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Next Steps for Kosovar–Serbian Relations: Time for a Concerted American Push

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Relations between Kosovo and Serbia, two small countries in the western Balkans, have recently seen a precipitous decline. Kosovo’s failed bid in November 2018 to join Interpol, the international organization of police and law enforcement organizations, reignited Kosovo’s frustration over Serbian efforts to stymie its inclusion in international organizations. In response, Kosovo imposed a 100 percent tariff against goods from Serbia, as well as from Bosnia and Herzegovina, both of whom voted against Kosovo’s Interpol membership.¹ The ongoing stalemate between the two countries has derailed normalization talks and threatens to pull the region back into a descending spiral of conflict, opening new rifts for nefarious actors, such as Russia, to exploit, and could feed regional instability.

If Kosovo and Serbia are to find a pathway forward, U.S. engagement will be critical. The U.S. has invested heavily in the Balkans since the end of the Cold War. Tens of thousands of U.S. service members have served in the Balkans, and the U.S. has spent billions of dollars in aid there—all in the hope of creating a secure and prosperous region that will someday be part of the transatlantic community. The Trump Administration has prioritized re-engagement with the region in its European strategy. Thus far, this

fruitful approach has resulted in important policy outcomes including expansion of the North Atlantic Treaty Organization (NATO) in the region, support for the Three Seas initiative, and re-evaluation of harmful aid-distribution policies.

Kosovar–Serbian relations are often still a matter of one step forward, two steps back. A new concerted push of U.S. engagement seems essential for dislodging the current ongoing crisis.

Origins of the Current Crisis

Following the sectarian wars of the 1990s, Kosovo was placed under United Nations administration in June 1999. On February 17, 2008, Kosovo declared independence from Serbia and has been recognized by 114 countries, including the United States and all of its neighbors in the Balkans except Serbia, as an independent, sovereign nation.²

While overall relations between the two nations had improved over the past decade, a baseline tension remains a stubborn reality. Recent proposals for a land-swap agreement would have undermined U.S. interests in the region while serving to catalyze greater regional instability.³ Ultimately, these proposals failed to gain significant support in either Kosovo or Serbia.

In early November 2018, Kosovo had initially imposed a 10 percent tariff on products made in Bosnia and Herzegovina and in Serbia (exempting international brands).⁴ Kosovo imposed the tariffs on Serbia over Serbia’s opposition to Kosovo’s recognition as an independent country. According to Kosovo’s Minister of Trade and Industry Endrit Shala, Kosovo imposed tariffs on Bosnia due to “barriers for Kosovo products” inside Bosnia.⁵

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On November 20, Kosovo's third bid to join Interpol failed to reach the two-thirds vote required for membership.⁶ Following the vote, the government in Pristina issued a statement blaming Serbia for the failed bid saying, "Serbia's wild campaign shows once again its stand against Kosovo and against the idea of normalizing ties."⁷

On November 21, Kosovo raised tariffs on products from Bosnia and Herzegovina and Serbia from 10 percent to 100 percent due to their opposition to Kosovo joining international organizations, including Interpol. Kosovo's deputy prime minister, Enver Hoxhaj, framed the tariffs as a defensive measure because of Serbia's "aggressive campaign against Kosovo in the int'l stage."⁸ Serbia has argued that the tariffs are a violation of the Central European Free Trade Agreement (CEFTA), of which all three nations are parties. European Union officials have confirmed that the tariffs are a "clear violation" of CEFTA.⁹ The Serbian economy lost \$52.3 million between November 21 and December 31 because of the tariffs.¹⁰

Serbia in response has refused to take part in EU-facilitated normalization talks until the tariffs are removed.¹¹ Both the U.S. and EU have urged Kosovo

to remove the tariffs; in January 2019, the American embassy in Kosovo issued a statement, which read:

We call on Kosovo and other regional stakeholders to demonstrate commitment to normalization; regional peace and stability; and movement on the path to European integration. We reiterate our view that an immediate suspension of the tariff on imports from Serbia and Bosnia is one necessary measure to restore momentum to the Dialogue process. We expect other stakeholders to take constructive measures of their own.¹²

Also in January, Ramush Haradinaj, prime minister of Kosovo, published a letter laying out terms for suspending the tariffs. These include the U.S. and EU disavowing support for land swaps, visa-free travel to the EU for Kosovar citizens, implementation of the Kosovo-Serbia energy agreement, and removal of all non-tariff barriers to Kosovar goods in Serbia.¹³ In addition, Haradinaj called for the Serbian president, prime minister, or foreign minister to publicly state "that all policies and actions of any nature directed against the aspirations of Kosovo as a sovereign state

1. Kosovo Hits Serbia, Bosnia with 100% Customs Fees After Interpol Snub," Euractiv, November 22, 2018, <https://www.euractiv.com/section/enlargement/news/kosovo-hits-serbia-bosnia-with-100-customs-fees-after-interpol-snub/> (accessed April 4, 2019).
2. Republic of Kosovo, Ministry of Foreign Affairs, "International Recognitions of the Republic of Kosovo," <http://www.mfa-ks.net/en/politika/483/njohjet-ndrkombtare-t-republiks-s-kosovs/483> (accessed January 25, 2018).
3. Luke Coffey, "The U.S. Should Not Support a Land Swap Between Kosovo and Serbia," Heritage Foundation *Issue Brief* No. 4905, September 25, 2018, <https://www.heritage.org/global-politics/report/the-us-should-not-support-land-swap-between-kosovo-and-serbia>.
4. "Kosovo Slaps Tariffs on Serbia, Bosnia for Lack of Recognition, 'Savage' Acts," RadioFreeEurope/RadioLiberty, November 7, 2018, <https://www.rferl.org/a/kosovo-slaps-tariffs-on-serbia-bosnia-for-lack-of-recognition-savage-acts/29586193.html> (accessed April 3, 2019).
5. Ibid.
6. "Kosovo Fails for Third Time to Win Interpol Membership," RadioFreeEurope/RadioLiberty, November 20, 2018, <https://www.rferl.org/a/kosovo-fails-for-third-time-to-win-interpol-membership/29610709.html> (accessed April 3, 2019).
7. Aya Batrawy and Dusan Stojanovic, "Kosovo's Bid to Join Interpol Fails, in Victory for Serbia," Associated Press, November 20, 2018, <https://www.apnews.com/12c2b452f3d644dcabe63bad05040783> (accessed April 3, 2019).
8. Gordana Filipovic, "Kosovo Starts Trade War with Serbs Over Blocked Interpol Bid," Bloomberg, November 22, 2018, <https://www.bloomberg.com/news/articles/2018-11-22/kosovo-starts-trade-war-with-serbia-over-blocked-interpol-entry> (accessed April 3, 2019).
9. "Kosovo Hits Serbia with 100% Trade Tariffs Amid Interpol Row," BBC, November 21, 2018, <https://www.bbc.com/news/world-europe-46287975> (accessed April 3, 2019).
10. Radomir Ralev, "Serbia Completely Suspends Exports to Kosovo-Trade Min," *SeeNews*, January 3, 2019, <https://seenews.com/news/serbia-completely-suspends-exports-to-kosovo-trade-min-638402> (accessed April 3, 2019).
11. Sylejman Klllokoqi, "AP Interview: Kosovo President Hopes for Deal with Serbia," Associated Press, February 14, 2019, <https://apnews.com/9d9c5d7675ad40629cf4247655feaca9> (accessed April 3, 2019).
12. U.S. Embassy in Kosovo, "Statement from U.S. Embassy Pristina," January 25, 2019, <https://xk.usembassy.gov/statement-from-u-s-embassy-pristina-2/> (accessed April 3, 2019).
13. "Kosovo PM Proposes Conference to Normalize Relations with Serbia," RadioFreeEurope/RadioLiberty, January 28, 2019, <https://www.rferl.org/a/kosovo-haradinaj-serbia-conference-final-deal-relations/29736608.html> (accessed April 3, 2019).

whether applying locally, regionally or internationally have ceased permanently.”¹⁴

In February, a visit by the commander of Iowa’s National Guard was cancelled due to U.S. concern over the tariffs.¹⁵ Kosovo has conducted joint training with the Iowa National Guard through the State Partnership Program (SPP) since 2011.¹⁶ In the future, the U.S. should avoid linking cooperation with Kosovo in the SPP, a valuable vehicle for further cementing ties, with disagreements over tariffs.

Steps for Moving Forward

Heritage Foundation analysts have previously recommended a “five P’s” framework for engagement in the western Balkans:

U.S. engagement should be to ensure that the Western Balkans are peaceful, making progress toward the West, and increasingly prosperous. In addition, U.S. policy should seek to make the most of the region’s significant potential. U.S. policy toward the Western Balkans should be pragmatic, and the U.S. should encourage the nations of the region to be pragmatic toward each other.¹⁷ (Emphases added.)

Adapting this framework to the current crisis, the U.S. should:

1. Peace

- **Stay committed to NATO’s Kosovo Force (KFOR) mission.** Ethnic tensions are increasing in Kosovo, especially in the ethnic Serb areas north of the Ibar River, often stoked by Russia. The U.S. needs to ensure that the KFOR mission, which ensures stability in Kosovo, continues with robust U.S. participation.
- **Continue to support the Kosovo Security Force (KSF) through training.** The U.S. should

continue to exercise with the KSF—including through the SPP. The U.S. should avoid linking cooperation with Kosovo in the SPP, a valuable vehicle for further cementing ties, to disagreements over tariffs. The benefits of regular exercises far outweigh any temporary political messages communicated by their postponement.

2. Progress

- **Support Kosovo’s inclusion in international organizations.** Despite recent tensions, the U.S.–Kosovar relationship remains strong. The U.S. has invested much in ensuring the viability of Kosovo and its increasing worldwide recognition as a sovereign, independent state. During tempestuous times, it is important for the U.S. to stand by its allies. The U.S. should continue to use its diplomatic and political leverage to support Kosovo’s recognition as an independent country, and inclusion in relevant international organizations.
- **Pressure Serbia to recognize Kosovo as an independent sovereign nation.** Serbia’s continued failure to recognize Kosovo and its actions blocking Kosovo from international organizations impede progress in the western Balkans, including in Serbia itself. While China and Russia provide support for Serbian non-recognition of Kosovo, the U.S. should employ the tools at its disposal to dissuade Serbia from continuing on this path. Recognizing Kosovo will be a significant step for Serbia toward the West and toward a brighter future.

3. Prosperity

- **Urge Kosovo to remove onerous tariffs.** While the tariffs have caused pain to the Serbian economy, Kosovo’s economy is sure to face a negative impact as well. In 2017, Kosovo imported more goods from Serbia than from any other

14. Ramush Haradinaj, Facebook post, January 28, 2019, <https://m.facebook.com/RamushHaradinajOfficial/posts/1049214945202919?refsrc=htp%3A%2F%2Fm.gazetaexpress.com%2F> (accessed April 3, 2019).

15. Amra Zejneli, “U.S. Cancels National Guard Commander’s Kosovo Visit Over Serbia Tariff,” RadioFreeEurope/RadioLiberty, February 11, 2019, <https://www.rferl.org/a/us-cancels-national-guard-commander-s-kosovo-visit-over-serbia-tariff/29764201.html> (accessed April 3, 2019).

16. United States National Guard, “State Partnership Program,” January 2019, [https://www.nationalguard.mil/Portals/31/Documents/J-5/InternationalAffairs/StatePartnershipProgram/SPP%20Partnership%20Map%20\(January%202019\).pdf](https://www.nationalguard.mil/Portals/31/Documents/J-5/InternationalAffairs/StatePartnershipProgram/SPP%20Partnership%20Map%20(January%202019).pdf) (accessed April 3, 2019).

17. Daniel Kochis, “A Roadmap for Strengthened Transatlantic Pathways in the Western Balkans,” Heritage Foundation *Backgrounder* No. 3286, March 16, 2018, <https://www.heritage.org/global-politics/report/roadmap-strengthened-transatlantic-pathways-the-western-balkans>.

nation,¹⁸ and Serbia was the third-largest export market for Kosovar goods.¹⁹ Friendship often requires having difficult conversations, and the U.S. should encourage Kosovo to remove onerous tariffs. Economic freedom is the key to the region's prosperity, and ensuring policies that further this prosperity should remain a centerpiece of U.S. engagement.

4. Potential

- **Urge both sides to return to the negotiating table.** The U.S. and the EU share a mutual interest in continuing to push the Kosovar–Serbian relationship toward normalization. The Trump Administration should encourage both nations to return to the EU-facilitated normalization talks. The U.S. should tell Belgrade that the road to integration into the transatlantic community runs through normalizing relations with Kosovo.

5. Pragmatism

- **Encourage western Balkan nations to be pragmatic toward one another.** The U.S. should encourage the nations of the western

Balkans to put aside historical, cultural, or religious complaints and work constructively to increase trade relations, settle border disputes, and forego inflammatory rhetoric for the sake of stability. The U.S. should encourage all parties to be realistic in their negotiations and to view even partial progress as important steps toward normalization.

Conclusion

Now is not the time to squander the decades of investment and sacrifice the U.S. has made in the western Balkans. U.S. policy in the western Balkans that follows the “five P’s” can help place Kosovo and Serbia back on the path toward normalization, overcoming the current crisis, while helping to counteract retrograde influences that seek to exploit the crisis to sow more distrust and division.

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18. Republic of Kosovo, *Statistical Yearbook of the Republic of Kosovo*, 2018, p. 208, <http://ask.rks-gov.net/media/4369/statistical-yearbook-2018.pdf> (accessed April 3, 2019).

19. *Ibid.*, p. 204.