

**SWOT ANALYSIS**  
**SERBIA-KOSOVO RELATIONS AND SECURITY IN SOUTH-EASTERN EUROPE**  
**A VIEW FROM CROATIA**

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**Introduction**

The unresolved Serbia-Kosovo relations have been burdening the process of regional consolidation in wider Southeast Europe for quite an extensive period of time and it seems that the entire process has reached the point where it has to be resolved in the most appropriate way. Three scenarios are standing out as the most likely – 1) preserving the status-quo; 2) border changes; 3) normalisation based on legally binding bilateral agreement facilitated by the EU. Croatia as an EU and NATO member in the region has a particular interest in sustainable regional stability and hence in resolving of Serbia-Kosovo relations. Therefore, it is recommendable to analyse the Croatian perspective of security consequences of the aforementioned three scenarios on the regional dynamics.

**Scenario 1 – Preserving the status-quo**

The **strengths** of this scenario are very few. While Serbia-Kosovo relations have barely any influence on inter-ethnic relations in Croatia, they certainly burden both parties and hence influence bilateral and multilateral relations and accordingly the security in the entire Southeast Europe. In the very short run, this scenario could perhaps artificially ‘maintain the existent stability in the region’ by avoiding the opening of very peculiar and conflicting issues that require tough compromises and unwanted scenarios for either of the two sides in the process. In other words, resolving these issues is a *condition sine qua non* for any progress in the process that carries a devastating potential for legitimacy of populist political elites in both capitals. Therefore, at least from their perspective, the strength of status-quo lies in the fact that avoiding or postponing of the inevitable, as explained above, guarantees ‘extended legitimacy’

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and maintaining political power. This is, at the end of the day, especially in case of Southeast European populist political elites with low level of political culture, a principal interest and motivation for participation in political life of their respective states. Furthermore, at least in the short run, this scenario could carry a certain amount of tranquillity for the transatlantic community, which is predominantly preoccupied with its internal problems and divisions, as well as with its increasingly hostile environment. The strength could be identified by them in the fact that the existing stalemate could offer a viable alibi for the evident absence of sustainable enlargement strategy towards the region in our focus. It could also mean avoiding dangerous developments in which opening difficult issues leads to destabilisation of the region and an opportunity for a geostrategic reshuffle in this part of Europe.

There are many **weaknesses** in this scenario, especially with regards to the long-term consolidation and EU/NATO accession of countries in the region. Namely, status quo is not only blocking the transformation and integration processes of Serbia and Kosovo, it is also directly influencing the bilateral/multilateral relations in the region and consequently the security in the entire region. The states without defined borders, unrecognised self-declared political entities and overlapping authorities are hardly an optimal framework for long-term consolidation as a fundamental precondition for the sustainable integration process into transatlantic structures. The boiling inter-ethnic tension derived from the existing status-quo and territorial limits to law enforcement due to overlapping authorities (Northern Kosovo) are definitively not contributing to the overall situation and legitimacy of 'the reformist forces'. This kind of environment is not inviting for foreign direct investments and is creating an optimal business climate for politically driven deals, low or non-existent research and development portfolio and grey economy with a high percentage of tax-evasion. As a consequence, it is likely that local economies will not be able to generate sustainable growth, which will end in declining industrial capacities with low-quality products. Furthermore, it is important to bear in mind that this type of frozen conflict comes at extremely high cost for the budgets of both sides, the budgets that are already exhausted. This almost always ends up with brain-drain, low social capital and very negative demographic characteristics, a structural problems that are extremely difficult to deal with. In such an environment, the economy of mediocrities and populist political elites cement the situation, preventing any viable progress from happening in the foreseeable future.

The **opportunities** are also very few, especially for those who pursue the reformist track of policies. The stalemate that lasts for a very long period derails the legitimacy of the reformists, as well as of the transatlantic community (EU and NATO in particular) whose policies appear dysfunctional and their conditionality mechanism inefficient. The mobilisation that is

necessary for a whole-of-society effort to carry out demanding reforms is waning and Eurosceptic and populist voices are gaining ground and changing the nature of the political discourse in these states and beyond. This narrative reduces opportunities for harmonisation of bilateral relations between the two sides, but also throughout the region. The opportunities, however, might grow on the sides of 'spoilers of transition'. If the reformists at domestic and the transatlantic community at the wider regional and international level are losing ground, there are other actors that will seize the opportunity and cement their position. At the domestic level, there are numerous opportunities for the Eurosceptic populists who are very pragmatic in their strive to remain in power. With decreasing amount of EU and other funds available, they will be seeking other sources that would help them keep the power. This opens an opportunity for less democratic and transparent foreign actors like Russia, China, Turkey, Arab states and others to step in and fortify they position, changing the geostrategic landscape of the region.

**Threats** might be numerous. First of all, the prolonged stalemate with the lack of visible progress and viable perspective for the period to come may lead to instability of all sorts. Societies deprived of social welfare, job opportunities, education and health service are prone to use of informal mobilisation and coercive measures in seek for their rights. This, on the other hand, gives an alibi to autocratic political elites to increase their pressure onto societies, supressing their liberties 'for the sake of national security'. Such an environment represents a fertile ground for different extreme ideologies that might have dramatic impact on homogeneity of society and expose its distant and isolated branches to a dangerous influence from abroad. Given the geostrategic position of Serbia and Kosovo, as well as of the entire region, this possibility fits well in the wider frame of geostrategic arm-wrestling in the Southeast Europe and increasing threat to the stability of European continent. The economic threats of such a scenario are also numerous. The aforementioned social distortions could be accompanied by a very low and non-productive foreign direct investments, high unemployment rate and a large current-account deficit. Combined with a sharp decrease of availability of European funds, this opens local political elites to shady and discretional financial injections or investments from abroad which always carry along political implications and influence, as well as a negative effect on the nature and character of political system. 'Pragmatic politics' in the long run take over from merit-based reforms process, having a devastating long-term influence on democratic capacity of society and the state.

## Scenario 2 – Swapping of territories

The **strengths** of this scenario may be found only in the short term perspective on the micro-level where the overlapping authority represents a burning issue. In this concrete case, that would mean the exchange of territory between the two sides predominantly populated by a minority population (Serbs in Northern Kosovo and Albanians in Southern Serbia) with an attempt to nominally create an ethnically cleansed territories and 'resolve' the existing disputes. It would finally end the everlasting dispute between Serbia and Kosovo, finalise the demarcation line between the two sides and create an environment in which mutual recognition and establishment of bilateral relations would be possible. At the international arena, it will unblock the process of Serbian accession to the EU and Kosovo's international recognition, speed-up its process of acquiring full-fledged membership in the United Nations and other relevant international and regional organisations. This will contribute to internal cohesion in the transatlantic community on the issue of Kosovo, clearing all obstacles for the remaining five states to recognise its sovereignty. This will also make available all EU's funding and assistance to the consolidation process in Kosovo that was previously not at Kosovo's disposal due to open statutory issues. The defined status could also strengthen the EU's mission on the ground, making its mandate clearer and increasing its overall capacities as well as applicability of its policies. However, one has to bear in mind the fact that all these potential strengths might be easily averted into weaknesses if this precedent provokes a chain-reaction of ethnic conflicts and requests for territorial swaps. The scale of destabilisation for the region and beyond in that case would be unimaginable.

**Weaknesses** are numerous. This is a very dangerous precedent. The concept of ethnically cleansed regions or territories is simply not feasible in contemporary international relations, especially in the wider Southeast Europe characterised with ethnic and religious heterogeneity. It could have a devastating effect not only on the bilateral and multilateral relations in the region, but also on its security as such. Namely, there are unresolved inter-ethnic relations in the neighbouring countries like Bosnia and Herzegovina and Macedonia, but also strained relations between Montenegrins and Serbian minority in Montenegro, the issue of Bosniacs in Sandžak, Albanians in Greece and Montenegro etc. The change of borders in Southeast Europe has never been conducted without unrests and violence that usually leaves unbearable consequences for the generations to come. Due to the strategic importance of the

region, the inter-ethnic tensions and border changes have been almost always either a consequence of overlapping interests of big powers or heavily fuelled by them. Therefore, in the long run, it would be difficult to foresee that this territorial swap will bring along a long lasting settlement for the region in the wider international context, especially having in mind the current geostrategic competition at the global level. Furthermore, it will not entirely solve the existing issue due to the fact that not all Serbs in Kosovo live in the north and the other way around. This brings us back to the fundamental weakness of this scenario that was mentioned before – the swap of territory that should potentially lead to ethnically cleansed regions is simply not implementable in Southeast Europe.

**Opportunities** are few and they are of short-term nature, depending pretty much on the impact of this scenario on the wider regional stability. The temporary political stabilisation could bring along few of them both of political and economic nature. This scenario would presumably create an opportunity for easier definition of authorities and responsibilities between the two parties, which was impossible before. As a consequence, this could facilitate reestablishment of a political system with implementable democratic provisions that guarantee fundamental human rights and functional rule of law, at least to a certain extent. It would also facilitate an increase of economic activities between ‘the mainland’ and newly annexed territories providing an occasion for a short-term increase in job opportunities and perhaps a minor improvement in the field of direct investment, not necessarily foreign. Namely, in this case, it would be easier for companies from ‘the mainland’ to invest and create profit in regions with lower level of development and prices of labour. This could, in the short run, generate limited economic growth and narrow down the unemployment rate and brain drain. Potentially, it could create a short-term impression of a sustainable system of social welfare and calm down boiling potential for social unrest stemming from the prolonged status-quo. The sense of belonging between the annexed region and the capitol, i.e. the absence of previously existent ethnic division lines, will significantly contribute to that. On the international level, it could ease the pressure of the international community and transatlantic institutions in particular that are struggling for decades to find a common position and sustainable strategy for this particular issue.

**Threats** are numerous. First of all, it is difficult to be absolutely sure that this scenario would not have a destabilising effect on the political discourse of the two capitals. The prolonged status quo has radicalised at least a small number of actors in parliamentary life (for example Dveri in Serbia and Vetevendosje in Kosovo) and ‘a trade deal with the enemy’ could be perceived by them and their followers as a *par excellence* example of national treason by the

officials in power, which legitimises 'whatever steps necessary' to topple them down from their positions in power. This would, of course, provoke a harsh reaction of the authorities who would maximise the use of coercive measures in order 'to defend the state' from those who are challenging its existence and functioning. The second threat is the potential destabilisation as a consequence of a chain-effect reaction to territory swap in the neighbourhood. Nationalistic forces have just been given a show-case that their territorial pretension towards their closest neighbours and their megalomaniac plans about their great nation-states are actually viable with this scenario. This is a very legitimate threat in the region where highest representatives of an entity in one neighbouring state are publicly calling for the dissolution of the very state, or those of a second biggest ethnic community in another one that are actually using the state itself only as a platform for gaining their particular national interests. This, of course, threatens to destabilise bilateral and multilateral relations in the region and consequently to represent a serious challenge to the overall stability of the Southeast Europe and beyond. The international implications of this scenario for conflict management in other parts of the globe, as well as its geostrategic implications, should also be taken seriously into account.

### Scenario 3 – normalisation of relations based on an EU-facilitated legally binding bilateral agreement

This scenario is not easy to achieve, since it requires difficult compromises, political will of both parties and effective facilitation of the transatlantic community, which means that all of the parties concerned have a consensus about the best possible way to resolve this matter. However, it also carries along a lot of **strengths**, both for regional and international actors. The first one is a long-term stabilisation and resolution of frozen conflict that lasts for a few decades already. States without defined borders and status are considered unfinished states, captured in frozen conflict and deprived of potentials to undertake necessary democratic reforms. The resolution of the conflict enables states and societies to focus on democratic reforms and development. This is a fundamental precondition for their sustainability. Also, the confidence-building measures that are an important element of an implementable agreement may help developing stable bilateral and multilateral relations in the region. This could have a positive impact on the entire regional stability, since this issue was affecting it negatively for quite a long period. This would, of course, unblock the process of Serbia's EU accession and Kosovo's international recognition, i.e. admission to the United Nations as a full-fledged member. Unlike in the case of previous scenario, this would have a long-term implications. In rational timely

perspective, this could mean withdrawal of numerous international peace-keeping and conflict-management missions, offices and agencies with overlapping authorities and blurry mandates, setting the stage for a fastened consolidation and integration processes. This would also dramatically foster the overall legitimacy of the EU as a successful facilitator of difficult political settlements, increasing its leverage in the region and beyond. This would help the finalisation of the European project in this part of Europe and change the balance of power in the region at the expense of assertive authoritarian actors that are presently gaining ground.

There are **weaknesses** as well, but not numerous. Perhaps one of the biggest potential weaknesses of an internationally facilitated process of bilateral negotiations and the process of formal adoption of its outcome is the length. Not only the first phase of the process takes time, but also the ratification, adoption of laws and by-laws that should follow is very time-consuming and might be submit to different domestic and foreign political influences. Not all actors in the geostrategic landscape of the region would be at ease with the outcome of the negotiations and will do their best to misuse the character of the process to slow down the implementation, if not to prevent or block it. In other words, the democratic systems and processes are about procedures that cannot be bypassed or shortened. This could delegitimise the entire process and strengthen the forces who have been opposing it from the very beginning. Unprepared and dysfunctional transition of powers in the field from one sort of actors to the other could cause significant problems in the process of implementation of the agreement and practical justification of its outcome. Nominally, the weakness of any compromise is the fact that very few perceive it as a win-win solution. Majority of public that is directly affected by the outcome on either of two sides considers it a zero-sum game in which making concessions to 'the enemy' might be equal to national treason, especially for those who were radicalised during the long-lasting status-quo. This, of course, could be a trigger for delegitimation of those in power and spread of social unrest and violence.

**Opportunities** can be voluminous. Resolution of a frozen conflict and long-term consolidation in both Serbia and Kosovo will be a positive example to others, with 'a soothing impact' on bilateral and multilateral relations and regional security as such. Not only that the agreement will facilitate mutual recognition, establishment of diplomatic relations and functionality of regional forums, but it will also unblock the Serbia's EU accession process and Kosovo's international recognition. This cleanses the EU policies towards Kosovo of the status issue and opens up opportunities for the use of all relevant pre-accession mechanisms and funds. This could bring numerous benefits in the field of economy, social welfare, health, education and culture and mobility. Foreign direct investments are regularly looking for a

politically stable environment with predictable business climate, functional state apparatus and independent judiciary. This could increase the economic activities, normalise the unemployment rate (especially youth unemployment) and potentially stimulate exports and narrow down the current-account deficit. Loosening up the grip over state budgets could offer opportunities to increase public investments in education, research and development, which would improve the social welfare system and decrease brain drain and radicalisation of isolated groups. High rate of youth population, especially in Kosovo, could be a solid human resource base for a new generation of highly skilled work-force if investments are to be increased in the field of education, research and development. The increase of mobility, as a consequence of visa-free travel regime, could only contribute to that. Unlike with the previous scenario, this option cleanses the region of geostrategic arm-wrestling and meddling of assertive autocratic powers, making the EU and NATO with their values 'the only game in town'. Accordingly, membership in the transatlantic community institutions could make the process of consolidation irreversible and the region secure and prosperous.

**Threats** could be anticipated and should not be underestimated. They are mainly derived from an inappropriate treatment of weaknesses of this scenario. It should be understood that there are influential internal and external actors who strongly prefer the preservation of status-quo due to the fact that it serves their particular national interests (foreign actors) or political preferences (local actors). Hence, the long-term consequences of this scenario represent a threat to assertive and autocratic powers in their attempt to cement their geostrategic position in the region, as well as to populist political elites in the region whose ideology could become obsolete and their power positions endangered. Therefore, they would do their best to fuel the developments that could represent a threat to implementation of this scenario. In order to capitalize on its aforementioned potential weaknesses, both internal and external actors may fuel social unrests through funding of extreme groups, nationalistic media outlets, informal political and economic circles and hence delegitimise not only the agreement but also the current political elites and institutional set-up. The low level of political culture of the political entities in our focus lead us to the conclusion that the expected harsh reaction of political elites could only lead to political violence and unbridgeable cleavages in the society. This would put additional burden onto the process of implementation of the agreement and long-term consolidation that is already very demanding. In that case, the legitimacy of actors at the local level, but also the one of the transatlantic community, would be brought into question.