DEFENCE AND SECURITY COMMITTEE (DSC)
Sub-Committee on Transatlantic Defence and Security Cooperation (DSCTC)

KEY CHALLENGES TO MAINTAINING PEACE AND SECURITY IN THE WESTERN BALKANS

Report

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I. INTRODUCTION

1. In the almost two decades since the end of the large-scale use of force to change the territorial political reality in the Western Balkans, much has been accomplished. The majority of the states of the former Yugoslavia are now firmly entrenched in the Euro-Atlantic institutions. With the exception of Serbia, the region is entirely comprised of NATO Allies or aspirants – the latest being the incorporation of North Macedonia earlier this year, and the peace and stability of areas with lingering tensions is actively guaranteed by NATO in cooperation with partner organisations such as the European Union, for example, in Bosnia and Herzegovina within the framework of Operation Althea. Every state in the region is also either now a member of the European Union or aspiring to be. Further, the region is surrounded by members of both institutions, binding the region with the economic, political, and security institutions and linkages serving as the foundation of democratic norms anchoring stability and prosperity in the greater area. Though some barriers to entry are higher than others, as a whole, the region is decidedly looking to the Euro-Atlantic community for its future.

2. Despite the notable progress when compared to the violence of the Yugoslavia break-up, current trends are far from positive. In fact, there is a growing consensus among experts that the region is backsliding by almost every democratic measure. The broader negative trends driving this backsliding - corruption, economic stagnation, and the retreating rule of law – are compounding key security challenges facing the region today; the importing and exporting of violent extremism; exploitation by criminal networks trafficking in people, drugs, and weapons; the enduring ethnic and confessional divisions, which undergird seemingly intractable bilateral disputes.

3. As a result, the region is in need of renewed attention not only from Allies and their partners, but also from partners within the region to insist on the changes necessary to guarantee future stability and prosperity. The Western Balkans were already heading into another period of economic decline by the turn of the new decade – the ongoing shutdowns related to the coronavirus pandemic at the time of writing this report will certainly only make things worse. The consequences for the region are grave – swathes of the population, particularly the youngest and best educated, are seeking to emigrate from states in which they are abandoning hope for a better future.

4. This report will highlight security challenges in the Western Balkans today – both long-standing and emerging. It will underscore NATO’s continuing role for regional stability, and the remaining challenges to Euro-Atlantic integration for those nations still outside, but looking in. It will conclude with recommendations for NATO member state parliamentarians to consider what can be done through the NATO Parliamentary Assembly as well as their own national parliaments to help the region continue to progress toward democratic consolidation, economic dynamism, security sector reform and modernisation, as well as a strong role for civil society participation.

II. ENDURING STRATEGIC RELEVANCE: UNDERLYING STRUCTURAL CHALLENGES AND SECURITY CHALLENGES

5. In the decades since the end of the large-scale fighting in the region, NATO and the European Union have remained steadfast in their support for the development of the Western Balkan states of the former Federal Republic of Yugoslavia (FRY). Political, military, and economic assistance has poured into the countries over the decades in the effort to build effective and transparent democratic institutions undergirded by a strong rule of law framework.

6. NATO has initiated and completed a large number of trust fund projects in the region to help with such tasks as reconstruction, demining, munition disposal, revamping derelict military bases, as well as myriad other projects to help with security sector reform and broader government institutional efficacy and transparency. For example, NATO’s involvement in the region has allowed for the total rebuilding of Bosnia and Herzegovina’s (BiH) security sector from scratch and has served as the main security force in Kosovo. More broadly, NATO enlargement has helped transform the security sectors of all other countries in the region which have since joined the Alliance.
EU achievements in the region have been no less significant as the organisation has invested in the overhauling of state institutions in the region to build stronger economies and to reinforce the rule of law. The EU invested almost EUR 10 billion between 2007 and 2018 to facilitate pre-accession institutional reforms as well as to encourage broader regional and cross-border cooperation (EU, 2018(b)). In parallel, bilateral investment by Allies has also been significant; the United States, Germany, and France have all three been in the top four annual donors over the decades (Bartlett, et al, 2014). In addition to its participation to the significant financial engagement of the European Union, France has also invested politically (under the French presidency of the EU in 2000 the first signals toward the potential future accession of the Western Balkan states was made) and militarily. In yet another example, according to the United States Agency for International Development, the United States donated over USD 1.8bn to Bosnia and Herzegovina from 1996 to 2018 to assist with rebuilding, job creation, poverty reduction, rule of law, and strengthening civil society (USAID, 2018).

7. The results of the investments, however, have been mixed. States like Slovenia and Croatia are considered to be consolidated democracies (Transparency International, 2019), and they have witnessed significant evolution in their economies, security forces, and civil societies. Despite the economic, political, and security investment pouring in, other states of the FRY, however, have not fared as well.

8. There is a growing consensus among experts that a number of Western Balkan leaders have realised the Euro-Atlantic institutions are willing to look the other way at the lack of progress toward democratic consolidation as long as a degree of stability prevails in the region (Bieber, 2018, Pavlović, 2016). Rhetorical commitments to democracy by some Balkans leaders are, therefore, rarely followed through with the measures necessary to guarantee the consolidation of the rule of law, which in turn could unlock the region’s economic potential. As a result, significant portions of the Western Balkans remain at an uncomfortable impasse between full democracy and semi-autocracy\(^1\), pluralism and entrenched ethnocentrism.

9. These structural challenges undergird and act as potential accelerants to security challenges in the Western Balkans today. While experts agree the region is not likely to erupt back into a spate of localised insurgencies or even broader ethnic conflict, security risks remain. Enduring frictions along ethnic and confessional lines; the region’s potential to export and reimport violent extremists; the region’s role as a nexus for international criminal networks trafficking; and, the enduring bilateral disputes from the Yugoslav partition – particularly the impasse between Serbia and Kosovo – all have the ability to disrupt.

10. While Russia remains a significant external influence in the region and often acts as a spoiler to Euro-Atlantic efforts, China has markedly increased its investments not only as part of its global Belt and Road Initiative (BRI), but also as a security actor. Still, despite efforts by Russia and China to make the region another arena for their global strategic competition with the United States, NATO and the EU remain by far the biggest external actors in the region investing for lasting stability and prosperity. The region’s states’ relative lack of capacity to deal with the recent coronavirus pandemic, highlights the degree of focus external actors are giving to the region: While NATO Allies and the EU are working to help the region get through the pandemic, they are forced to counter efforts by Russia and China to use the crisis as a means of spreading disinformation.

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\(^1\) In its 2019 report, Freedom House noted that most Western Balkan nations were either stagnating at low levels of democracy or in decline due to the “continued undermining of institutions that protect freedoms of expression and association and the rule of law” (Freedom House, 2019)\(^1\)
A. CHALLENGES TO THE RULE OF LAW

A Path to Illiberal Democracies?

11. The European Commission notes with regular frequency in recent communications on EU Enlargement Policy toward the Western Balkans that state capture\(^2\) is a dilemma crippling any potential real progress in the region: “Today, the countries show clear elements of state capture, including links with organised crime and corruption at all levels of government and administration, as well as a strong entanglement of public and private interests” (EU, 2018). The practice of state capture in the Western Balkans is a key element undermining the rule of law – a problem which lays at the heart of many of the region’s profound economic, political and social problems.

12. In addition to the growing rule of law deficit in the region, pervasive corruption and clientelism lead to a region-wide problem of legislative stalling or impasse due to low levels of leadership accountability. Transparency International’s most recent report noted that, despite aspirations to join the European Union, the region is not improving due to “a lack of political will and a decline in implementation of laws and regulations” (TI, 2019). In a recent report on Bosnia and Herzegovina, the United States State Department has even described challenges to the rule of law as an ‘existential’ issue, as “political influence and corruption corrode the judicial sector” (US Department of State, 2018(a))\(^3\).

13. While elections could be seen as a clear mechanism to combat these practices, these have been co-opted to protect clientelist systems: Political parties divert state resources to guarantee employment and advancement potential for party loyalists, while punishing those outside the party with unemployment or a glass ceiling to careers (Marovic, 2019). In BiH, for example, parties politicise hiring in the public sector, which accounts for over a third of all employment in the country (Garding, 2019). Political parties across the region have stakes in state-owned enterprises, and private sector elites are known to direct part of their profits from rigged procurement contracts back to the ruling political party (US State Department, 2018(a); Marovic, 2019)\(^4\).

14. Such patron-client networks also stymie any form of healthy civil society, which could serve as a voice against such corrupt practices. As experts note, constant repression, intimidation, funding limitation or elimination, as well as other practices limit the scope of potential civil society activities (Cvijić, 2017). The closing space for civil society and media outlet capable of criticism of government practices is yet another high hurdle to undoing the corrupt practices, which have entrenched the region in a political and economic mire.

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\(^2\) State capture is a term used to describe the corrupt practices of small cadres of select elites taking advantage of patronage schemes serving their private goals at the expense of the common good (Fazekas and Tóth, 2016).

\(^3\) A recent study by the Balkans in Europe Policy Advisory Group reveals the extent of the ill effects of powerful corrupt patronage schemes in a number of the region’s countries. The authors find that clientelist networks actively undermine all institutions that may have a role in corruption oversight, such as the law enforcement agencies and the judiciary (Marovic, 2019). This leaves anti-corruption institutes without sufficient authority and emboldens actors to engage in corrupt behaviour with impunity (Marovic, 2019). As the 2019 Freedom House report notes about Bosnia and Herzegovina, for example: “Corruption remains widespread and systemic, and enforcement of legislation designed to combat corruption is weak. When corruption probes are actually opened, they rarely result in convictions” (Freedom House, 2019).

\(^4\) Direct election fraud is also a challenge. A key driver of Serbia’s demotion on the Freedom House scale in 2019, for example, was “due to the reports of numerous irregularities during the 2018 local elections in Belgrade, including voters being pressured to vote for the SNS (Serbian Progressive Party) and provided with premarked ballots, misuse of administrative resources for campaigning, and intimidation of domestic observers” (Freedom House, 2019).
**Escalating Nationalist Rhetoric and Political Crisis Manipulation**

15. There have been concerns about the rise of nationalist rhetoric by politicians in recent years. A high-profile example being the run-up to the October 2018 elections in Bosnia and Herzegovina, when nationalist rhetoric stirred ethnic passions throughout the country, leading many groups fearing a recurrence of the violence from the 1992-1995 Bosnian War. Republika Srpska leader Milorad Dodik even went so far as to renew calls for independence for the Serb-dominated political entity within the country (Garding, 2019). The phenomenon is far from unique to BiH, however, and has been an increasing fixture in elections in the region.

16. Experts largely agree, however, that such rhetoric is a mechanism to manipulate local politics and is unlikely to spark renewed violence, either localised or widespread (Bieber, 2018; Bechev, 2018). As one regional analyst notes, local leaders have become experts at manipulating a cycle of crises, making them simultaneously “arsonists and firefighters…stirring passions and resentments to dominate polls, but also rush to resolve the invented crisis at the last moment to show the West they are the leaders to be trusted” to steady the region (Bieber, 2018).

17. As many critics note, regional politicians have honed their abilities to talk out of both sides of their mouths; at one moment allaying any particular EU concerns in order to guarantee the continued flow of development assistance, while almost simultaneously vilifying internal and external enemies to their political bases in an attempt to distract them from the endemic cycles of economic stagnation, or even decline, due to corruption, cronyism, and patronage schemes (Bieber, 2018; Gardner, 2019).

18. EU accession process reforms, initiated by France and adopted at the beginning of 2020, are intended to be an effective response to this situation, which witnessed governments betting on the inevitability of their accession to the EU without significant changes to their governing practices. Going forward, accession requirements will be stricter from the beginning of the process, and, importantly, the reversibility principle will allow for greater control over the candidate’s reform process. At the EU-Western Balkans Summit on 6 May 2020, Commission President Ursula von der Leyen, underscored the principle that the established rule of law is the sine qua non for accession, and a clear consensus was reached on the principle that applicant countries can become members only after implementing their reform obligations.

**B. ENDURING ECONOMIC REGRESSION AND ITS CONSEQUENCES**

19. Given the above framework, it is no wonder the region’s economies underperform. Overall, the Western Balkans have diverged from the rest of Eastern and Central Europe since post-Cold War economic transitions; while the rest of Central and Eastern Europe has closed the gap on income level disparity with Western Europe, the Western Balkans have gone the other direction. In fact, average income levels spread between the EU15⁵ and the Western Balkans is further apart today than it was in 1989 (EIU, 2018; World Bank Data Set)⁶.

20. As a result of state capture, corruption, and a lack of a sound rule of law basis to guarantee a stable and transparent investment base, external and internal investment in economic diversification is low, keeping the region’s unemployment at stubbornly high levels. Admittedly, unemployment fell to ‘historic’ lows in the first half of 2019 due to relatively strong economic growth in 2018; despite this relatively positive development, only 44% of the region’s working-age population is employed; in BiH and Kosovo, only 34% and 30% (World Bank, 2019). Youth unemployment

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⁵ The EU15 are the member states of the European Union prior to the 2004 expansion. The EU15 comprised the following 15 countries: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, and the United Kingdom.

⁶ While per capita GDP was a little over a third of EU15 members’ during the final years of the Yugoslav state; today it stands at just over a quarter. New EU members in Eastern and Central Europe have moved in the opposite direction, as per capita GDP levels now stand at just over half the value of the EU15 (World Bank Data Set).
remains at 34.6% as a regional average; at 55% in Kosovo it is considered an endemic problem (World Bank, 2019(b)).

21. Economic stagnation, and even regression, not only encourages corruption, it cements it in practice. This leads to a seemingly interminable pattern of practices that impoverish the state, undermine the rule of law, and renew the broader cycle of poverty. The key consequences of this have wide-reaching impact in the following ways:

22. **Large-scale emigration:** Recent years have witnessed widespread emigration from the region, particularly among the young and educated populations. As young people perceive they have no economic future and are systematically stripped of the democratic means to vote to change this reality, they are voting with their feet instead. As the US Ambassador to BiH put it succinctly: “Political manipulation and corruption, rhetoric that incites fear and stokes nationalism, a bloated and expensive public sector that provides almost no services to citizens – all of these things are chasing people away…” (US State Department, 2018 (b)).

23. As one study noted, by 2013, the region’s average emigration rate had reached 31.2%, with a total of 5.7 million persons originating from the Western Balkans living abroad (Petreski, et al, 2017). Despite the relatively strong economic growth rates in the region in recent years, emigration rates continue at very high levels – 230,000 people left the region in 2019, with the highest numbers coming from Kosovo and Bosnia and Herzegovina (Vracic, 2020). The highest percentage of those emigrating are also among the region’s best educated youth. For example, official estimates note almost 300 doctors left BiH in 2016; the same story is echoed across all qualified professional domains from engineering to IT to education (Vracic, 2018).

24. **Outsized Informal Networks:** dysfunctional, stagnant, and declining economies can be manipulated to reinforce existing political power structures; they also are permissive environments for criminal network exploitation.

C. **BALKAN TRAFFICKING: DRUGS, PEOPLE, AND WEAPONS**

25. The structural and economic weaknesses of the Western Balkan states make the region acutely susceptible to exploitation by criminal networks. According to regional experts, criminal networks exploit the region’s weak states’ lack of capacity for law enforcement and surveillance to take advantage of the region’s strategic location as an entryway into the EU market for drugs, weapons, and exploitable labour (GI-TOC, 2019).

26. As a result, the Western Balkan route is vital for the flow of hard drugs into the European Union: the region is at the crossroads between the world’s largest opium producer (Afghanistan) and the largest global market for heroin (the European Union) (GI-TOC, 2019). Experts estimate opiate traffickers in Southeast Europe made 1.7bn euros in 2015 (GI-TOC, 2019). The region also produces a large amount of the EU’s supply of synthetic drugs, cannabis, and acts as a transit route for South America’s cocaine exports (GI-TOC, 2019). The region is also a key transit route for all other forms of trafficking; small arms, people, and counterfeit goods (GI-TOC, 2019). Europol estimates there are between 3.2 and 6.2 million small arms in circulation in the Western Balkans (France Diplomatie). Weak state financial and law enforcement structures also make the area the key hub for money laundering of the profits made from criminal trafficking (GI-TOC, 2019; EU 2018).

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7 Numbers are likely even higher as many leave the country immediately after graduating before they can be counted in workplace statistics.

8 In some respects, such high levels can be seen as an economic benefit; for example, in BiH remittances account for approximately 11% of the nation’s GDP; in Kosovo almost a third of the nation’s GDP is derived from remittances, translating to an average of 615m euros annually from 2012-16 (Vracic, 2018). Yet, depending on return rates, this brain drain is hardly a net positive, particularly as the exodus of highly educated individuals is quite costly for those countries who invest in the education of an individual, only to lose the benefits of the investment to the country to which they expatriate; further, it can also be seen as a release valve for potential social movement against the clientelist system of elites. Further, the loss of the educated classes in the region means those less qualified to fix the structural problems listed above remain behind.
27. As the 2018 EU Report *A Credible Enlargement Perspective For and Enhanced EU Engagement With the Western Balkans*, starkly warned: “Organised crime’s foothold on the Western Balkans remains strong, whether in terms of trafficking in human beings, drugs and weapons or risk of criminal infiltration of the political and economic systems. The authorities must **dismantle criminal networks and their economic bases** more effectively, making systematic use of financial investigations and applying more **targeted tools**… A **concrete and sustained track record in tackling corruption, money laundering and organised crime** should be established as a matter of urgency” (EC, 2018).  

28. Allies have swung into action to counter this growing threat. France and Germany have combined their efforts to better combat illicit small arms trafficking and to strengthen cooperation with the authorities of the six countries of the region. The United States has also been quite consistent in its efforts with states across the region to get them to implement and strengthen existing domestic laws to enable more effective investigation, prosecution, and conviction of those participating in or abetting criminal networks operating in the region (US State Department, 2019). A recent UNODC study, however, underscores how it will be difficult to combat the infiltration of criminal networks into the region. Key state structural deficiencies were identified as blurring an understanding of the breadth and depth of criminal networks in the region; among them are the lack of statistical systems to record organised criminal activities, wide variation in data reporting, and judicial systems obscuring the case flow related to organised crime (UN, 2019).

### III. FOREIGN FIGHTERS: AN EVOLVING REGIONAL SECURITY CHALLENGE

29. The Syrian Civil War acted as a significant pull factor for radicalised individuals from the Western Balkans. Though the flow all but stopped in 2016, by 2019, experts estimate approximately 1,070 nationals from Albania, BiH Kosovo, North Macedonia, Montenegro, and Serbia travelled to fight with terrorist organisations in Syria and Iraq; principally the Islamic State, but also the Al Qaeda offshoot Jabhat al-Nusra (Shtuni, 2019). Well over half of the region’s foreign fighters originated from BiH and Kosovo (European Commission, 2019(a)(b)): Relative to population size, both have the highest rates of radicalised individuals seeking to participate or act on behalf of terrorist organisations in the region (Shtuni, 2019). Violent extremist networks exploit the region’s ethnic and confessional fault lines to target susceptible populations and are enabled by networks of radicalised imams dating back to the wars of the 1990s (Haxholli, 2018; Azinović, 2018).  

30. Official statistics note that, by the end of 2019, 485 Western Balkan nationals had been repatriated, 260 had died in theatre, and another 475 remain in Syria and Iraq (Shtuni, 2020). Of the 485 returned fighters, 242 went to Kosovo, making Kosovo host to the highest number of returned foreign fighters per capita in Europe – 134 per million population, while, by comparison, the UK has 6 per million and France and Germany 4 per million (Shtuni, 2019). Handling the repatriation of individuals having been directly, or at least indirectly, involved in significant terrorist violence is straining the region’s limited resources – from the judiciary to policing to detention facilities to post-incarceration aftercare programmes.  

31. Despite resource limitations, Western Balkan states have a high record of prosecuting and sentencing returned fighters. Largely due to external assistance, principally from the EU and the United States, Kosovo has been the most successful in terms of the absolute number of cases...

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9 The sections in bold type are from the original document.  
10 The list of illegal activities included – organised crime; trafficking in firearms, persons, drugs, and counterfeit goods; migrant smuggling, money laundering; and, cybercrime (UN, 2019).  
11 The majority of the Western Balkans contingent remaining in the Middle East are in Kurdish-controlled prisons, but some remain in a fighting contingent in Idlib province. Of those remaining, approximately 260 are nationals (or have claim to the nationality) of BiH. The disparity in numbers from those reported having left for Syria and Iraq from 2011-2016 is due to the large numbers of children born in theatre (Shtuni, 2019).
prosecuted with 73. North Macedonia has also been able to prosecute 32 cases successfully and Bosnia and Herzegovina 18 (Shtuni, 2019). A concern for experts and Allies and their partners, however, has been the general leniency of sentencing – while the average sentence across the region is only a few years, many convicted on terrorism charges find their way out of prison much earlier (Haxolli, 2018). The region’s states’ ability to follow former violent extremists once released, as well as to track and identify those former fighters who may have returned to the region without being detected by authorities is also a principal concern.

32. Significant investments by Allies, particularly the United States, however, have gone a long way to ensure that governing authorities across the region, particularly in places with higher numbers of foreign fighter challenges like Kosovo and BiH, have the necessary law enforcement and judicial institutional capacity to counter terrorism and violent extremism. Again, as the most impacted in terms of the exporting and reimporting of violent extremists, the cases of BiH and Kosovo are illustrative.

33. BiH adopted a 2015-2020 national strategy to prevent and counter violent extremism. The EU and the United States developed key assistance programmes to help with the implementation of the strategy. As a member of the global coalition to counter ISIS and the Council of Europe’s conventions on preventing and countering terrorism, significant investments have been made to enhance the country’s counterterrorism capacities from investigative policing to border control to judicial reform and strengthening (Azinović, 2018). Part of the strategy involved the adoption of new criminal offences to prosecute both foreign terrorist fighters as well as any locally based recruiters. As a result of the combined domestic and international efforts, over twenty individuals have been arrested, tried, and prosecuted for either recruiting for, financing, or participating in terrorist group activities (Azinović, 2018).

34. Still, despite these efforts, the international partners have expressed concern that BiH’s political dysfunction and fragmentation could compromise counterterrorism efforts (see below). According to the US State Department, for example, political gridlock blocked the adoption of new, stricter counterterrorism measures in 2017 (Garding, 2019).

35. In Kosovo, the government adopted an initial national strategy to counter violent extremism leading to terrorism in 2015. Part of the strategy involved the modification of the criminal legal code and institutional reform. Much like BiH, Kosovo’s efforts have been supported by the international community, particularly the EU and the United States – most of the technical, financial, and training assistance to eradicate violent extremism in Kosovo is provided by the latter12, which also plays a key role in bilateral training, advising, and assisting Kosovo’s Counterterrorism Directorate and Border Police, as well as in supporting a deradicalisation programme in Kosovo’s prisons (Garding, 2019: Haxolli, 2018). Some Pre-Accession Assistance aid from the EU, however, has been earmarked since 2016 to address violent extremism challenges in Kosovo (Haxolli, 2018).

36. In 2018, the government approved its third CVE strategy and action plan for 2018-2022. The Government of Kosovo has worked closely with officials in Albania and North Macedonia to build regional counterterrorism capacity and cooperation. Similar to BiH, however, political gridlock has been a persistent hurdle to effective implementation of the strategy and action plan (Garding, 2019; Haxolli, 2018).

37. In October 2018, the Western Balkan Six signed up to a Joint Action Plan on Counterterrorism with the European Commission. The plan calls for concrete actions to achieve five objectives including preventing and countering radicalisation, effective information exchange, combatting terrorist financing, and protecting citizens. This plan was subsequently translated into bilateral working agreements between the Commission and the Western Balkan Six (European Commission, 2018 (b)).

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12 This funding comes from the US State Department’s Antiterrorism Assistance Program.
IV. KEY ENDURING STATEHOOD AND TERRITORIAL CHALLENGES

38. Bilateral disputes in the Western Balkans can be understood through four principal issue sets: political disputes, border disagreements, minority rights, and lingering issues related to the dissolution of Yugoslavia. All four issue sets can be found in Bosnia Herzegovina, which is comprised of three constituent peoples with little desire to live together within a political system necessitating consensus. Lingering border issues remain throughout the region; a notable exception being North Macedonia’s resolution of all outstanding border issues in recent years, in addition to the landmark resolution of the name issue leading to its recent accession into NATO. The most high-profile enduring bilateral dispute in the region is the ongoing dispute between Serbia and Kosovo: It is often cited as a potential precipitant of renewed violence in the region, though the likelihood of renewed large-scale violence is low. This rings true throughout the Western Balkans; as an insurance measure in the Western Balkans’ weakest entities, Bosnia and Herzegovina and Kosovo, international military forces remain to maintain the broader peace.

A. BOSNIA AND HERZEGOVINA

1. Persistent Governance Challenges as a Result of Post-War Institutional Compromise

39. The devastating 1992-1995 Bosnian War between BiH’s three major ethnic groups (Serbs, Croats and Bosniaks) continues to influence governance challenges in the country today. The war killed an estimated 100,000 civilians and dispersed 2.2 million across the region and beyond. The war was characterised by a staggering number of war crimes and severe human rights violations, which the International Criminal Tribunal for the Former Yugoslavia (ICTY) prosecuted until 2017. This includes the perpetrators of the July 1995 Srebrenica massacres, during which over 8,000 Bosniaks, mostly men and boys, were executed and 30,000 women, children and elderly were abused and forcibly transferred in an act of genocide (Garding, 2019). During its 24 years of existence, over almost 11,000 trial days, and after hearing the testimony of almost 5,000 people, 161 people have been indicted and 90 convicted of war crimes and crimes against humanity.

40. After Bosnian Serb forces repeatedly violated UN Security Council Resolutions against the deliberate targeting of civilians, the UN requested NATO assistance to support its UNPROFOR mission on the ground and to protect UN-designated safe havens; NATO forces, led by the United States, engaged (Hendrickson, 2005). Over a 12-day period in August and September 1995 the NATO air campaign Deliberate Force against Bosnian Serb positions convinced Bosnian Serb leadership there was no pathway to victory on the battlefield, opening the way to a negotiated peace. Peace talks from 1-21 November in Dayton (Ohio, United States) resulted in the General Framework Agreement for Peace in Bosnia and Herzegovina, widely known as the Dayton Accords.

41. As a result of the Dayton Accords, the Bosnian constitution recognises three constituent peoples – Bosniaks, Croats and Serbs, and Bosnia and Herzegovina is divided into two major ethnoterritorial entities: the Serb-dominated Republika Srpska (RS) and the Federation of Bosnia and Herzegovina (FBiH), composed of a majority of Bosniaks and a minority of Croats. The initially disputed autonomous Brcko district, is home to all three constituent peoples (Garding, 2019). At central state level, BiH’s rotating presidency is composed of three members representing the Serb, Bosniak and Croat constituencies. The territorial entities maintain broad competences, including civilian policing, economic and fiscal policy, energy policy and health and social policy (Garding, 2019). The governance of these entities however presents further complexities. The FBiH is further divided into ten cantons with separate constitutions; both the FBiH and RS are divided into 79 and 64 municipalities respectively.

42. The ethnic components of the state- and territorial-level electoral systems have repeatedly been challenged both by Bosnian and international courts. For example, a dispute about the representation of Croats in the FBiH’s electoral system led to a two-year political standoff at state-level surrounding electoral reform. In the Mostar municipality, disagreements on electoral
processes impeded municipal elections for 12 years (Brezar, 2020). After a breakthrough in negotiations between Bosniak and Croat leaders, municipal elections should now take place in December 2020 (Dervisbegovic, 2020). Another example is the landmark case of Sejdić and Finci vs BiH, in which the plaintiffs claimed that the power-sharing provisions of the Dayton Accords, which stipulate that posts in the tripartite Presidency of BiH and the House of Peoples (upper house of parliament) must be reserved for ethnic Bosniaks, Bosnian Serbs, and Bosnian Croats only, violated their democratic rights, as their ethnicities (Sejdić and Finci are Roma and Jewish respectively) should not preclude them from holding high office in a democracy. The 2009 decision of the European Court of Human Rights ruled in favour of the plaintiffs, noting the regulations concerning the tripartite presidency and the House of Peoples violated the European Convention on Human Rights – to date, no reforms have been made to address the issue.

43. In its immediate neighbourhood, BiH is positioned in between Croatia and Serbia, which retain influence over the country’s politics. One particularly worrying trend is Serbian support for the RS’ member of the BiH presidency, Milorad Dodik, who has repeated calls for secession of the RS (CRS, 2019) and its unification with Serbia (Latal, 2019).

44. The complex power-sharing arrangements and ethnic balance foreseen in BiH’s constitution make it difficult to tackle the country’s challenges, and Bosnia and Herzegovina is rife with significant economic, political, security, and political problems. As noted in earlier sections of this report, widespread corruption and state capture practices undermine government effectiveness at all levels, with ripple effects on the economy and the rule of law. As a result, today BiH reports among the highest levels of unemployment in the world, particularly among young people between 15-24 (40.2%) (World Bank, 2020 (d)). In the absence of effective state institutions, criminal networks use the country as an area for all forms of trafficking. Continued political disharmony between the Federation and the Republika Srpska results in a growing level of general governing paralysis at the national level.

2. Euro-Atlantic engagement in BiH: NATO’s Commitment to Long-term Peace and Stability in BiH

45. In order to implement the military aspects of the Dayton Peace Agreement, NATO deployed the Implementation Force (IFOR) to BiH in December 1995. In 1996, it was replaced by the Stabilisation Force (SFOR), which facilitated the reconstruction of the country and contributed to a comprehensive reform of its defence structures. SFOR established a unified command and control structure for BiH’s military and established doctrinal and training norms in line with NATO’s Partnership for Peace (PfP) requirements (NATO, 26 April 2019). Primary responsibility for military aspects of the Peace Agreement was handed over to the EU’s EUFOR Althea operation in 2004. EUFOR Althea remains in the country.

46. BiH joined the PfP in 2006. BiH has participated in building capabilities and interoperability with NATO. BiH’s cooperation with NATO was outlined in the Bosnia Herzegovina Reform Programme, which indicates the reforms the government needs to undertake to facilitate closer cooperation with NATO. The country was invited to join NATO’s Membership Action Plan (MAP) in 2010, which is a programme of advice, assistance, and focused support to countries seeking to join the Alliance. This invitation, however, was made conditional upon the requirement that all immovable defence property in the country be registered with the central state. Efforts to do so to date have been impeded in particular by RS officials’ refusals to participate in the programme (Garding, 2019).

47. In December 2018, as a way to break the deadlock on the country’s progress towards MAP, NATO foreign ministers decided the Alliance was ready to accept the submission of Bosnia and Herzegovina’s first Annual National Programme under the MAP (NATO, 23 March 2020). NATO has made it clear, however, that BiH’s participation in the MAP does not prejudge any decision on future membership, underlining that BiH still needs to continue pursuing democratic and defence reforms to fulfil its Euro-Atlantic integration aspirations and become a well-functioning and independent democratic state (NATO, 23 March 2020). Due to RS continued opposition to the submission of an Annual National Programme, a compromise was reached and BiH submitted a what it termed
“Reform Programme”. As NATO noted in a press release following a March 2020 meeting between the Secretary General and the BiH Foreign and Defence Ministers “The NATO Secretary General said that the Alliance looks forward to continuing supporting Bosnia and Herzegovina in its reform efforts, on the basis of the Reform Programme submitted to NATO in December 2019. The Secretary General stressed that NATO remains committed to political dialogue and cooperation with Bosnia and Herzegovina. He said that the Alliance will continue supporting the implementation of the Reform Programme, for the benefit of all citizens in the country” (NATO, 10 March 2020).

48. BiH has worked to prove its bona fide with Allies through its support of NATO-led operations and missions. For example, BiH has been involved in Afghanistan since 2009; contributing officers to the German and Danish contingents in ISAF and continues to support Resolute Support Mission today. More broadly, BiH is working to prove itself a security exporter, rather than importer via the development of its national civil emergency and disaster management capabilities. In 2017, BiH hosted NATO’s EADRCC disaster preparedness and response exercise. It has also been a member of NATO’s Science for Peace and Security Programme since 2007, wherein it is working to cooperate on disaster response, explosives detection, and cyber defence among others (NATO, 3 February 2020).

49. BiH signed a Stabilisation and Association Agreement (SAA) with the European Union in 2008, which entered into force in 2015. However, the implementation of the SAA and integration of EU acquis into Bosnian legislation is proving difficult, notably due to its complex political system (Garding, 2019). BiH presented its application for EU membership in 2016. In an opinion on its application issued in 2019, the European Commission welcomed institutional and socio-economic reform processes. However, it concluded that BiH still needs to perform “considerable adjustments” before it can launch the accession process (European Commission, 2019). The adjustments the European Commission refers to are in areas of democratic governance and the rule of law; specifically citing issues such as ethnicity and residence criteria in executive and legislative bodies that run counter to EU standards, weaknesses in the fight against corruption and organised crime, and an incomplete judiciary system (European Commission, 2019). Moreover, the report concludes that BiH needs to adjust its economic structure and invest into its education system to tackle endemic unemployment and improve its business environment (European Commission, 2019). It is clear from the EC’s reporting on that to resolve the issues a constitutional revision would be required. Such an act, however, is made very unlikely, if not impossible, given the major political differences and divergent visions for the country’s political future among the three constituent peoples. As such, it is likely the stagnant status quo will remain the norm in BiH unless external actors take it upon themselves to engage in a new domestic political contract, which could follow on from the Dayton Accords.

B. SERBIA-KOSOVO

50. Widespread and organised agitation for Kosovo’s independence from Serbia began in earnest in the 1980s. Slobodan Milošević’s assumption of the presidency of the Republic of Serbia in 1989, however, soon led to Belgrade’s removal of Kosovo’s autonomous status. As Yugoslavia began to dissolve in the wars of independence in the 1990s, Serbia, under Milošević, ratcheted up a systematic campaign of repression of Albanians in Kosovo; including mass purges of Albanians from public sector employment, and the suppression of Albanian language rights in school and universities and in the media (Glenny, 2012). In response, Albanians launched an insurgency

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13 After the retreat of Ottoman administration of the territory in the early 20th century, Kosovo was eventually incorporated as an autonomous province within the Republic of Serbia after WWII (Glenny, 2012). Serbians viewed the return of the province as an essential part of making greater Serbia whole again due to the region’s importance to the medieval Kingdom of Serbia, a point emphasised in Serbian nationalist narratives from the 19th century until today (Glenny, 2012). Kosovo Albanian narratives, however, viewed Kosovo’s annexation as an effort to marginalise the Albanian Muslim majority population in the region and to squelch the paralleled ambitions of a greater Albania espoused by Albanian nationalists (Glenny, 2012).
campaign against Serbian government control in Kosovo, the principal instrument of which being the Kosovo Liberation Army (KLA). Serbia responded with increasing levels of force throughout the province, engaging in regular armed clashes with the KLA by 1998.

1. NATO’s Steadfast Presence

51. An ensuing Allied air campaign in 1999 turned the tide on an unfolding humanitarian catastrophe in Kosovo. On 12 June 1999, Serbia agreed to end its campaign against the Kosovar insurgency and withdraw its forces. NATO remained in Kosovo as a stabilising force via the Kosovo Force (KFOR), under the mandate of UN Security Council Resolution (UNSCR) 1244. Supported by 50,000 troops, the initial role of KFOR was to restore security and law and order in Kosovo, as dictated by UNSCR 1244 (1999) and the Military Technical Agreement between NATO, the Government of the Federal Republic of Yugoslavia, and Serbia.

52. For over twenty years, KFOR has assumed responsibility for a wide range of tasks such as: displaced persons and refugee assistance; reconstruction and demining; medical assistance; security and public order; protection of patrimonial sites; border security; interdiction of cross-border weapons smuggling; implementation of a Kosovo-wide weapons, ammunition and explosives amnesty programme; weapons destruction; and support for the establishment of civilian institutions, law and order, the judicial and penal system, the electoral process and other aspects of the political, economic and social life of Kosovo (NATO, 2019). The operation also gives particular attention to the protection of minorities; to include regular patrols near minority enclaves, checkpoints, and the provision of escorts; as well as the protection of cultural heritage sites (NATO, 2019).

53. KFOR is also mandated to coordinate with and support the international civil presence on the ground in Kosovo. This has translated principally into support for efforts by the UN and the EU. On the ground, KFOR works in close coordination with the European Union Rule of Law Mission (EULEX) and the United Nations Interim Administration Mission (UNMIK). UNSCR 1244 initially divided responsibilities for transitional operation of Kosovo between KFOR and UNMIK; while KFOR provided security, UNMIK was to provide transitional civil administration. In 2008, EULEX was launched and largely assumed the rule of law tasks of UNMIK.

54. EULEX is the biggest civilian mission ever organised under the CSDP; its principal role today is to monitor and advise on rule of law, particularly via cooperation with the Kosovar police, judicial, customs authorities. EULEX retains limited executive function in customs and border control affairs; it is in this capacity EULEX and KFOR continue to cooperate, as KFOR provides security assistance for those EULEX officials working at crossing points along the Administrative Boundary Line (ABL) in the north of Kosovo. EULEX’s current mandate runs through 14 June 2021 (Council Decision (CSFP), 2020). The European Union is the largest single source of direct financial assistance to Kosovo, channelling EUR 1.21bn in assistance funds from 2007 to 2020 (EC, 2018).

55. Beginning in June 2009, NATO defence ministers approved KFOR’s gradual transition to a deterrent presence, which included a restructuring of the force and its strength. Some of KFOR’s responsibilities have subsequently been transferred to the Kosovo Police, such as the protection of religious and cultural sites. As NATO military authorities have certified the achievement of security

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14 KFOR operates under Chapter VII of the UN Charter, and is considered a peace enforcement operation.
15 Though UNMIK’s tasks were largely assumed by EULEX in 2008, UNMIK maintains a small presence in Kosovo. NATO and UNMIK representatives meet regularly to coordinate their respective activities across their areas of responsibility.
16 The EU is distributing and weighing new investments of emergency assistance funds to the Western Balkans, which is discussed in greater length in the section on Covid-19 and the Western Balkans.
17 The transfer of policing authorities of religious and cultural heritage sites has been referred to as the ‘unfixing process’. To date, all but one remaining originally designated site remains under fixed KFOR protection, the Decani Monastery (NATO, 2019).
steps on the ground in Kosovo, referred to as Gates, so has the NAC been able to authorise a reduction in the KFOR troop contingent. The move to Gate 2 in 2010 allowed the NAC to approve, upon the recommendation of NATO military authorities, the reduction in force levels to less than 5,000. There are currently 27 Allies and partners contributing a total of 3,468 personnel; the United States is the largest contributor, with 660 personnel committed to the force (NATO, 2020(a)).

2. Kosovo Security Force

56. In addition to deterring renewed hostility and threats against Kosovo by Yugoslav and Serb forces, KFOR’s mandate was to demilitarise the Kosovo Liberation Army (KLA), which at its peak numbered up to 20,000 fighters. In 2008, KFOR took on the additional task of supporting the establishment of the Kosovo Security Force (KSF) and the necessary institutional bodies to oversee it. The KSF is designed to be multi-ethnic, professional, and civilian-controlled. The force is a lightly armed volunteer force with other domestic essential, non-policing tasks such as emergency response, EOD, HAZMAT management, firefighting, and civil protection (NATO, 2019). The KSF was declared operational in June 2013. The KSF is mandated to have a maximum of 2,500 personnel with up to 800 reservists (NATO, 2019).

57. The NATO Advisory and Liaison Team (NALT) in Kosovo continues to coordinate capacity building efforts with security organisations in Kosovo. The NALT consists of 41 military and civilian personnel from 13 Allied and partner nations. NALT assistance ranges from executive to force level in areas such as logistics, procurement, financing, force development and planning, as well as leadership skills (NATO, 2019).

58. On 14 December 2018, the Kosovo Assembly voted in favour of transitioning the KSF into the Kosovo Armed Forces (KAF) within 10 years. According to the adopted laws, the future KAF would have a total of 5,000 active personnel and up to 3,000 reservists. 105 of the 120-member Assembly voted in favour of the legislation; the 11 deputies representing the Serb minority population boycotted the vote (Bytyci, 2018). The move raised the ire of Serbian leaders, as well as that of the Kosovo Serb community, as they stressed the stipulations of UNSCR 1244 do not allow for another armed force presence in Kosovo other than KFOR (Bozinovski, 2018).

59. NATO Secretary General Jens Stoltenberg stated that, while the decision is “in principle a matter for Kosovo to decide,” it was ‘ill-timed’ and would necessitate NAC review of NATO’s level of engagement with the KSF (NATO, 2018). Stoltenberg also expressed concern that the process had not been inclusive. Some Allies, Germany, and France, for example, have expressed cautious support for the move by the Kosovo Assembly. The United States supported the decision; an official statement by the US Embassy in Pristina noted the US government’s desire for the transition to be gradual and inclusive of all communities: “These laws bring no immediate change to the structure, mission, or operations of the force, rather, they represent the beginning of the practical, ongoing work of building a transparent, multi-ethnic, NATO-interoperable force that serves all of Kosovo’s communities, in accordance with the Government of Kosovo’s 10-year transition plan” (US Embassy Kosovo, 2018).

3. Belgrade-Pristina Dialogue

60. KFOR continues to play an essential role in maintaining security in Kosovo and the region, particularly in the absence of normalisation of relations between Pristina and Belgrade. Kosovo’s relations with Serbia are at the heart of the region’s most challenging remaining bilateral dispute. In the aftermath of the conflict in Kosovo, the international community engaged fully to negotiate a settlement with Serbia over the final status of Kosovo. While UN-backed talks made progress on technical matters, neither side could find a way around their opposing views on the question of status. In 2008, Kosovo declared its independence; an action Serbia has never accepted. Serbia challenged

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18 A parallel additional task for KFOR at the time was to assist with the standing down of the Kosovo Protection Corps, which the KSF was meant to succeed.
the legality of Kosovo’s move at the International Court of Justice (ICJ), the ICJ issued an advisory opinion in 2010, however, that Kosovo had not contravened international law.

61. After the ICJ opinion, the EU and the United States advocated for Serbia and Kosovo to renew their dialogue with an eventual goal of normalising their relations. In March 2011, the EU launched a high-level dialogue between Belgrade and Pristina. Initial talks focused on practical (‘technical’) issues to improve the quality of day-to-day life and to build confidence to move to political level. The two sides agreed on basic freedom of movement issues for goods and people. In light of the success of the first phase, and to change the incentive structure for the higher-level political talks, the EU granted Serbia candidate status and opened a feasibility study for a stabilisation and association agreement (SAA) with Kosovo (EPRS, 2016).

62. The second ‘political’ phase brought together the two prime ministers for the first time in October 2012. The first months of talks reached the most significant agreement to date between the two sides: the 15-point “First Agreement of Principles Governing the Normalisation of Relations” (known as the ‘Brussels Agreement’) signed on 19 April 2013 focuses on two key goals: the establishment of an Association of Serb majority municipalities (ASM), linking Kosovo’s 10 Serb-majority municipalities with the necessary autonomy for economic development, education, health, and urban and rural planning; while also removing the parallel Serbian structures, to include the integration of the police and the judiciary into the Kosovo system (Brussels Agreement, 2013). The agreement also notes neither side would block the other’s attempt to enter the EU.

63. The EU shifted the incentive structure for both by conditioning any future membership on the normalisation of relations between Belgrade and Pristina. This has the most immediate impact on Serbia, which could be an EU member as early as 2025, if it follows the stipulations of the 2014 negotiating agreement in place between the EU and Serbia (Russell, 2019). Kosovo sees its participation in the process as an essential part of its current campaign for UN membership; with the eventual future prospect of NATO and EU membership. Kosovo has been rewarded for its efforts in the dialogue by the EU, as it signed a SAA with Kosovo in 2015 (EC, 2015).

64. A total of 33 agreements have resulted from the dialogue; mostly on technical issues but bookended by two important documents; the Brussels Agreement and another 2015 text on the challenging issue of the Serb-majority north. Since this, however, relatively little progress has been made, and the ensuing years witnessed a series of confrontations stall further dialogue (Emini, 2018). The most contentious issues for moving the dialogue forward are the situation in northern Kosovo, the scope of Serbia’s recognition of Kosovo, strategic resources (principally mines and water), and the protection of Serbian religious and cultural sites.

65. While there have been repeated propositions and debates about the partition of the north by local leaders in the region; this has been largely rejected by the EU and the United States out of concerns for setting the precedent of redrawing regional political maps along ethnic lines (Garding, 2019). This issue came into higher-level debates in 2018 when then-Kosovo President Thaçi and Serbian President Vučić raised the issue of a land swap between the two – the Serb-majority regions in northern Kosovo for the Albanian-majority regions in Serbia’s Preševo Valley (Russell, 2019). For the same reasons, this issue has also been largely rejected by Allies. Some have reported the United States signalled a willingness to entertain the idea of a land swap proposal, if Kosovo and Serbia were willing to come to a mutually satisfactory agreement, the United States Ambassador clarified the US position in a recent interview with Kosovo media: “In terms of land swap, border change, I think that the US position on this has not been well understood and I’ll try to make it clear. Some officials of the US administration, over the past year or two, have said that if Kosovo and Serbia agree on a comprehensive agreement that involved some adjustment to the border, we take a look at it – we would not reject it out of hand. People have misinterpreted that to imagine that the Americans have been actively pushing for some big border change. That was never the case. Moreover, our position has been that any agreement between Kosovo and Serbia has to be acceptable to the people of both countries and not just to a few politicians. I think it’s pretty clear that there is very little support in Kosovo for a massive, dramatic exchange of land or change on the borders - I mean it’s pretty
66. After three years of barbs traded over a series of incidents, the dialogue was frozen in November 2018 when Kosovo imposed 100% tariffs on Serbian goods in retaliation for Serbia blocking Kosovo’s bid to join Interpol (BBC, 2018). Serbia exports approximately 40 million euros worth of goods a month to Kosovo; Pristina initially vowed to maintain the tariffs until Serbia recognised Kosovo's independence (Russell, 2019). Kosovo has subsequently softened its tone by stating it would accept an international guarantee of talks leading to mutual recognition, but it maintains its insistence that Serbia stop its efforts to get states to withdraw their recognition of Kosovo’s status. Both the EU and United States have pressured both to change course and resume dialogue; e.g. for Kosovo to drop the tariffs and for Serbia to cease its derecognition efforts.

67. On 31 March, the outgoing government of Prime Minister Kurti decided to lift the imposed tariffs. This was done, however, with a ‘reciprocity’ condition, meaning, among other things, that all goods entering Kosovo from Serbia must be registered as going to the “Republic of Kosovo”; a form of recognition Serbia rejects (Bami, 2020). The Kosovo government noted that the policy would be re-evaluated on 15 June, to assess whether or not Serbia has ended its derecognition campaign (Bami, 2020). The US government put significant pressure on the Kosovo government, including the freezing of financial assistance, to drop both the tariffs and the reciprocity stipulation (Kingsley, 2020).

68. Washington has negotiated a recent confidence building measure by orchestrating an agreement to air traffic between Belgrade and Pristina. While this is a positive step forward, it was initially muted by the impact of the coronavirus across the region. Further, pressures over the Kosovo government’s handling of the coronavirus response led to its collapse, after only 50 days in power, in a vote of no confidence on 25 March (NYT, 2020). As a result, there was a struggle between the outgoing Prime Minister Kurti and then-President Thaçi about who had the power to continue to negotiate on behalf of Kosovo (NYT, 2020). The governing impasse in Kosovo resulting from the vote of no confidence in Kurti was resolved by a 28 May decision by the Kosovo Constitutional Court to allow for a new government to be formed without election, and ruling unanimously in favour of then-President Thaçi's nomination of Avdullah Hoti of the LDK Party to form a government (EWB(a), 2020). Soon after taking office, Kosovo Prime Minister Hoti’s new government abolished the reciprocity measure on Serbian goods – the move opened the door for the resumption of the dialogue between Belgrade and Pristina (Dimitrievska, 2020).

69. Under the auspices of the European Union, direct dialogue between Belgrade and Pristina resumed in Brussels on Sunday, July 12, 2020, following the joint demarches by France and Germany to Serbia and Kosovo, which culminated in a quadripartite summit on July 10, which the European Union High Representative for Foreign Affairs and Security Policy and the EU Special Representative for the Western Balkans also attended. Strong political determination and thorough and well-structured negotiations are needed to resolve the many outstanding issues, but the pragmatism with which Kosovo and Serbia have engaged in the fight against the coronavirus on both sides of the administrative line is an encouraging sign that the European Union's mediation can deliver its promises.

70. Several factors should be considered as the dialogue restarts for the first time in over a year and a half. The European Union and the United States are investing new energy into the issue. New head of EU diplomacy, Josep Borrell, has noted the issue is a priority of his mandate, and Slovak diplomat Miroslav Lajčak was recently appointed Special Representative to the Belgrade-Pristina
This renewed EU focus comes on the heels of the United States’ appointment of two special envoys to the region: Richard Grenell, as noted above, but also Matthew Palmer, as the Special Representative for the Western Balkans; demonstrating a renewed commitment to resolving the issue by Washington. It is important to note the efforts steered by the United States and the European Union are not competing, but complementary. EU Special Envoy for Belgrade-Pristina Dialogue Lajčak and US Deputy Assistant Secretary of State Palmer noted in July that both have a common goal and vision for the region and work together as partners. Palmer also pointed out that European countries sometimes have divergent views, which should be overcome (EWB, 2020(b)).

On 4 September 2020, new economic and political normalisation initiatives between Kosovo and Serbia were agreed upon by Serbian President Vucic and Kosovo Prime Minister Hoti in a tripartite meeting in Washington. The implementation of several of them would be essential in order to overcome the obstacles to progress identified above and would, by its message, be a very positive step forward in relations between Pristina and Belgrade. (Stojanovic & Bami, 2020).

According to reporting on the agreement, both sides committed to continue working on the connectivity initiatives agreed upon at the beginning of 2020 – namely to restore air and rail links, but also; to build new connecting highways and roads; to open and operationalise a joint crossing point facility in Merdare; as well as, to conduct a joint feasibility study to link Belgrade and Pristina to an Adriatic deep sea port via rail (Stojanovic & Bami, 2020). Each side has also apparently expressed a willingness to join the “Mini-Schengen” zone declared by Serbia, Albania, and North Macedonia in October 2019. Each side also committed to working more to solve legacy issues of missing persons and remaining internally displaced persons from the 1999 war (Stojanovic & Bami, 2020; Exit News, 2020). Other economic and resource sharing initiatives also filled out the agreement, which reflects Serbia and Kosovo’s commitment “to economic normalisation” (White House, 4 September 2020).

Available sources also note commitments by both Belgrade and Pristina to a ‘one-year moratorium’ on their recent campaigns related to the recognition of Kosovo: Accordingly, Pristina would not seek new membership in international organisations, while Belgrade would stop its ‘derecognition’ campaign and would also not ask any state or international organisation not to recognise Kosovo as an independent state (Exit News, 2020).

The White House described the agreements as “historic” (White House, 4 September 2020); the Serbian and Kosovar leaders considered that these commitments “could provide a useful contribution to reaching a comprehensive, legally binding agreement on normalisation of relation” (EEAS(b), 7 September 2020). In September, NATO Secretary-General Stoltenberg received Kosovo Prime Minister Hoti at NATO Headquarters, reiterating the Alliance’s commitment to the dialogue and to maintaining stability in the Western Balkans more generally (NATO, 2020).

It is clear that economic normalisation can benefit the economies of both Belgrade and Pristina and the wider region by lowering transaction costs, expanding the labour market, and making the region more attractive to investors. EU Special Representative Lajčak and EU diplomacy chief Borrell welcomed the Washington agreements’ contribution towards reaching a comprehensive legal agreement on the normalisation of relations (EEAS, 2020 (b)). US Special Envoy Grenell, accompanied by a US business delegation, travelled to both countries in mid-September (Bami and Stojanovic, 2020). During the delegation’s visit, the USDFC and EXIM bank signed letters of intent to assist with the financing of the construction of the ‘Peace Highway’ project, rail links between Pristina and Merdare and Pristina and Nis, financing to support loans for small and medium-sized enterprises (SMEs), other ‘additional bilateral projects’, as well as a full-time presence for USDFC in Belgrade.

Belgrade and Pristina also agreed to work with the US International Development Finance Cooperation (USDFC) and the US Import Export-Bank (EXIM) to operationalise the ‘Peace Highway’ project, rail links between Pristina and Merdare and Pristina and Nis, financing to support loans for small and medium-sized enterprises (SMEs), other ‘additional bilateral projects’, as well as a full-time presence for USDFC in Belgrade.

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involvement of US government and American businesses also sends a clear signal to Russia and China (Dragojlo, 2020 (a)).

V. EXTERNAL ACTORS’ ROLE IN THE WESTERN BALKANS

A. RUSSIA

76. Russia has long-standing historical and political ties to the region. Historically, Russia viewed itself as a natural ally and ‘protector’ of the region’s Slavic Orthodox populations. Despite a political divide with FRY, the Soviet Union still brokered significant regional influence. Both legacies linger today as Russia retains a relatively high level of popular support in many regions, which Russia is able to maintain via control of regional energy supply, financial assistance programmes, and influence in the region’s tourism economies (Bechev, 2019; Stronski, 2019). While Russia’s economic footprint in the region is not nearly what it used to be, its control over vital economic levers, such as energy supply, should not be underestimated – for example, Serbia sold 51 percent of its oil and gas monopoly, along with rights to exploit all domestic oil and gas reserves, to Russia’s state-owned company Gazprom in 2008, giving the company a decisive vote in the country’s energy future (Drajgolo, 11 September 2020).

77. Russia opposed (and continues to oppose) the continued tendency of the region’s states and populations to look West for their future; primarily via closer Euro-Atlantic integration. Experts agree that closer integration into the Euro-Atlantic institutions will bolster the region’s resilience to Russian manipulation and interference in the region. In large part, the balance by far favours the Euro-Atlantic institutions. NATO’s ‘open-door policy’ has been very successful in the region; Slovenia joined in 2004, Albania and Croatia in 2009, Montenegro in 2017, and, just recently, North Macedonia in 2020. In 2018, BiH was asked to submit its first Annual National Programme under the NATO MAP. And, despite its desire to remain ‘militarily neutral’ Serbia has increased its cooperation significantly with NATO over the years: Serbia signed an Individual Partnership Action Plan with NATO in 2015; Serbia signed a Status of Forces Agreement (SOFA) with NATO on troop immunity and base access in 2016; and, as a Defence and Security Committee delegation learned on a 2018 visit to Belgrade, Serbian military exercising with NATO far surpasses that with Russia. The European Union has also granted membership, initiated member discussions, or signed SAAs with all of the region’s states.

78. Some analysts expressed concern about Russia’s increased efforts to take advantage of the region’s ongoing unsettled disputes and political volatility; particularly taking advantage of what was perceived as Western inattention in recent years (Erlanger, 2018; Stronski, 2019). The most overt signal of Russia’s recent disruptive efforts concerns the failed coup attempt in Montenegro just prior to Montenegro’s NATO accession. Behind the scenes, Russia is apparently involved in local language media in an attempt to sow disinformation to exacerbate local grievances or to alter political narratives (Stronski, 2019). Russia used these means and more to attempt to influence North Macedonia’s ??? in the lead-up to the 2018 referendum regarding the country’s name change; again, Russia failed in its attempts (Stronski, 2019; Bechev, 2019). In reality, however, Russia’s regional influence is a pale copy of what it used to be, and Russia is largely consigned to a spoiler role.

79. Still, Russia’s ability to spoil Western efforts in the region should not be underestimated. Russia maintains close relations with Serbia and the country serves as a key anchor for Russia’s remaining regional influence. Russian support for Serbia is a key asset in its campaign to ensure the question over Kosovo’s status remains unclear – Russia firmly opposes Kosovo’s independence and supports Belgrade’s position that it remains a province of Serbia. Russia has remained steadfast in its support of Serbia at the international level throughout the Balkan wars and since. In recent years, Russia has increased its transfers of MiG aircraft, tanks, armoured patrol carriers, and air defence systems to Serbia. For example, in August 2019, Russia donated six MiG-29 twin-engine fighter jets, 30 BRDM-2MS armoured patrol car and 30 T-72MS main battle tanks; though the Serbian government had to spend almost $200 million to make the equipment operational (DW, 2019). In October, Russia sent an S-400 air defence system for a large joint Russia-Serbia exercise ‘Slavic Shield 2019’; the
first time it has deployed one outside of Russia for an exercise (Reuters(a), 2019). Both NATO and the United States have also expressed concern that a Humanitarian Training Base established in Serbia in 2017 also doubles as a Russian military intelligence outpost (Djurdjic, 2017).

80. Serbian leadership in BiH, as well as Russia’s support of Milorad Dodik and his cohort of Serb nationalists in RS, is also a key reason BiH’s efforts to move forward with its NATO accession are blocked. Paramilitary forces operating in RS, known as Serbian Honour, are said to be recruited and operated by Russians, and have reportedly been gaining military experience by fighting alongside Russia-backed illegal military units in Ukraine (Karcic, 2018). Russia is also said to be floating the idea of building a military base in RS (DW, 2019).

81. According to experts, however, recent events may signal the Belgrade-Moscow partnership is in another stage of retreat. They point, for example to the US and EU-led progress in Belgrade-Pristina relations, which is eroding Moscow’s key point of leverage in Belgrade, international support on the Kosovo question (Latal, 2020). Further, when anti-government protests erupted in Serbia in July 2020, pro-government Serbian media began accusing pro-Russian elements of society of fomenting unrest (Vukanovic, 2020 (b)). As an important symbol for its Euro-Atlantic aspirations, Serbia also cancelled its planned participation in the Slavic Brotherhood military exercises in Belarus, which were scheduled for the second half of September (RFE/RL, 2020)\(^22\). Despite traditionally close relations with Belarus, Serbia previously rejected the results of the Belarus elections and criticised the crackdown against opposition demonstrators (Stojarinic, 2020 (c)).

B. CHINA

82. While Russia is in relative decline when compared to its past influence, China is clearly in the ascendancy. In recent years, China has been focused on the Western Balkans as a key investment linkage area as part of its broader Belt and Road Initiative. China has invested billions over the years to improve the transportation networks in the region as it seeks to ensure the efficient transfer of Chinese goods into the EU common market.

83. In 2012, China sought to create an economic partnership with the nations of Central and Eastern Europe via the 16+1 format – today it has grown to 17 with the addition of Greece. The partnership initiative has focused principally on port, rail, and road infrastructure, but also on other areas such as technological cooperation and green energy initiatives. The Western Balkans have been a particular focus of China’s 17+1 initiative; of the loans earmarked to the 16 nations by 2017, for example, almost 30% went to Serbia, 20% to BiH, and 7.5% to Montenegro alone (EIB, 2018) The Western Balkans are a strategic investment arena for China for many reasons, not the least of which being the region’s relative political dysfunction and questionable business environment, which deters Western FDI in the region, but plays into China’s broader global investment strategy, often referred to as ‘debt trap diplomacy’.

84. In 2009, Chinese shipping behemoth COSCO was awarded a 35-year concession to upgrade infrastructure and operate piers at Piraeus port in Athens, Greece. By 2016, COSCO acquired a controlling stake in the port, which it expanded by 16% in 2019, to bring its current ownership stake up to 67% (Reuters(b), 2019). COSCO’s planned 600 million euros investment in the port in the coming years aims to make it the biggest commercial harbour in Europe (Reuters (b), 2019). As such, a significant investment in Western Balkans transportation infrastructure makes sense, as China will seek to have an efficient means to transport Chinese goods further north.

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\(^{22}\) It should be noted, however, that Serbian Defence Minister, Aleksander Vulin, is on record noting that Serbia cancelled its participation in the exercises due to “terrible and undeserved pressure from the European Union.” Vulin also announced in parallel Serbia’s intention to suspend all participation “in any exercises or military activities with NATO, the CSTO, Russia, The United States, China, The European Union, the East or West” (EWB, 2020(c)). At the time, NATO responded by noting it had not planned any specific events with Serbia over the indicated timeframe but noted its continued commitment “to the partnership [with Serbia] in the interest of stability and security in the region” (EWB, 2020(c)).
85. China’s economic expansion into the region in recent years, however, has moved beyond a focus solely on economics to begin to include security investments. Serbia is perhaps the best example of this shift in the scope of Chinese investments. In 2009, Chinese and Serbian governments agreed to a strategic partnership to strengthen technical and economic cooperation. Chinese investments have since focused on infrastructure projects, telecommunications networks, agriculture development, and modern transport systems (the highlight of which being the construction of a $260 million high-speed railway between Belgrade and Budapest) (Conley, Hillman, 2019).

86. Serbia has also become a privileged partner along China’s digital silk road, as Huawei is wiring Serbian cities with surveillance technologies that use facial and license plate recognition software (Stojkovski, 2019). The initiative seeks to make “safe cities” across the country: In Belgrade alone, Huawei is slated to install 1,000 high-definition cameras across 800 different locations feeding into a central database for Serbian law enforcement agencies (Conley, 2019). In addition to the establishment of high-tech surveillance systems in Serbian cities, China is also broadening its policing cooperation with Serbian police forces. Last fall, Serbian Interior Minister, Nebojsa Stefanovic, announced that three Serbian cities – Belgrade, Novi Sad, and Smederevo – would begin joint police patrolling programmes with China (Zivanovic, 2019).

87. Huawei and Serbia had previously entered a partnership agreement for the development of the broadband network and are already cooperating on a surveillance network in the Serbian capital (Drajgolo, 2020(b)). Huawei is already the largest supplier to Telekom Srbija. As a result of the Washington agreements, the Serbian government has postponed the public auction for the 5G spectrum to the first quarter of 2021 (Drajgolo, 2020 (b)). However, at a meeting with the Chinese ambassador to Serbia on 11 September, Serbian president Vucic reaffirmed China’s partnership with Serbia, including in the field of telecommunication (Hui, 2020). Three days later, Huawei opened an Innovations and Development Centre in Belgrade, which Prime Minister Ana Brnabic noted will significantly advance Serbia’s cooperation with Huawei on artificial intelligence and education, as well as the nation’s ‘digitalisation’ (Drajgolo, 2020 (b)).

88. In June 2020, the Serbian air force received six CH-92A attack and reconnaissance drones, making Serbia the first European country to acquire the Chinese RPVs (Stojanovic, 2020(b)). According to President Vucic, Serbia is also considering purchasing the Chinese FK-3 air defence missile system. Responding to these deliberations, the US Embassy to Serbia has noted that while the procurement of military and defence equipment is a sovereign decision, “governments should understand the short- and long-term risks and costs involved in doing business with Chinese companies.” (Stojanovic, 2020(b)). In an interview with a Serbian news outlet, NATO Secretary General Stoltenberg affirmed that “Serbia is a sovereign country and we fully respect the security arrangements that it chooses,” but he also recalled that: “NATO and Serbia are close partners; we have already developed excellent cooperation in the field of defence and security, in which we are helping the Serbian Army to strengthen its capacities” (EWB, 2020(d)).

C. OTHER IMPORTANT EXTERNAL PLAYERS IN THE REGION

89. Arab Gulf states – primarily Saudi Arabia, the United Arab Emirates, Qatar, and Kuwait – are also significant cultural and economic investors in the Western Balkans. For example, Gulf countries have a long history of financing the construction and maintenance of religious and cultural institutions in BiH and Kosovo (Feyerabend et al, 2018). Arab Gulf states are also increasingly investing in tourism, construction, aviation and military technology in the region. The United Arab Emirates (UAE) have, for example, recently invested EUR 3 billion into the development of the ‘Belgrade Waterfront’ project, and the UAE’s Etihad Airlines owns a 49 percent stake in Serbia’s Air Serbia airline (Surk, 2018).
VI. IMPACT OF THE COVID-19 PANDEMIC

90. The coronavirus pandemic has taken an early and hard toll on the Western Balkans. At the time of writing this report, the size and the scope of the impact are challenging to measure. Several factors are likely to have an outsized impact on the virus’s impact on the region; shared lack of capacity due to region-wide underinvestment in public health infrastructure; lack of efficient handling of existing state and foreign aid to mitigate the crisis due to corruption as a result of state capture; and, the challenge of increased economic pressure on already vulnerable economies for the reasons enumerated above.

91. The World Bank expects all six countries of the Western Balkans to enter a recession in 2020, forecasting GDP contraction between 3 and 5.6 percent (World Bank, 2020(c)). The magnitude of the recession will clearly be dependent on the evolution of the pandemic across Europe. Aside from the pandemic’s impact on domestic supply and demand, the impact of reduced exports, global supply chains disruptions, and a deceleration of investments (both locally and in terms of FDI) are expected to take a toll on Western Balkans economies (OECD, 2020). The disruption of the travel and tourism sector, in which 11.4% of the region’s workforce is employed and which contributes to over 10% of the regional GDP, will also have an important impact (Regional Cooperation Council, 2020). Further, expatriate remittances, contributing to 10% of the GDP in Western Balkans countries, are also likely to diminish as unemployment levels rise throughout Europe and across the globe. In response, Western Balkan governments have implemented monetary policy tools and fiscal stimulus packages and, as noted in the report, external actors such as the EU and the United States have either authorized emergency fiscal relief packages or pledged to increase investments in the region (OECD, 2020).

92. The political impact of the corona pandemic was clear across the region early on in the pandemic. As noted above, the most significant political fallout from the coronavirus pandemic was the collapse of the newly elected government in Kosovo, led by now former Prime Minister Albin Kurti’s Vetëvendosje movement.

93. Elections in other countries in the region have also been impacted by the coronavirus. North Macedonia’s parliamentary elections, originally foreseen for 12 April, were postponed to 15 July, prolonging a transition period in which the country was governed by an interim technocratic government. Following coalition talks until the end of August, former Prime Minister Zoran Zaev, an architect of the historical Prespa Agreement and contributor to North Macedonia’s integration into the alliance, was put back into the top office (France24, 2020). Montenegro’s elections were also impacted by the pandemic, as the government restricted large-scale political gatherings above 200 people during the entire electoral season in the run-up to the 30 August elections.

94. Serbia’s parliamentary elections, originally scheduled to take place on 26 April, were held on 21 June. The contested nature of the elections, but which ultimately resulted in a 60% majority for incumbent president Aleksandar Vucic, coupled with frustration with the government’s handling of the coronavirus pandemic, led to the eruption of the largest anti-government protests in the country since the ousting of former president Milosevic in 2000 (Stojanovic, 2020(a)). Changes made to the electoral system prior to the election have contributed to further eroding the role of opposition parties, risking further democratic backsliding of the country (Bieber, 2020(b)). According to an EU statement, “voter choice was limited by the governing party’s overwhelming advantage and the promotion of government policies by most major media outlets” (European Commission, 2020). Human rights groups have criticised the government for an excessive use of force against protestors (BBC, 2020).

95. Allied countries have actively responded to the immediate healthcare and financial assistance needs in the region. Whilst continuing to deliver a safe and secure environment in Kosovo, KFOR has provided assistance to local institutions in the fight against the pandemic,
distributing aid and donating personal protection equipment to the hospitals of Pristina and Gracanica (NATO, 27 April 2020). NATO’s civil emergency response mechanism, the Euro-Atlantic Disaster Response Coordination Centre (EADRCC) has played an important role in coordinating assistance for partner countries in the region. For example, Turkey dispatched an A-400 M cargo plane on 8 April carrying medical supplies to North Macedonia, Montenegro, BiH, Serbia, and Kosovo, after each had requested international assistance via the EADRCC (NATO, 9 Apr 2020). Turkey also delivered medical supplies in May to Albania, along with additional supplies for North Macedonia (Lika, 2020). In May, Poland dispatched nearly 70 tonnes of medical supplies to Allies and partners in the Western Balkans (NATO, 29 May 2020). Between March and June, the United States has provided Balkan countries with over USD 7 million in direct financial assistance and medical equipment (Latal, 2020).

96. The European Union has been very active in its efforts to try to bridge some of the funding and resource gaps in the Western Balkans. The EU made an initial misstep toward the region when, on 16 March it did not exempt the region from an export authorisation scheme to block the export of PPE outside of the bloc. The EU ended up exempting the Western Balkans from the measure a month later. In addition, due to being engaged in a ‘process of deep integration’ with the region, the EU has been expediting medical supplies and expertise to the region (Bilcik, 2020). On 30 March, the EU announced an EUR 38 million initial aid package to the region to cover the immediate healthcare needs; the biggest tranche of the aid was allocated to Serbia, which has thus far been the worst-hit country in the region by the pandemic. The most significant effort, however, was announced during the EU-Western Balkans Summit on 6 May, when the EU quickly mobilised a package of relief measures directed toward the region surpassing EUR 3.3 billion. The package includes immediate health sector relief, particularly focused on the provision of life-saving equipment; substantial measures designed to help boost socio-economic revival; as well as EUR 750 million in microfinance loans, and another EUR 1.7 billion in assistance from the European Investment Bank. On 6 October, the EU adopted an economic and investment plan for the Western Balkans that focuses on connectivity within the region and with the EU. As EU Neighbourhood and Enlargement Commissioner Oliver Varhelyi noted, the goal of the plan is “to strengthen Trans-European transport and energy links, and upgrade infrastructure crucial for economic development. We will address the challenges of both the green and digital transition” (Ralev, 2020). A combination of EU grants and loans from international finance institutions, including the EIB and the EBRD will finance the implementation of the project. Such an effort by the EU when the region is reeling from the impact of the coronavirus pandemic is likely a vital lifeline during an impending economic crisis.

97. At a Western Balkans partnership Summit on July 29 among the Western Balkans Six, leaders adopted practical measures to counter the economic crisis by means of increasing regional cooperation. Economic integration and overcoming the region’s economic fragmentation could, according to the IMF and European Bank for Reconstruction and Development, boost regional economies by as much as 10 percent, allowing to buffer the economic contraction caused by the coronavirus pandemic (Atlantic Council, 2020).

98. Despite these relatively substantial efforts, significant disinformation campaigns and counter efforts by China and Russia in the region are clouding the message of solidarity from the West. To demonstrate their response capabilities, both China and Russia have been sending plane loads of supplies to the region. Serbia has been an early and significant target of both nations. An Airbus A330 from China landed at the Belgrade airport on 21 March, carrying a large shipment (medical devices, security equipment, Chinese medical experts) of medical aid Serbia has received in its effort to combat the coronavirus pandemic (Vukasnovic, 2020(a)). Despite coming two weeks later, Russian assistance to Serbia has been far more massive and involves large numbers of military personnel. Russian troops have worked with the Serbian military to disinfect buildings, organise treatment centres, and expand cooperation with local commanders, not only in the capital city but in regional centres and even in smaller villages (Goble, 2020).

99. According to a recent European External Action Service (EEAS) report on ongoing disinformation campaigns surrounding the pandemic, among the most prevalent Kremlin-backed conspiracy theories circulating are those suggesting the virus is a US bioweapon or even a pretext
for an impending foreign invasion (EEAS, 2020(a)). Other disinformation campaigns target the EU, claiming it is selfish, collapsing, and/or “turning its back” on the Western Balkans (EEAS, 2020(a)). As one expert noted: “Russia and China are actively trying to convince scared local constituencies that their only hope are the strong men from the East and that EU's democracy and solidarity cannot deliver” (Cuckić, 2020).

100. NATO continues to work in close cooperation with Allies, the EU and other international partners to counter disinformation about COVID-19.

VII. CONCLUSIONS FOR NATO PARLIAMENTARIANS

101. NATO has played and continues to play an essential role in the peace and security of the Western Balkans. In cooperation with other important organisations, such as the UN and the EU, Allies and their forces have been alongside their partners in the region to assist with regional reconstruction, state institution building, security sector reform, but also to partner with the region’s states to help overcome myriad other political, economic, and social challenges. Despite these investments, however, significant challenges remain in the region.

102. As this report notes, state capture practices by regional elites have resulted in significant democratic backsliding. Retreating (or never properly established) rule of law and an environment encouraging corruption and political and economic cronyism, are pushing the region’s economies toward enduring economic stagnation and decline. In the face of high hurdles to a viable future, the nations’ best and brightest, along with many others, are voting with their feet and leaving the region. All of these variables are also exacerbating the impact of the outbreak and handling of the coronavirus pandemic in the region.

103. As a result, the region’s states remain relatively weak and vulnerable, and prey to myriad challenges to peace and security – among them exploitation by criminal networks for all forms of trafficking, violent extremism, and exacerbated local grievances and long-standing bilateral disagreements from the series of wars and insurrections that marked the dissolution of the Federal Republic of Yugoslavia in the 1990s.

104. While Russia’s role is increasingly marginalised, it retains significant potential to spoil further consolidation of the region into the Euro-Atlantic institutions; something to which the majority of the people in the Western Balkans look for their future prosperity and well-being. In contrast to Russia, China’s role is in the ascendant in the Western Balkans. While it is primarily looking to invest in the region’s transport networks to guarantee the efficient passage of its goods moving north into the EU from Greece, China is starting to be interested in security partnerships, as is evidenced in its expanding cooperation with Serbia. Still, despite the important role both China and Russia try to play in the region, their presence is a fraction of what the EU is investing: in 2018, for example, the EU accounted for 72% of total trade with the Western Balkans in 2018, compared with 6% for China and 5% for Russia.

105. To counter the enduring challenges and ensure the future prosperity of the region, NATO and the EU can engage with the region for a more even, transparent, and productive future cooperation. NATO maintains close cooperation with all partners in the region that are not already Allies. It is working hard to help BiH overcome the challenges to moving its candidacy with the Alliance forward. NATO maintains an ongoing and vital security operation in Kosovo. NATO is the biggest military partner of Serbia.

106. The EU’s plan for engaging with the region focuses on six lines of effort: strengthening the rule of law; reinforced engagement on security and migration; enhanced support for socio-economic
development; increased connectivity; a new digital engagement agenda; and a peace and reconciliation initiative. These are solid criteria, and they should be acted upon fully, but EU engagement should only go forward with partners willing to take up the challenging reforms necessary to meet the requirements for further integration.

107. Allies are not to be outdone. The Strategy for the Western Balkans presented by France should help with the stabilisation of the non-EU nations of the Western Balkans in terms of their economic and social development, as well as their reinforcement of the rule of law. The United States continues to invest significantly in the Western Balkans at the political, economic, and security level, and Germany is also a key investor in the regional economy. Other Allies are doing the same, bilaterally or multilaterally. For the pandemic has also highlighted the importance of regional cooperation. Thus, in addition to the Regional Cooperation Council (RCC) already mentioned, efforts by the South-East European Cooperation Process (SEECP), currently chaired by Turkey, should also be mentioned.

108. The Euro-Atlantic institutions can do more to help shepherd the region to enduring peace and prosperity. The following are some suggested areas that could be made priorities.

a) As made clear by the report, it is time for the international community to work with the three constituent peoples of BiH to help the country get out of the political impasse that results from the current constitution. As a key member of the US negotiations team at Dayton, Ambassador (ret.) James Pardew, noted recently: “The Dayton peace agreement has flaws; it was a document made in compromise. It was never imagined to be absolute and the only solution for the future of Bosnia and Herzegovina. It was a starting point.” As such, perhaps it is time to consider a Dayton II.

b) There is clear positive momentum on the enduring dilemma between Belgrade and Pristina since the summer, as evidenced by the Brussels meetings and the new agreement signed in Washington. NATO parliamentarians can help maintain this by looking into ways their nations may be able to support the new economic normalisation initiatives. In addition, NATO parliamentarians can find the ways and means to continue to support the essential work of NATO’s KFOR operation, which serves as the guarantor of peace and security in the country until a final mutually agreed upon compromise is reached.

c) The EU and NATO can work together to use their lessons learned and best practices vis-à-vis countering disinformation, which has proven to be a key challenge in the region in recent years, particularly since the outbreak of the coronavirus pandemic. Both institutions have the knowledge and experts to work with their partners in the region to ensure the correct narrative prevails.

d) More broadly, the EU and NATO need to continue to inform partners in the region that only through the edification of strong, democratic institutions that can serve the interests of the entire population, can they continue on the path of closer integration with the Euro-

23 Thus, at the initiative of the Regional Cooperation Council (RCC), government representatives from South-East Europe, the European Union (EU) and regional stakeholders are working towards the establishment of a “Green Corridor” in the region and between the Western Balkans and the EU.

24 The French plan is four-pronged: targeted economic and social development aid, underpinned by an initial EUR 100-150 million investment by the Agence française de développement (AFD), which will unlock investments from other investors, particularly the German development bank KfW; security sector engagement, a commitment in the defence area (highlighted by France’s command of Operation EUFOR-Althea on 27 March); and, finally, justice sector cooperation.

25 James W. Pardew is a former US Ambassador to Bulgaria (2000-2005), he also served as Deputy Assistant Secretary General for Operations at NATO.

26 Serbia, as one of the signatories of the Dayton Agreement, remains a guarantor of its implementation. Each potential amendment needs to be made with the consent of the three constituent peoples in Bosnia and Herzegovina.
Atlantic community and receive the benefits this brings. The weak rule of law is perhaps the biggest challenge to the region. It is the principle driver of most of (if not all) the region’s challenges from corruption to economic stagnation to the security challenges associated with trafficking. Both NATO and the EU must continue to work with their partners in the region to help with the implementation of a strong, fair, effective, and inclusive rule of law in the region. To get there, the Euro-Atlantic community will need willing and committed partners from those making the laws to help make them fair and just for all citizens of the regions, as well as commitment from the institutions enforcing the laws once established.

109. Coordinated and unified in purpose is the only way forward for the Alliance in the region. NATO must also continue to be driven by the common values undergirding the spirit and the letter of the Washington Treaty – working together to make the Euro-Atlantic region safe for democracy, the rule of law, human rights, and the free exchange of ideas, people, and goods. The Alliance continues to believe strongly in these values as the principles driving this body forward in its work.

110. In the drive to reinvest in the region, NATO Allies must not lose sight of the high standards to which each and every Ally is held, and which all aspiring member states must work hard for to meet. The NATO Parliamentary Assembly has consistently worked alongside the region’s parliamentarians, and it will continue to do so, as they work to build a brighter future for all of the citizens of the region.
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