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“THE WESTERN BALKANS: CHALLENGES FOR U.S. AND EUROPEAN ENGAGEMENT”

Mr. Chairman and Distinguished Members of the Commission:

Thank you for the opportunity to address you and discuss developments in the Western Balkans. The Democratization Policy Council thanks you for your committed interest in the region, ongoing support, and recognition of the need for continued international attention to the problems facing the Balkans.

I have been asked to speak today about overall trends in the region, discuss U.S. and European engagement, including where their priorities coincide and where they collide. Although I will discuss several countries in the region, I shall devote the bulk of my testimony to Bosnia and Herzegovina, a country in which much has been invested, much has been achieved, and yet which is of renewed concern.

With the exception of Kosovo, since 2001, US policy towards much of the Western Balkans is best described as leaving the region to the European Union, with Washington supporting whatever foreign policy Brussels created. As a foreign policy, the EU relied solely on the lure of eventual EU membership, so-called “soft power”, to entice the Western Balkans into undertaking the difficult reform process and overcoming the legacy of the conflicts of the 1990s. Today the SAP, and by default, US policy, have reached the limits of their effectiveness.

The SAP is, of necessity, one-size-fits-all, based on the assumption that Western Balkan states are similar to other Eastern European countries, such as Poland, Hungary, and the Czech Republic. Yet these other states were, by and large, ethnically homogenous with fixed borders, and had not been at war since 1945. None of these assumptions holds true for the Western Balkans, and consequently.

In contrast to the rest of Eastern Europe, the Western Balkans have unresolved border issues, some with neighbors and others internally, as well as serious internal ethnic frictions, and all had been involved in wars during the 1990s, some as recently as 2001. The reality of the post-conflict, boundary-driven, ethno-nationalist

politics means that most of the Yugoslav successor states are even today involved in state and nation-building processes that took place in Western Europe from the 19<sup>th</sup> Century to 1945. As a result, considerations of borders and ethnic minorities often drive policy. Until these processes are finished, or until the US, EU and other allies formulate a cohesive policy that counters these processes, the ability of the EU to use “soft power” as its central pillar of foreign policy will be inadequate and cannot, alone, provide the stability the region so desperately needs.

For many Balkan states, the lure of EU integration is not as powerful as Brussels had envisioned. The failure of the Lisbon Treaty, combined with internal EU disagreement over enlargement policy, has sent a signal to the Western Balkans that EU enlargement is not a priority. Bosnia and Herzegovina, Croatia, Kosovo, Macedonia and Serbia have all stalled in the European accession process, and in the case of Bosnia, the hard-won progress of the past 13 years has been jeopardized amid increasing rumblings of the possibility of renewed conflict and an ethnic carve-up. The “soft power” of European accession, while necessary and desirable, has clearly reached its limits as an inducement to progress.

To understand the dynamics working against EU soft power, it is worth taking a brief glance at each of the five countries that has run into obstacles.

**Kosovo** is beset with serious problems, ranging from organized crime to corruption to a dysfunctional economy and a society whose clan structure makes the transition to modern political organization difficult. The disputed nature of Kosovo independence, along with the presence of *de facto* partition and poor relations between majority Albanians and minority Serbs, means that Kosovo’s status struggle is ongoing and overshadows all other issues. So too, the potential for a renewed outburst of interethnic violence and ethnic cleansing always looms in the background.

The EU is deeply divided over the issue, with five member states – Cyprus, Greece, Romania, Slovakia and Spain – refusing to recognize independence. The inability of the EU to reach consensus on recognizing Kosovo has led to weak EU and international supervisory institutions with blurred and uncertain mandates. The EU loses even more credibility through a dysfunctional EUSR who is dual-hatted as an equally dysfunctional International Civilian Representative. International structures reflect the partition on the ground, with only token international authority over the Serb north. Serbia’s legal challenge to Kosovo’s independence before the International Court of Justice will dissuade the five EU dissenters from recognizing anytime soon.

Given these difficulties, Kosovo is arguably not yet ready to even begin the Stabilization and Association Process.

**Serbia** is deeply divided. Although most Serbs desire EU membership, many important constituencies among the economic, political, security and opinion-

making elites oppose the reforms necessary to move ahead. Many Serbs are unable to move beyond Kosovo's status and cooperation with the Hague war crimes tribunal.

The EU carrots available are limited, and Serbia's elites have not yet perceived the incentives as being sufficiently enticing to overcome entrenched economic interests and monopolies that oppose the reform process. EU membership cannot alleviate the trauma of losing Kosovo, nor can it overcome Serb anger at the US government for supporting Kosovo independence.

As a result, important elements within Serbia's elites have begun to explore other options: not only closer engagement with Russia, but also efforts to revitalize the non-aligned movement. Russian activism on the energy front, including privatizing oil refineries in Bosnia and Serbia, as well as the planned South Stream pipeline, has weakened the EU's appeal to some political elites. Although Brussels believes that there is no alternative to EU membership, elites in Belgrade perceive that options may exist that require less change, sacrifice and disruption to Serbia's body politic than EU-mandated reforms.

**Macedonia** is fragile internally and still susceptible to a possible spillover of tensions from neighboring Kosovo, and the government must maintain a delicate balancing act required by the Ohrid Agreement. Although it achieved EU candidate status in 2005, and held successful elections just last month, Macedonia's accession prospects have run into a hurdle due to Greek opposition to its name. Athens obstructs NATO membership and EU accession talks. It is unlikely that Greece will change its position over the name anytime soon. As a result, there is little the EU or NATO currently can offer Macedonia by way of inducement or support.

For **Croatia**, relations with Serbia are still very delicate. Zagreb still discriminates against its Serb minority population on refugee return and property rights. Entrenched interests within the security structures, the post-1990 economic elites and the justice sector have slowed the pace of reform. Yet Croatia continues to slowly make real progress towards the coveted goal of EU membership.

Croatia faces an unusual challenge in that it has territorial disputes with one EU member (Slovenia) and a budding dispute with a second (Greece). Croatia disputes fishing rights in the Gulf of Piran and demarcation of the land border with Slovenia. Greece objects to Zagreb's reference to Croatia's Macedonian ethnic minority in Croatia's EU accession documentation. Although a candidate member since 2004, both disputes have brought a halt to Croatia's progress towards European membership.

And now, **Bosnia and Herzegovina**. The Dayton Peace Accords often appear to be "war by other means", as the country's Bosniak, Croat and Serb politicians have continued to pursue war-time goals via the Dayton constitutional structure, with Serbs obstructing true political reform on the state level while trying to take state-

level competencies for themselves. The Bosniaks have obstructed privatization and economic liberalization in the Federation – the entity they dominate -- while Croats sit back and watch. When given the choice between pursuing EU-required reforms, Bosnia’s politicians – Serbs in particular -- have stated loudly and unequivocally that EU membership takes a back seat to nationalist imperatives.

Since early 2006, in spite of the appearance of progress, Bosnia has demonstrably slid backwards. Today elements among all three sides talk of rearming, and some now mention resorting to violence or secession to achieve political goals. Such talk is increasingly prevalent among political elites, something that was unthinkable in 2005. The international community is in disarray, still undecided on what “transition” from the OHR to the European Union Special Representative (EUSR) entails. The EU peacekeeping force, EUFOR, is now slated to be reduced to a 200 person training mission and give up its UN Chapter VII peacekeeping authorization.

Bosnia still appears unable to create functional governing structures capable of participating in the SAP without substantial international oversight and engineering. The prospect of Bosnia’s politicians developing such structures in the short to medium term, absent sustained international involvement appears, at best, remote. So too, Bosnia’s ability to credibly meet all the “5+2” criteria established for shutting the Office of the High Representative is also uncertain, recent progress on Brcko notwithstanding. Even should Bosnia meet the criteria, there is little prospect that the transition from OHR to EUSR will halt the backward slide.

Milorad Dodik, leader of the Serb entity, Republika Srpska, is actively undermining state institutions and appears in many regards to be imitating the actions taken by Montenegro in the run-up to that country’s independence. His *bette noir*, Bosniak politician Haris Silajdzic, has pulled the entire Bosniak political spectrum further to the right and decreased the maneuvering room available to more moderate politicians. Among the Bosniaks, the moderates are being squeezed out in favor of politicians with more belligerent attitudes. The world economic crisis may tempt some politicians to channel popular frustrations into a more aggressive stance towards opposing ethnic groups.

At this moment it is clear that Bosnia’s future as a unified state is not guaranteed. Much-needed constitutional reform still seems distant. The unanimous consensus among Bosnia’s politicians is that should the state fall apart, it would not be peaceful. Should Bosnia begin to unravel, its ripple effects would place US relations with Russian, the EU and the Islamic world under strain. It would create refugee flows and humanitarian crises, and possibly create spill-over in other Balkan countries, such as Kosovo and Macedonia.

Mr. Chairman, Distinguished Members of the Commission,

There is an increasing risk that the international community’s investment in the Western Balkans could unravel, and time is working against us. The US has an

interest and a special responsibility, as it has spent substantial prestige and treasure in stopping the wars and stabilizing the region.

The Balkans represent low-hanging fruit in any foreign policy calculation: stability can be achieved without substantial new resources. Halting Bosnia's backward slide and preventing renewed conflict will require renewed and robust US diplomatic engagement in support of a credible and strategically coherent EU policy to bolster EU "soft power." In this respect, the appointment of a Special Presidential Envoy to the region would go a long way.

Mr. Chairman, Distinguished Members of the Commission,

The US must return to being an active player in support of its European partners. Should it do so, it can secure its long-term investment and rack-up a success with the EU – a partner it needs for so many policy priorities worldwide. Should Washington remain disengaged, it will share in a policy failure that will incur considerable costs in the region, with the EU, and in the wider world.

Thank you very much. I look forward to taking your questions.