat. The EU has insisted that the referendum be held in strict accordance democratic standards and the recommendations by the Venice Commission of the Council of Europe. The commission suggested that Montenegro retain the minimum 50% turnout requirement contained in current law for the referendum to be valid. The commission also suggested that an unspecified level of support exceeding a simple majority be required for independence to be adopted. Either threshold could be difficult for pro-independence forces to meet, depending on how they are interpreted and applied. EU-mediated talks between the government and the opposition on the terms of the independence vote may prove difficult, as pro-union forces have little incentive to cooperate with the government, particularly given EU skepticism about independence.


U.S. officials have said that the United States does not oppose the Montenegrin government’s efforts to hold an independence referendum but has warned that the referendum must be held peacefully and as the result of a process that “all sides” accept as legitimate. He added that the main U.S. goal in the region is “reform and progress toward Europe for both Serbia and Montenegro, in or outside the state union.”

Establishing Democracy and the Rule of Law

The domestic political situation in the Balkan countries has improved in recent years. All the countries in the region have held largely free and fair elections. In Croatia and Serbia, semi-authoritarian nationalist regimes were removed from power peacefully in 2000. Countries in the region have undertaken efforts to redraw their constitutions along more democratic lines. However, serious problems remain. The legitimacy of democratic institutions is challenged by the weakness of government structures, slow progress toward the rule of law, corruption, and organized crime. As in other transition countries in Central and Eastern Europe, part of this problem is due to the Communist heritage of the region. However, an even more serious obstacle, particularly in the cases of Bosnia, Serbia and Kosovo, is the power of political-criminal groups, often associated with war criminals and local security services. These groups played a key role in igniting the wars in the Balkans and became much stronger because of them. In addition to retarding progress in democratization and the rule of law, these groups also raise ethnic tensions by acts of violence against minorities and engage in trafficking in persons, drugs and weapons.

The murder of Serbian Prime Minister Zoran Djindjic in March 2003 was a dramatic example of the seriousness of this threat to the region’s stability. Although the Serbian government arrested many persons associated with the plot, it is not clear that it has dealt fully with the issues of fighting organized crime and corruption, as well as security services reform. The international community has moved against such groups in Bosnia and Kosovo, reducing their economic resources and access to political offices, but they remain powerful.

One of the most important steps taken by local leaders and the international community in this regard is the capture and prosecution of many alleged war criminals. Nevertheless, a few key indicted war criminals remain at large, including former Bosnian Serb army chief Ratko Mladic and former Bosnian Serb leader Radovan Karadzic. Moreover, local courts have only begun to take up war crimes cases against persons of their own ethnic groups. Failure to bring war criminals to

---

5 Statement of Nicholas Burns before the Senate Foreign Relations Committee, November 8, 2005.

justice undermines the rule of law and provides a boost to criminals and nationalist extremists.\(^7\)

While the international community has provided large amounts of aid to strengthen local institutions and the rule of law, it may also itself be responsible for some of the problems. The United States and its European allies helped craft the decentralized political system of Bosnia, which was a product of post-war political compromise. In recent years, they have viewed the arrangement as an unworkable one that hinders the country’s Euro-Atlantic integration, and have pushed for the strengthening of central government institutions.\(^8\) In both Bosnia and Kosovo, international officials frequently have imposed policies from above, perhaps fostering a culture of dependency and political irresponsibility among local elites. Given these problems, the region’s transition to democracy and the rule of law is likely to be lengthy and difficult.\(^9\)

In Bosnia and Kosovo, international officials have pursued a policy of intensifying reforms from above in the short run, in order to lay the basis for local leaders to continue them as the international role declines. However, it is unclear whether these reforms will have a sufficient political constituency to maintain their momentum when international forces are pulled out. As in the case of the countries of the former Soviet bloc, where reforms have unfolded slowly and inconsistently, there appear to be no easy answers to these issues. The international community may need to continue to provide conditional assistance for reforms and the perspective of integration into Euro-Atlantic institutions if it wants to encourage a stable, long-term political consensus for reform.

**Economic Reform and Improving Living Standards**

The economies of the region face the double burden of a Communist legacy as well as continued resistance to reforms and economic transparency by local leaders. Some of the region’s economic problems are closely related to its political problems. Weak and corrupt state structures have been an obstacle to rationalizing tax and customs systems to provide adequate revenue for social programs and other government functions. The absence of the rule of law has hampered foreign investment in some countries due to a lack of transparency in the privatization process and concern over the sanctity of contracts. In Bosnia, the presence of two “entities” has hindered the development of a single market in that country. Privatization in Kosovo has been slowed by uncertainty over ownership of assets, which is a reflection of uncertainty over the province’s future status.\(^10\)

---


\(^8\) For more information, see CRS Report RS22324, *Bosnia: Overview of Issues Ten Years After Dayton*, by Julie Kim.


Substantial progress has been made in economic reforms in some countries, particularly in Croatia and Serbia and Montenegro. Fiscal and monetary austerity, with the assistance of international financial institutions, has permitted many countries to reduce inflation and stabilize their currencies. Serbia has embarked on the privatization of its industries and begun to reform its weak banking sector, a common problem in the region. However, many companies in the region are in poor shape, in part due to mismanagement by former Communist and nationalist regimes. Painful decisions have to be made to shutter uncompetitive companies, which are aggravating an already severe problem of unemployment. For example, unemployment in Serbia is over 30%, in Bosnia over 40%, and in Kosovo about 50%, although the presence of the informal economy probably means that this is an overstatement. A particularly vulnerable group, especially in Bosnia and Serbia, is the large population of refugees and displaced persons. Refugees who return to their homes face economic problems of their own, such as a lack of jobs and social services. This has meant that a substantial proportion of those who have returned are older persons living on a pension.

Declining international assistance to the Balkans has had a negative impact on the economies of the region, particularly in Bosnia and Kosovo. These economies have been highly dependent not only on aid itself, but on the spending of international officials and organizations in the region. Although positive signs have emerged in recent years, the economic challenges faced by the countries of the region mean that a decade or more could be required before the poorer countries approach living standards closer to those of EU countries. As in the case of political reform, which is closely linked to successful economic reform, a long-term international commitment of aid and advice may be required to build and maintain a local consensus for often painful measures. Perhaps an even greater stimulus to reform in these countries could be the prospect of increased foreign investment.

U.S. Policy Concerns

Creating Self-Sustaining Stability in the Balkans

The current goal of the United States and the international community in the Balkans is to stabilize the region in a way that does not require direct intervention by NATO-led forces and international civilian officials, and puts it on a path toward integration into Euro-Atlantic institutions. The United States and EU countries support a larger role for the EU in the region, with a smaller role by the United States, at least as far as troop levels and aid are concerned. These goals have been given greater urgency by competing U.S. and international priorities that have emerged since September 11, 2001, such as the war on terrorism, and efforts to stabilize Iraq and Afghanistan, which have placed strains on U.S. resources.

In the past, some senior U.S. Army officers have reportedly been concerned that their forces are overstretched and have sought the withdrawal of U.S. troops in the Balkans as part of a global review of U.S. deployments.\(^{12}\) However, since taking office in 2001, the Administration has maintained the position that the U.S. peacekeeping forces went into the Balkans with the Europeans and would leave together with them.

Although about 2,000 U.S. troops are currently deployed in the Balkans, experts estimate that three times as many troops are affected by the deployment, including those who are about to rotate into an assignment and retraining for troops who have rotated out. Moreover, constant deployments throughout the world may have a negative impact on re-enlistment throughout the U.S. military, including in the National Guard units that now play a key role in U.S. deployments to the Balkans. One alternative to a pullout from the Balkans and other deployments, an increase in the total size of the U.S. Army, has been resisted by the Administration.\(^{13}\)

In December 2004, the mission of SFOR, the NATO-led peacekeeping force in Bosnia, came to an end, and peacekeeping duties were handed over to a European Union force (EUFOR) of about 7,000 troops. The EU force is tasked with helping to maintain a secure environment in Bosnia and support Bosnia’s progress toward integration with the EU. NATO continues to have a headquarters presence in Sarajevo, with a residual U.S. force presence of about 250 troops. The NATO presence continues to assist in efforts to promote defense reforms, combat terrorism, and assist the capture of persons indicted for war crimes.\(^{14}\) Currently, about 18,000 NATO-led troops in KFOR are in Kosovo, of which about 1,700 are U.S. troops.

\textbf{Filling a Possible Security Gap.} An important concern facing both Balkan deployments is who, if anyone, will fulfill the tasks that they are currently performing as military forces are withdrawn. One important issue is policing. Formally, EUFOR and KFOR do not play a direct role in policing duties in Bosnia and Kosovo. However, they do provide “area security” by regular patrolling. The Office of the High Representative (OHR), the leading international civilian body in Bosnia, has attempted to reduce the control of the semi-autonomous “entities” within Bosnia over the police, with mixed results, due to resistance from the Republika Srpska, the largely Serb entity.

The March 2004 riots in Kosovo exposed serious weaknesses in policing and security in Kosovo. With notable exceptions, the local Kosovo Police Service did not perform very well, sometimes melting away in the face of the rioters and in a few cases joining them. CIVPOL, the U.N. police contingent in Kosovo, was hampered by a lack of cohesion and leadership. There were many reports of KFOR troops, outnumbered by the rioters and unwilling to fire on them, refusing to intervene to


\(^{14}\) For more information, see CRS Report RS21774, Bosnia and International Security Forces: Transition from NATO to the European Union, by Julie Kim.
stop the destruction and looting of property. Some KFOR units reportedly failed even to protect Serb civilians and U.N. police from violence. After the riots, KFOR officers say they have taken steps to deal with these problems, including by establishing clearer lines of authority and consistent rules of engagement.

EUFOR and KFOR have also played important roles in overseeing the military forces of Bosnia and Kosovo. EUFOR inspects the military arsenals of Bosnia’s two armies. EUFOR continues to uncover illegal weapons caches, underlining that tensions in Bosnia, while greatly lessened in the past decade, have not disappeared. NATO and the Office of the High Representative worked together to reform the two Bosnian armies and reduce them in size. These reforms include the unification of Bosnia’s two armies under a single command structure, including a Minister of Defense and Chief of Staff. However, the armies remain separate at lower levels. NATO set a united command as a key condition for permitting Bosnia and Herzegovina to join the Partnership for Peace program. Bosnia’s PFP membership is now contingent on cooperating fully with the International Criminal Tribunal for the Former Yugoslavia.

KFOR monitors the Kosovo Protection Corps, which was formed in 1999 from the Kosovo Liberation Army. Although ostensibly meant to deal with civil emergencies, the KPC is seen by many of its members and many Kosovar Albanians as the nucleus of a future army of an independent Kosovo. In addition to overseeing the KPC, KFOR also monitors Kosovo’s borders to ensure ethnic Albanian guerrillas do not use Kosovo as a springboard to destabilize neighboring countries, and that Serbian military forces stay out of the province. KFOR played an important role in forcing the dissolution of an ethnic Albanian guerrilla force in southern Serbia in 2000. However, members of the KPC played leading roles in an ethnic Albanian revolt against the Macedonian government. Although the conflict in Macedonia ended in 2001 after talks brokered by the EU and United States, a shadowy ethnic Albanian group calling itself the “Albanian National Army” continues to commit scattered acts of violence in Kosovo, southern Serbia and Macedonia with the alleged objective of uniting all ethnic Albanian lands.

In addition to hampering efforts by ethnic Albanian extremists to destabilize neighboring countries, KFOR’s presence also deter possible Serbian aggression or military provocations against Kosovo, although an invasion of Kosovo by Serbian troops is unlikely to occur under the current pro-Western government in Belgrade. Nevertheless, escalation over flashpoints, such as the divided town of Mitrovica in northern Kosovo, is possible. The danger could be increased if the ultranationalist Radical Party comes to power in Serbia. Given these concerns, the stabilizing presence of KFOR may be needed even after Kosovo’s status is determined, if a large part of the Serbian public does not accept that determination. KFOR may also be needed to help guarantee the rights of ethnic minorities in Kosovo.

---

15 For a detailed account of the riots and the response of UNMIK and KFOR to them, see International Crisis Group, “Collapse in Kosovo,” April 22, 2004, at the ICG website, [http://www.crisisgroup.org/home/index.cfm?].

Restructuring the International Civilian Presence in the Region.

Another issue, closely linked to EUFOR and KFOR’s future, is how to reorganize the international civilian presence in the region. U.S. and European officials say that the ad hoc arrangements cobbled together at the end of the conflicts in Bosnia and Kosovo, under which local authorities are supervised and sometimes overruled by international bureaucracies, should be phased out. They believe that the two main forces for Euro-Atlantic integration, the European Union and NATO, should have a clear leading role in the region, but through advice and aid, not direct rule. The EU has opened membership talks with some countries, and has concluded or is negotiating the conclusion of Stabilization and Association agreements (SAA) with others. The SAA provides a framework for the EU’s relations with the Balkan countries and holds out the prospect of eventual EU membership. Croatia and Macedonia were chosen in 2005 to start membership talks with the EU. Serbia and Montenegro and Bosnia and Herzegovina received the go-ahead to start SAA talks with the EU in late 2005. Kosovo cannot participate in the SAA process because it is deemed to be part of Serbia but participates in an SAA “tracking mechanism” that provides it with advice and support, with the aim of bringing Kosovo closer to the EU.

NATO’s future role in the region will take place mainly through the Partnership for Peace program and, in the longer term, the Membership Action Plan process, as has already occurred in the case of Albania, Croatia, and Macedonia. Responsibilities for prosecuting war crimes will shift from the ICTY to local courts, especially after the two most notorious indictees, former Bosnian Serb leader Radovan Karadzic and former Bosnian Serb army chief Ratko Mladic are turned over to the Tribunal. U.N. Security Council Resolution 1503 calls for the ICTY to complete its investigations by 2004, its trials by 2008 and all appeals by 2010. In Bosnia, international officials worked with local leaders and the ICTY to create a war crimes chamber to try war crimes cases within Bosnia. The United States and other countries assisted Serbia’s efforts to set up its own war crimes court.

The United States could gradually play a smaller role in the region over time, acting largely through NATO and providing bilateral aid in selected areas, such as reform of intelligence and internal security bodies, military reform and rule of law assistance. However, the prestige and credibility that the United States has in the region will likely still be needed to exercise leadership in resolving some of the most difficult issues, such as the arrest of war criminals and ensuring Kosovo’s stability as its status is determined and afterward.17

One problem with reducing the direct role of the international community in the region is a familiar one: the dilemma of either imposing the policies that it wants on local figures, or accepting local solutions that are often incompatible with international goals. One possible solution advocated by some experts is a burst of increased activism by the international community in the short run, for example to capture war criminals and break the power of organized crime, in order to prepare the way for a reduction in the direct international role later. However, it remains to be

---

seen what staying power these changes will have if they are not backed by local political forces when OHR’s role in Bosnia is reduced or ends, even when backed by aid conditionality. Similar questions may be asked of UNMIK’s policies in Kosovo, particular since UNMIK is turning over more of its tasks to the local Kosovo government. UNMIK’s role in Kosovo is expected to end in 2006, after Kosovo’s status is determined. It may be succeeded by an EU-led oversight mission that may resemble OHR’s powers in Bosnia but will almost certainly lack the direct administrative control over Kosovo that UNMIK has had.

U.S. and International Aid in the Balkans

Since the end of the wars in the region, U.S. aid has gradually declined, in part due to a natural shift from humanitarian aid to technical assistance and partly due to a focus on assistance to other regions of the world. U.S. bilateral assistance appropriated under the SEED Act (which now almost exclusively focuses on Balkan countries) fell from $621 million in FY2002, to $442 million in FY2004, to $396.6 million in FY2005, to $361 million for FY2006.

The overall goal of U.S. aid to the Balkans is to prepare the countries for integration into Euro-Atlantic institutions. U.S. programs are aimed at promoting good governance, fighting corruption, strengthening civil society and an independent media, enhancing market reforms, reducing threats of weapons of mass destruction, preventing trafficking in persons and contraband, and promoting the rule of law and human rights throughout the region.

U.S. bilateral aid plays a lesser role in assisting macroeconomic reforms, restructuring local industries and the banking sector, and rebuilding infrastructure, although the United States provides important advice in these areas through technical assistance programs. Most funding for these functions are performed by international financial institutions such as the International Monetary Fund, World Bank, and the European Bank for Reconstruction and Development. U.S. officials see the EU as playing the leading role in providing assistance to reform these countries along EU lines, eventually leading to EU membership. As these countries move closer to EU standards, the more advanced countries will “graduate” from U.S. assistance.18

Some U.S. and European experts have criticized what they view as a lack of vision by the EU in its policy toward the region. Under its current CARDS aid program for the region, EU allotted 4.65 billion Euro ($5.6 billion, at current exchange rates) from 2000-2006.19 Skeptics of EU policy say this level of resources appears at odds with commitments made at the June 2003 Thessaloniki EU summit with the countries of the Western Balkans. At the summit, EU leaders recognized the countries of the region as prospective EU members. Critics point to generous EU pre-accession aid given to Central European countries and to neighboring Bulgaria and Romania as a model, saying more extensive aid could help the Balkan countries

---


restructure their economies and legal systems more quickly to meet EU conditions for membership, while bringing local living standards somewhat closer to EU standards.20

The EU has taken steps in recent months that appear to be aimed at dealing with these problems. For 2007-2013, CARDS is being folded into the Instrument for Pre-Accession Assistance (IPA), which will help all countries seeking EU membership. However, the program will continue to distinguish between countries that have been chosen to begin membership negotiations (such as Croatia and Macedonia) and those who have not yet been selected (such as Albania, Bosnia, and Serbia and Montenegro).

EU countries have a substantial interest in the stability of the Balkans. The region’s problems already have a substantial impact on EU countries, in such areas as trafficking in drugs and persons. The effect could be considerably worse if the region deteriorates into chaos and conflict. However, it is possible that the EU’s other problems, including the financial demands of new states admitted in 2004 and Romania and Bulgaria in 2007 or 2008 as well as budgetary pressures faced by key member states, may make providing additional resources for the Balkans difficult. Analysts have expressed concern that the continued differentiation between candidates and potential candidates in the IPA aid account may lead to even less funding going to potential Balkan EU membership candidate states than at present.21

The prospects for Balkan countries to join the EU are also clouded by public skepticism in wealthy EU member states about the benefits of enlargement and the rejection of a proposed EU constitution by voters in France and the Netherlands in 2005. Moreover, it may be as long as a decade or more for many of the countries to gain membership, given their current poverty and lack of progress on reforms.22

The War on Terrorism and the Balkans

Since the September 11 attacks on the United States, the war on terrorism has been the United States’ main foreign policy priority and has had an impact on U.S. policy in the Balkans. In the 1990s, wars and political instability provided an opportunity for Al Qaeda and other terrorist groups to infiltrate the Balkans. However, U.S. and European peacekeeping troops, aid, and the prospect of Euro-Atlantic integration helped to bring more stability to the region. Moreover, the September 11, 2001, attacks on the United States underscored for the countries of the region the dangers of global terrorism and resulted in increased U.S. attention and aid to fight the terrorist threat. In part as a result, many experts currently do not view the Balkans as a key region harboring or funding terrorists, in contrast to the Middle East, South Asia, Southeast Asia, and Western Europe. However, experts note that the region may play a role in terrorist plans, as a transit point for terrorists, as well

---

20 Discussions with U.S. and European Balkans experts.

21 For more, see the European Stability Initiative website at [http://www.esiweb.org].

22 For more information on EU enlargement policies, see the EU Commission’s Enlargement website at [http://europa.eu.int/comm/enlargement/index_en.html].
as for rest and recuperation. Moreover, they agree that the region’s continuing problems continue to leave it vulnerable to terrorist groups. In October 2005, Bosnian police captured an Islamic terrorist cell that was plotting to blow up the British Embassy in Sarajevo. This and several other incidents have caused some experts to be concerned that the Balkans may soon play a greater role in terrorist plans than in the past.23

U.S. officials have cited the threat of terrorism in the Balkans as an important reason for the need for continued U.S. engagement in the region. In addition to the need to take steps to directly combat terrorist infrastructure in the region, U.S. officials say that U.S. efforts to bring stability to the region also help to fight terrorism. They note that political instability, weak political and law enforcement institutions, and poverty provide a breeding ground for terrorist groups. U.S. objectives are also outlined in the 9/11 Commission Report and the President’s National Strategy for Combating Terrorism, which calls for the United States to work with other countries to deny terrorists sponsorship, support, and sanctuary, as well as working to diminish the underlying conditions that terrorists seek to exploit.

The United States has a variety of instruments to fight terrorism in the Balkans. One is the direct involvement of U.S. troops in Bosnia and Kosovo. The United States provides bilateral counterterrorism assistance to the countries of the region. The overall U.S. aid program to the region, aimed at bringing stability through strengthening the rule of law and promoting economic reform, also serves to combat the sometimes lawless climate in which terrorists can thrive. U.S. aid helps to develop Bosnia’s export control regime, including over weapons of mass destruction and dual-use technology. The United States has encouraged regional cooperation on terrorism and international crime through the Southeast European Cooperation Initiative (SECI). In the longer term, efforts to stabilize the region, and thereby perhaps reduce its attractiveness to terrorists, are also dependent upon integrating it into Euro-Atlantic institutions.24

**The Role of Congress in U.S. Balkans Policy**

Congress has played an important role in shaping U.S. Balkans policy. Members of Congress spoke out strongly against atrocities by Serbian forces in Croatia and Bosnia in the early 1990s. Some Members pushed for lifting the arms embargo against the Bosniaks, so that they could better defend themselves. Congressional pressure may have encouraged the Clinton Administration to play a bigger role in stopping the fighting in Bosnia, ultimately culminating in the Dayton Peace Accords in 1995. Congress also played an important role in supporting the International Criminal Tribunal for the Former Yugoslavia and pressing for the arrest and transfer of indictees.

---


24 For more information on terrorism in the Balkans, see CRS Report RL33012, *Islamic Terrorism and the Balkans*, by Steven Woehrel.
Despite the activism of some Members on these issues, many in Congress remained cautious about U.S. military involvement in the Balkans. The deployment of U.S. peacekeepers in Bosnia in 1995 and the air war in Kosovo in 1999 provoked heated debate in Congress, in part due to policy disagreements, in part due to partisan conflict between the Clinton Administration and a Republican-led Congress. However, despite sometimes harsh criticism, both military missions received full congressional funding. Nevertheless, concerns about the costs of open-ended missions led Congress to try several strategies to limit these uncertainties. These included pushing the Administration to set benchmarks for the deployments and to report on them. Congress also sought to limit U.S. engagement by pushing for greater burdensharing. As a result of legislation and congressional pressure, the U.S. aid and troop contributions in Bosnia and Kosovo have been capped at no more than 15% of the total contributions of all countries.

The end of the wars in the Balkans and the shift in U.S. priorities in the wake of the September 11 attacks have moved the Balkans to the periphery of congressional concerns, at least when compared to the situation in the 1990s. However, Congress continues to have an important impact in several areas. Foreign operations appropriations bills have made modest reductions in SEED funding cuts proposed by the President, and have shown particular support for aid to Montenegro, in recognition of that republic’s resistance to the Milosevic regime until the Serbian leader’s ouster in 2000.

Congress has also played a critical role in helping to bring Serbian war criminals to justice. Since 2000, Congress has included provisions in foreign operations appropriations bills that attached conditions to U.S. aid to Serbia, requiring cooperation with the war crimes tribunal, ending support to Bosnian Serb structures, and respect for minority rights. The FY2006 foreign aid appropriations bill (P.L. 109-102) also contains the aid conditions. The measure specifically calls for Ratko Mladic and Radovan Karadzic to be transferred to the tribunal. It can be argued that these provisions were a key catalyst for Milosevic’s transfer to The Hague in 2001, as well as the transfer of many others since then. However, the fear of suspected war criminals that they would be turned over to the Tribunal to comply with the aid criteria may have led to the murder of Prime Minister Djindjic in March 2003. A backlash against U.S. pressure to cooperate with the Tribunal may have also helped the ultranationalist Radical Party become the largest party in the Serbian parliament after December 2003 elections in Serbia. The second session of the 109th Congress may also take up the aid conditionality issue in the FY2007 foreign aid bill.

Another Balkan issue on which some Members have focused on is the status of Kosovo. In the 108th Congress, several House and Senate resolutions (H.Res. 11, H.Res. 28, and S.Res. 144) were introduced that dealt with the issue, some of them supporting independence for Kosovo. However, while some Members have strongly

---

25 For more information, see CRS Report RL30371, Serbia and Montenegro and U.S. Policy, and CRS Report RS21686, Conditions on U.S. Aid to Serbia, both by Steven Woehrel.
favored Kosovo’s independence, others have been leery of taking steps that they believe could destabilize the region. H.Res. 28 was discussed at a House International Relations Committee hearing on Kosovo’s future in May 2003 and at a markup session on the resolution in October 2004, but was not voted on by the Committee and did not receive floor consideration in the 108th Congress.

The 109th Congress has also taken up the issue of Kosovo’s status. On January 4, 2005, Representative Tom Lantos introduced H.Res. 24, which expresses the sense of the House that the United States should support Kosovo’s independence. On October 7, 2005, the Senate passed S.Res. 237, a resolution supporting efforts to “work toward an agreement on the future status of Kosovo.” The resolution said that the unresolved status of Kosovo is not sustainable. It did not express support for any particular status option but said that it should “satisfy the key concerns” of the people of Kosovo and Serbia and Montenegro. Other resolutions may be introduced in the second session of the 109th Congress, during status negotiations. An identical House resolution was introduced on December 17, 2005 (H.Res. 634). The second session of the 109th Congress may consider legislation on Kosovo’s status.