



NATO DEFENSE COLLEGE FOUNDATION

BALKANS STRATEGIC TRENDS

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Executive summary

The high level dialogue between Serbia and Kosovo, mediated by the EU, is still the core issue in the Balkans. The Prime Ministers of the two countries, Ivica Dacic and Hashim Thaci, met in Brussels for the sixth and seventh time the 4th and 20th of March. No breaking news came out from their meetings, yet the two politicians continue showing the will to come to a compromise that could make Serbia's path to the EU shorter and Kosovo's process of international recognition quicker.

The last round of talks will be held early in April 2013. Some analysts expect to see a historic deal, yet some others focus on some internal questions, especially in Serbia, which could delay or even quash it.

The other most relevant news come from Macedonia and Montenegro. The first round of municipal elections in Macedonia (24/3/2013) confirmed that the conservative coalition headed by the Prime Minister Nikola Gruevski has still a solid consensus. In Montenegro a recent political scandal involving a DPS member of the Parliament (Democratic Party of the Socialists), in power since almost 20 years, might affect the outcome of presidential elections in April. The victory of Filip Vujanovic, the outgoing Head of State and a key ally of the Prime Minister Milo Djukanovic, is not so unavoidable anymore.

Situation report

Serbia

On March 7, the Serbian Prime Minister Ivica Dacic made a totally unexpected move on Kosovo. In an article published by the daily newspaper *Nin* he overturned the traditional approach – “Kosovo is Serbia” – of the Serbian political élite to the former province. «For 10 years, Kosovo was taboo. No one could officially tell the truth. Tales were told; lies were told that Kosovo is ours», Dacic underlined. «The Serbian president cannot go to Kosovo, nor the Prime Minister, nor Ministers, nor the Police or Army. Serbs can only leave Kosovo. That's how much Kosovo is ours and what our constitution and laws mean there», he added.

Dacic's surprising comments are strictly linked to the ongoing EU-sponsored talks with Kosovo, launched in autumn and aimed at finding an acceptable modus vivendi between the two countries. On March 4 and 20, he met for the sixth and seventh time with Kosovo's Prime Minister Hashim Thaci. Likely, Dacic made this move in order to get more room for manoeuvre ahead of the decisive talks in early April. It also seems that he's trying to convince the Serbs that the strategy carried on by the former Government – fighting to keep Kosovo and speeding up the process of integration in the EU – is not affordable anymore.

Meanwhile, Serbia is trying to make its fragile economy more stable by looking for the International Monetary Fund's financial support (talks are expected in April-May) and making deals with Russia. On March 7, Srbijagas, the state company dealing with energy,

signed a favourable 10 years deal with Gazprom for the purchasing of Russian gas. It's the second major deal signed by the two companies in the last months. The other is the agreement on South Stream, the pipeline that will pump Russia's gas to Europe running through the Balkans.

Kosovo

The Prime Minister Hashim Thaci, as well as his Serbian homologue, is focusing on the last round of the EU-sponsored talks. Thaci is supposed to Belgrade some concessions while fighting hard to expand Kosovo's sovereignty to northern municipalities, a de facto Serbia's appendix. A collective amnesty for the Serbs detained for minor offences in Northern Kosovo should be one of these concessions, local media reported.

However the Government has to deal with internal opposition to talks with Serbia. On March 30, Vetevendosje, a party led by the former student leader Albin Kurti that rejects any talks with Serbia unless Belgrade officially recognizes Pristina's independence, organized a demonstration in Mitrovica, the ethnic divided town in Northern Kosovo. More than 2000 people attended.

Two other relevant news in March were a precautionary 5 million euro deal with the IMF (Kosovo's growth rate is the highest in the region but it could slow down in 2013) and a military cooperation agreement with Turkey. Ankara, which confirms its strategic commitment in the region, will assist the process of consolidation and professionalization of the Kosovo Security Force, a light-armed force launched in 2009.

Bosnia and Herzegovina

Two new chapters to Bosnia's stalemate, lasting from election in 2006 and stemming from the growing influence of ethnic issues in parties platforms, were added in March. First, Bosnia's authorities are not working properly to secure that general census will be organized in October, as the EU asks. The census was already delayed twice (it was originally scheduled for October 2011 and then for April 2013) due to political issues related to the formulary (basically to questions concerning religion and ethnicity) and poor data exchanges between the two entities of the country, the Republika Srpska and the Federation of Bosnia and Herzegovina. Once again, it seems that Bosnia's Muslim, Croat and Serbian leaders are not committed to speed up the process because each party fears that the a new demographic picture could shake the political balance, based on the last census (1991).

The second news confirming Bosnia's unbearable standby regards food exports to Croatia. Since Zagreb will join the EU in July, Bosnia needs to create an authority that certifies whether Bosnia's alimentary products match the EU's sanitary criteria. The Muslims push for a central body, while the Serbs prefer two different agencies based respectively in the Republika Srpska and in the Federation of Bosnia and Herzegovina. The problem, if unsolved, risks to severely damage national economy.

Montenegro

Both Filip Vujanovic and Miodrag Lekic are intensifying their efforts ahead of presidential vote, scheduled for April 7. Vujanovic, one of the most prominent members of the Democratic Party of Socialists (DPS), headed by the Prime Minister Milo Djukanovic, runs for a third term. Pollsters think he should win with around 55% of votes.

Yet a recently erupted scandal could boost the chance of Miodrag Lekic, a former diplomat and university professor who successfully led the newly created Democratic Front in October legislative elections (the party is now the second largest force in the Parliament). The scandal came out in March, when *Dan*, an independent daily journal, published the transcript of a DPS's meeting held in June 2012, during which Zoran Jelic, a member of the Parliament who previously chaired the national agency for employment, said that giving jobs first to party members should be the purpose of the party. After the publication of the transcript made by *Dan* the EU asked for opening an inquiry.

Macedonia

International observers and the EU praised Macedonia's authorities for how they organized and administered local election on March 24. Some minor irregularities were recorded but they didn't alter the good quality of the process. "For a Better Macedonia", the electoral cartel of the ruling coalition, headed by the conservative Prime Minister Nikola Gruevski, won elections. It got 43 out of 81 municipalities (Skopje included) and should win other 12 mayoral posts in the runoffs on 7 April.

Local elections pushed down the political temperature in Skopje, which have gone up in the last months, due to the Parliament boycott launched in December by the Social Democrats, the biggest opposition party, which said that Gruevski is ruling autocratically the country and keeping it far from the Euro-Atlantic perspective. Under the European mediation the opposition stopped the boycott and accepted to take part in local elections (it also threatened to boycott the vote). However there are several sensitive factors that could ignite new tensions, like the economy, which starts shrinking (GDP at -0,3% in Q4 2012), and tense relations between the Slav-Macedonian majority and the Albanian minority.

Regional trends

The region's scenario has not changed in the last month. There are both external and internal factors that suggest political leaderships to embrace a "wait and see" tactic.

As for external factors, Croatia's entry in the EU and its consequences in fields like commerce and border checks, as well as financial troubles experienced by neighboring countries (Italy, Hungary, Bulgaria, Greece and Slovenia) that have made huge investments in the region before the global crisis erupted, are narrowing economic and political choices.

Talking about internal factors two relevant facts emerge. The first is the political fragility of many coalitions. Analysts foresee that Serbia and Kosovo's Governments could collapse within the end of the year. Bosnia is shaken by instability in its Muslim-Croat body (the Federation of Bosnia and Herzegovina), while Montenegro's ruling coalition might be in danger if Filip Vujanovic will not win a third presidential term in April.

Last but not least, Macedonia. Gruevski's coalition has a pretty solid consensus, yet there are ongoing disputes between the Prime Minister and the Party of Democratic Integration (DUI), the Albanian junior member of the coalition. In order to appease his Albanian allies, who claim more power inside the ruling coalition, Gruevski appointed Talat Xhaferi, a former commander of the Albanian guerrilla that rose up in 2001, as Minister of Defense. Demonstrations to protest against the appointment were organized in Skopje by Slav-Macedonians on March 1. The day after the Albanians went on streets to support Xhaferi; there were clashes with police and with 20 people injured.

The second factor to watch is the dialogue between Serbia and Kosovo. The Balkans' future equilibriums depend on it. Should the process end with a worthy compromise between the two States – that is to say that Serbia could keep a certain degree of control in Kosovo's municipalities with a Serb ethnic majority, while Pristina could expand its sovereignty on those territories – all the region would earn a lot in terms of stability and dialogue between ethnicities. Coexistence between the Slavs and Albanians in Macedonia could become less troubled, considering that the Albanians rebels who rose up in 2001 had strong links with the KLA (Kosovo Liberation Army), the guerrilla that challenged Belgrade's authority on Kosovo in 1998-1999. Relations between the Serbs, the Croats and the Muslims in Bosnia could improve too. As for Montenegro, there are no significant ethnic problems, however the tiny Adriatic republic borders with both Serbia and Kosovo and it's clear that it pays attention to the EU-sponsored talks.

Belgrade and Pristina have shown the interest of finding a modus vivendi so far. The first knows that without a comprehensive deal on Kosovo, with Kosovo, it can't obtain the opening of accession talks with the EU (Serbia is already a candidate member), while the latter is aware that it must pursue a deal if it wants to gain international legitimacy and continue benefiting from Western support.

However the outcome of the talks depends also on domestic affairs. Polls indicate that Serbia's civil society does not yet seem ready to accept a compromise with Kosovo. Dacic's coalition final choice will take this issue into account.