



# **NATO DEFENSE COLLEGE FOUNDATION**

## **BALKANS STRATEGIC TRENDS**

May-June 2013

## **Executive summary**

Negotiations between Serbia and Kosovo continued in May and June. The two countries found a formula to implement the deal on Northern Kosovo general status, signed in April. The agreement on the implementation was welcomed by the EU Council (27- 28/6/2013), which gave the green light for opening accession talks with Serbia and negotiations on a Stabilization and Association agreement (SAA) with Kosovo.

The EU Council did not discuss Macedonia's European bid, instead. This stemmed from the current relation with Bulgaria, which threatened to veto Macedonia's aspirations – as Greece always does – because of historic and cultural clashes.

Montenegro's Government is struggling to keep the KAP alive. KAP, a partly state owned aluminium plant, is the country's biggest exporter and employer. The Government is pumping lot of money there, running the risk of pushing the debt too high and lose the support of the tiny Social Democratic Party, a thing that might bring the country to early elections.

As for Bosnia, the “baby revolution”, a protest began in May that involved thousands of people and targeted politicians' incapacity of updating an important law on identity numbers, did not pave the way to reforms as many hoped.

## **Situation report**

### ***Serbia and Kosovo***

Serbia and Kosovo's leaders continued negotiating in Brussels under the EU's aegis in May, in order to implement the EU-sponsored 15 point deal struck in April, which paved the way to a new and better balanced legal framework in Northern Kosovo, one of the most fragile territories of the Balkan region and the biggest source of tension between the two countries.

A formula was found on May 22. Pristina and Belgrade finalized a six point protocol. According to one of the measures included in the file, Serbia has to provide a detailed list of the structures funded in Northern Kosovo, a Serb-majority area over which Belgrade has kept control since the end of the war through the so called parallel institutions (police, customs, education, bureaucracy), seen by Brussels as the main obstacle to Serbia's European bid.

Other points focus on dismantling the Serbian police and reorganizing justice under Kosovo's administration schemes as arranged in April, as well as organizing local elections by the end of October. Although not included in the protocol, the issue of giving Kosovo its own international phone code – Kosovars use the Serbian one – was discussed too.

Other meetings followed in June to enforce the protocol ahead of the summit of the European Council, held in Brussels on June 27 and 28. As expected, the EU Council agreed to open accession talks with Serbia and negotiations on a Stabilization and Association agreement with Kosovo. These steps were offered by Catherine Ashton, the head of the European foreign policy, as an incentive for reaching a new balance in Northern Kosovo. However, no official dates for opening accession talks with Serbia was set. The EU Council conclusions explained that an intergovernmental conference, to be held in January 2014 at the very latest, will address the issue.

Meanwhile, voices related to a government reshuffle are growing in Belgrade. The Progressive Party and the Socialist Party, the two driving forces of the ruling coalition are looking for refresh their agreement on power sharing. Also in Pristina there is something to be reported. EULEX, the European mission focusing on the rule of law, is upgrading efforts to tackle corruption (there are new investigations and trials), in a move that might be seen as an attempt to push back criticisms. As a matter of fact many experts say that the mission has not achieved relevant results so far.

## ***Montenegro***

The future of KAP, the partly state owned aluminum plant located in Podgorica outskirts, is more and more uncertain and might have relevant political consequences.

The factory, which is the Montenegro's biggest employer and accounts for almost 5% of national GDP, is experiencing a severe crisis. The State is covering losses in a huge financial effort, costing three million euros every month. However this is pushing up the debt, now close to 350 million, a sum that is equivalent to one tenth of GDP. The International Monetary Fund warned Montenegro, as keeping KAP open could soon become unsustainable.

In terms of political consequences, the Social-democratic Party, a small parliamentary group that however is key to the stability of the ruling coalition, is quite frustrated for how the Prime Minister Milo Djukanovic is managing the issue of KAP. Someone says that the Social-democrats might even leave the coalition, prompting new elections therefore.

In the meantime Igor Luksic, the Minister of Foreign Affairs, who served as Prime Minister until Djukanovic took the office back last October, presented in Brussels a new initiative to bring the six Western Balkan countries (Bosnia, Serbia, Kosovo, Albania, Macedonia and Montenegro) closer. Luksic focused on stabilizing the regional market and boosting cooperation in fields like export, police and access to European funds. According to the Minister, this new cooperation scheme could speed up the process of integration of the Balkans in the Euro-Atlantic area.

However, Montenegro itself must work harder to improve standards in the fields of rule of law and basic rights, which are key to the process of integration in the EU and NATO. The EU Commissioner for the Enlargement, Stefan Fuele, said on June 26 that a year after the

opening of accession talks the EU still expects to see concrete steps aimed at fostering an independent and more responsible justice system.

## ***Macedonia***

While the controversy with Greece due to the name issue looks frozen, another diplomatic row linked to history and identity which sees Macedonia involved – Bulgaria is the rival – is becoming hotter. Since Bulgaria vetoed Macedonia's European bid at the EU summit in November, a move that wondered many observers, relations between Sofia and Skopje worsened dramatically.

A recent statement made by the Bulgaria ambassador to the EU, Dimitar Tsanchev, contributed to escalate the dispute. The diplomat said that Macedonia, which in the last century was claimed by Greece, Bulgaria and Serbia, is an artificial nation created during the Second World War. Bulgaria's President Rosen Plevneliev firmly rejected this view, trying to appease the Macedonians. Yet he made clear that Bulgaria and Macedonia need to sign a document of friendship in order to go back to an acceptable level of dialogue, as Sofia has often remarked over the last months. However Skopje does not want any formal document. In the meantime, due to troubled times with its neighbors, the EU Council in June did not discuss Macedonia's accession bid.

On the domestic level, there are signs showing that after the very tough battle fought from December (the Social-democrats boycotted parliamentary works) to March (local elections), the ruling coalition led by the Prime Minister Nikola Gruevski and the main opposition force, the Social-democratic Party, which now has a new leader (Zoran Zaev), are trying to cool the political temperature as requested by the EU, which in the previous months mediated to bring the opposition back to the Parliament and organized municipal elections.

Last but not least, economy. A recent Eurostat research showed that some 230.000 people left Macedonia from 1998 to 2011. It means that more than 10% of the population went abroad. Opposition attacked the Government, by saying that it is not working enough to bring Macedonians back home by providing a better economic and social environment. The Government, for its part, pushes critics back explaining that this phenomenon is part of a wider picture, as many people from Southeastern Europe have moved to Western countries over the last twenty years.

## ***Bosnia***

The "baby revolution" was the more relevant event of the last two months. People took streets in mid-May to protest against the missed update of the law on identity numbers of newborns. Members of the Parliament failed to refresh it because of the same old story: ethnic rivalries. Thus, newborns could not get passports and other documents.

Protests started when a couple of families publicly explained how the missed update of the law put in danger the lives of their children, very ill but unable to go abroad to get medical assistance (Bosnia's healthcare is not so advanced). Some 10.000 people from the three main ethnicities of the country, the Muslims, the Serbs and the Croats, gathered in Sarajevo to protest. Demonstrators blocked the Parliament on the 6<sup>th</sup> of June, forcing MPs to pass a provisional law allowing newborns to get documents. People who took part to the baby revolution – as media called the protest – also targeted corruption among the political élite and many other issues that keep Bosnia far away from Europe. Some observers perceived the baby revolution as a very good chance to shake local politics, create a momentum for reforms and overcome ethnic logics.

However, this enthusiasm turned in frustration when few demonstrators gathered in Sarajevo to ask the Parliament to transform the provisional measures on identity numbers in a real law (1/7/2013). Most of them belonged to Muslim parties or groups, noted some analysts arguing that nothing remained of the initial spirit of the protest and that ethnic dynamics crashed national unity once again. To sum up, despite it succeeded in getting at least a provisional law, the baby revolution could be seen as a missed chance.

## **Regional trends**

Despite some uncertainties that could still emerge, the dialogue between Serbia and Kosovo has moved forward since the deal signed in April. Over the last two months, the two countries has worked to implement it, finally succeeding in defining a framework. Hence, the EU agreed to open accession talks with Serbia and negotiations for a Stabilization and Association Agreement with Kosovo. Both the issues have a great significance. Serbia could remove some hurdles on the path to Europe, while Kosovo has now the chance to have a concrete platform of dialogue with the EU. Although nothing has been officially signed, because Brussels wants to verify whether Pristina and Belgrade will continue showing a strong commitment in the coming months, it is clear that nobody will hijack the process before reaching these two important goals.

But then? Until now the dialogue between Serbia and Kosovo has worked through strong incentives offered by the EU. In other words, Catherine Ashton convinced the leaders of the two countries to shake hands and find a compromise on Northern Kosovo in exchange of the opening of accession talks and negotiations on SAA. As these incentives are going to expire, the EU needs to put on the table new tools aimed at keeping the Serbian-Kosovar dialogue fluid, otherwise there is a risk of going back to a status quo.

As for the rest of the region, the only big news might come from Montenegro. If the coalition headed by Milo Djukanovic fell, there would be a real political earthquake that might led opposition to the power for the first time ever.