Kosovo: Background and U.S. Policy

Updated May 5, 2020
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Kosovo, a country in the Western Balkans with a predominantly Albanian-speaking population, declared independence from Serbia in 2008, less than a decade after a brief but lethal war. It has since been recognized by about 100 countries. The United States and most European Union (EU) member states recognize Kosovo. Serbia, Russia, China, and various other countries (including some EU member states) do not.

Key issues for Kosovo include the following:

- **Resuming talks with Serbia.** An EU-facilitated dialogue between Kosovo and Serbia, aimed at normalization of relations, stalled in 2018 when Kosovo imposed tariffs on Serbian goods in response to Serbia’s efforts to undermine Kosovo’s international legitimacy. Despite U.S. and EU pressure, the parties have not resumed talks. On April 1, 2020, acting Prime Minister Albin Kurti conditionally lifted tariffs against Serbian imports; this step was praised by EU officials but drew U.S. criticism because of the government’s simultaneous pledge to gradually introduce measures to match Serbian barriers to the movement of goods and people.

- **Government collapse.** The governing coalition led by Albin Kurti of the Self-Determination Party (Vetëvendosje) lost a vote of confidence in March 2020, less than two months after it had formed. The outgoing government comprises two parties formerly in opposition, both of which had campaigned on an anti-corruption platform. Among other factors, the collapse was attributed to divisions over managing relations with Serbia amid U.S. pressure on the government to immediately lift tariffs against Serbian imports, as well as to domestic political infighting. Kosovo’s leaders disagree over how to proceed from the current political crisis.

- **Strengthening the rule of law.** The victory of Kurti’s Vetëvendosje in the October 2019 election partly reflected widespread voter dissatisfaction with corruption. Weakness in the rule of law contributes to Kosovo’s difficulties in attracting foreign investment and complicates the country’s efforts to combat transnational threats.

- **Relations with the United States.** Kosovo regards the United States as a key ally and security guarantor. Kosovo receives the largest share of U.S. foreign assistance to the Balkans, and the two countries cooperate on numerous security issues. The United States is the largest contributor of troops to the NATO-led Kosovo Force (KFOR), which has contributed to security in Kosovo since 1999. In 2019, the Trump Administration appointed a Special Representative for the Western Balkans and a Special Presidential Envoy for Serbia and Kosovo Peace Negotiations. These appointments are considered to reflect the Administration’s interest in securing a comprehensive settlement between Kosovo and Serbia and may signal a potentially greater U.S. role in a process that the EU has largely facilitated to date. Leaders in Kosovo generally have welcomed greater U.S. engagement, but some observers expressed concern over reported U.S. pressure on the Kurti government to lift tariffs on Serbian goods—including pausing some U.S. assistance to Kosovo—and over perceived U.S. support for the no-confidence session that resulted in the March 2020 government collapse. U.S. officials maintain that the United States is committed to working with any government formed in compliance with constitutional processes.

- **Transatlantic cooperation.** Since the Kosovo war ended in 1999, the United States, the EU, and key EU member states have largely coordinated their efforts to promote regional stability in the Western Balkans, including efforts to normalize relations between Kosovo and Serbia. More recently, however, some observers have expressed concern that transatlantic coordination has weakened on some issues relating to the Kosovo-Serbia dialogue and to Kosovo’s current political impasse.

Congress was actively involved in debates over the U.S. response to a 1998-1999 conflict in Kosovo and subsequently supported Kosovo’s declaration of independence. Today, many Members of Congress continue to support Kosovo through country- or region-specific hearings, congressional visits, and foreign assistance funding levels averaging around $50 million per year since 2015.
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Overview

The Republic of Kosovo declared independence from Serbia in 2008, nearly a decade after the end of a brief but lethal conflict between Serbian forces and a Kosovo Albanian insurgency led by the Kosovo Liberation Army (KLA). Since 2008, Kosovo has been recognized by more than 100 countries. The United States and most European Union (EU) member states recognize Kosovo. Serbia, Russia, China, and various other countries (including some EU member states) do not. The United States has strongly supported Kosovo’s state-building and development efforts, as well as its ongoing dialogue with Serbia to normalize their relations. Kosovo regards the United States as a security guarantor and key ally.

Congress has maintained interest in Kosovo for many decades—from concerns over Serbia’s treatment of ethnic Albanians in the former Yugoslavia to the armed conflict in Kosovo in 1998-1999 after the Yugoslav federation disintegrated. Many Members were active in debates over the U.S.- and NATO-led military intervention in the conflict. After Serbian forces withdrew in 1999, many Members backed Kosovo’s independence. Today, many in Congress continue to support Kosovo through country- or region-specific hearings, congressional visits, and foreign assistance funding levels averaging around $50 million per year since 2015.

Looking ahead, Members may consider how the United States can support the Kosovo-Serbia dialogue, Kosovo’s Euro-Atlantic ambitions, transitional justice processes, the ongoing political crisis arising from the March 2020 government collapse, and regional security.

Domestic Issues

Current key issues in Kosovo’s domestic situation include the March 2020 collapse of the government; responding to the Coronavirus Disease 2019 (COVID-19) pandemic; managing relations with the country’s ethnic Serb minority, particularly in northern Kosovo; and economic growth.

Politics

Kosovo is a parliamentary republic with a prime minister, who serves as head of government, and an indirectly elected president, who serves as head of state and has largely ceremonial powers. The unicameral National Assembly has 120 seats, of which 20 are reserved for ethnic minorities. Albin Kurti currently serves as acting Prime Minister. In 2016, the National Assembly elected Hashim Thaçi to a five-year term as president. Thaçi previously served as prime minister and has long been a major political figure in the country.

Kosovo’s domestic politics have been volatile for much of the past year, marked by government turnover, escalating tension between the president and prime minister, and divisions over various issues—including a stalled dialogue to normalize relations with Serbia. More recently, the country entered a period of uncertainty when the Kurti government lost a vote of confidence on
March 25, 2020, less than two months after it had formed (see textbox below, “March 2020 Government Collapse and Aftermath”). Many had viewed that government as a potentially pivotal shift in power from long-ruling parties to the opposition. The government breakdown coincided with the COVID-19 pandemic, and some have expressed concern that the ensuing political crisis could impede the public health response.

### Table 1. October 2019 Parliamentary Elections

<table>
<thead>
<tr>
<th>Party</th>
<th>Vote (%)</th>
<th>Seats (#)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vetevendosje</td>
<td>26.27</td>
<td>29</td>
</tr>
<tr>
<td>Democratic League of Kosovo (LDK)</td>
<td>24.55</td>
<td>28</td>
</tr>
<tr>
<td>Democratic Party of Kosovo (PDK)</td>
<td>21.23</td>
<td>24</td>
</tr>
<tr>
<td>Coalition led by Alliance for the Future of Kosovo</td>
<td>11.52</td>
<td>13</td>
</tr>
<tr>
<td>Serbian List</td>
<td>6.4</td>
<td>10</td>
</tr>
<tr>
<td>Coalition led by Social Democratic Initiative</td>
<td>5.0</td>
<td>6</td>
</tr>
<tr>
<td>Other</td>
<td>5.0</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
<td><strong>120 seats</strong></td>
</tr>
</tbody>
</table>

*Source: Republic of Kosovo Electoral Commission.*

Outgoing governing partners Vetevendosje and the Democratic League of Kosovo (LDK) were the top-performing parties in early parliamentary elections in October 2019 (see Table 1). Their victory was considered to reflect deep voter dissatisfaction with corruption and economic conditions, as well as a desire to hold accountable the small number of parties that have largely rotated in government over the past several decades.\(^1\) Prior to 2020, the Democratic Party of Kosovo (PDK), led by Thaçi until 2016, had participated in all governments since independence. The PDK and several other former ruling parties grew out of factions of the KLA resistance and, along with several other parties, sometimes are referred to as the *war wing*. Critics charge that these parties became entrenched in state institutions.\(^2\)

By contrast, neither Vetevendosje nor its leader, Albin Kurti, had been in national government prior to 2020. The party grew out of a 2000s-era protest movement that channeled popular frustration with government corruption. Vetevendosje also railed against aspects of post-1999 administration of Kosovo, accusing international missions of failing to establish the rule of law despite their vast powers. The party has steadily built support across election cycles.\(^3\) In the past, Vetevendosje was criticized for using obstructionist tactics (including releasing tear gas in parliament) and for seeking to subvert several agreements with Serbia and Montenegro that were seen as important to regional reconciliation. Kurti maintains that the party will govern responsibly and prioritize socioeconomic reforms and the rule of law. Vetevendosje at times has floated the idea of eventual unification with Kosovo’s neighbor and close ally, Albania; however, unification

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1 The Democratic Party of Kosovo (PDK) and the Democratic League of Kosovo (LDK) are among Kosovo’s most well-established political parties and are traditional rivals. LDK advocated nonviolent resistance against Serbian rule during the 1990s and led unrecognized “parallel” political bodies. PDK grew out of a Kosovo Liberation Army (KLA) faction commanded by current President Thaçi.


March 2020 Government Collapse and Aftermath

Less than two months after Vetëvendosje and the Democratic League of Kosovo (LDK) formed a governing coalition, LDK triggered a vote of no confidence that passed on March 25, 2020. Analysts largely attributed the government breakdown to political infighting and divisions over how to respond to reported U.S. pressure on Kurti to immediately and unconditionally lift tariffs against Serbia. (Kurti remained opposed to unconditionally lifting tariffs, whereas LDK’s leader expressed concern that not doing so could damage relations with the United States.) The United States, which indicated support for the no-confidence session, took a different position from that of France and Germany, which issued a joint statement urging the parties to postpone the no-confidence procedure until the Coronavirus Disease 2019 (COVID-19) crisis abated. Acting Prime Minister Kurti alleged that the United States aided efforts to unseat his government (see “U.S.-Kosovo Relations”).

Disagreement over the next steps has fueled an ongoing political crisis. Kurti supports holding early elections after the COVID-19 pandemic is under control, noting that Vetëvendosje’s approval ratings have surged above 50% since the government collapse. President Thaçi and others have called for the formation of a new government without new elections. Thaçi initially offered Vetëvendosje, the largest party in parliament, the opportunity to propose a new government, but the party has not done so. Vetëvendosje would be unlikely to find majority backing for a new government under the current parliament. On April 30, President Thaçi formally offered LDK’s Avdullah Hoti the opportunity to nominate a new government for parliamentary approval after LDK leadership indicated it had reached agreement with several parties in opposition. Kurti’s Vetëvendosje challenged the move before the Constitutional Court, which suspended the presidential decree until May 29, 2020, pending further consideration. Kurti remains acting prime minister, but the situation is fluid.


Analysts generally have been positive in their assessments of Kosovo’s democratic development since 2008, particularly its active civil society, pluralistic media sector, and track record of competitive elections.\(^5\) At the same time, U.S. and EU officials, as well as watchdog groups such as the U.S.-based nongovernmental organization Freedom House, have urged Kosovo to more rigorously enforce anti-corruption rules and uphold judicial independence.\(^6\) Many regard corruption and weak rule of law to be serious problems.\(^7\) The so-called Pronto Affair, one of several scandals to emerge in recent years, raised allegations of nepotism on the part of the then-

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\(^4\) While unification appears to have considerable (if fluctuating) support in Albania and Kosovo, some observers contend that politicians at times have strategically used pan-Albanian statements to mobilize political support or to pressure the EU to bring Albania and Kosovo closer to membership. Furthermore, Kosovo’s constitution states that Kosovo “shall seek no union” with any other state (Art. 1). Others assert that the countries should instead focus on gaining European Union (EU) membership, which would offer an alternative way to bind together the two countries. See discussions in Blerta Begisholli, “Kosovo and Albania Agree to Run Joint Foreign Policy,” BalkanInsight, July 3, 2019; Fatos Bytyci and Matt Robinson, “Albania and Kosovo to United, Inside EU or Not: Albanian PM,” Reuters, April 7, 2015; Agon Maliqi, “What a New Poll Reveals About Albania-Kosovo Relations,” Sbunker.net, November 27, 2019.

\(^5\) Freedom House, Kosovo Country Profile.


governing PDK. In 2018, 11 PDK officials, including a minister and a lawmaker, were indicted for allegedly offering public jobs to party backers. According to the U.S.-based nongovernmental organization Freedom House, the Pronto case showed “a systemic abuse of power and informal control over state structures.” In April 2020, 19 individuals (thought to include former ministers) were indicted for abuse of position relating to the 2013 privatization of four hydropower plants and a distribution network.

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**Coronavirus Disease 2019 (COVID-19) Response**

In response to the COVID-19 pandemic, the Kosovo government has adopted measures similar to those of other European countries, including restricted movement into and within the country, social distancing, and closure of schools and nonessential businesses. On March 30, 2020, the government approved a €179.6 million (about $194.7 million) emergency fiscal package to expand social support and aid economic sectors impacted by the crisis. (As of late April 2020, Kosovo had about 800 confirmed cases of COVID-19 and 22 deaths attributed to the virus; as elsewhere in the world, those figures may be expected to change rapidly.)

Kosovo has received assistance from its allies to address COVID-19. The United States has committed $1.1 million to Kosovo out of the $775 million made available as of May 1, 2020, for global emergency health, humanitarian, and economic assistance relating to COVID-19. The EU provided €5 million (about $5.5 million) in emergency vital supplies and has announced that it will further reallocate €68 million (about $74.3 million) in bilateral assistance to support Kosovo’s recovery. The European Commission subsequently proposed additional macro-financial assistance to help mitigate the economic impact of the pandemic. On April 10, the International Monetary Fund (IMF) approved $56.5 million in emergency financial assistance to Kosovo to meet immediate needs stemming from COVID-19.


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6 Freedom House, *Kosovo Country Profile*. The Basic Court of Pristina acquitted the 11 defendants in early 2020 citing lack of proof; however, the prosecutor in the case has pledged to appeal the verdict.

Kosovo Serbs and Northern Kosovo

About 100,000 to 120,000 Serbs live in Kosovo, primarily in semi-isolated rural communities. Kosovo Serbs are accorded various forms of representation and partial autonomy under the 2008 constitution and related legislation. This framework is partly the result of U.S. and other external pressure on Kosovo’s leaders to incorporate power-sharing measures to bolster minority rights and protection. These provisions established a municipal level of governance with specific areas of responsibility (most Serbs live in municipalities where they form a majority). Power-sharing arrangements require Serb representation in parliament, the executive, and other institutions. Majority consent from minority members of parliament is mandatory on some votes, and Serbian has official language status. Nevertheless, some question the actual effectiveness of these measures in integrating Serbs.

More than half of Kosovo Serbs live in minority-majority municipalities in central and southeastern Kosovo. These municipalities do not border Serbia and are largely integrated into Kosovo institutions, although wartime legacies of distrust and fear persist. By contrast, the situation in northern Kosovo is one of the most enduring challenges in Kosovo’s state building since independence (see also “Relations with Serbia,” below). About 40% of the Serb population...

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12 See discussion in Agimi, “Governance Challenges.”
lives in four Serb-majority municipalities north of the Ibar River that are adjacent to Serbia (see map in Figure 1).

Pristina has been unable to exert full authority in northern Kosovo, whereas Serbia has retained strong influence (albeit not full authority) in the region despite the withdrawal of its forces in 1999. Kosovo Serbs turned to Serbian-supported parallel structures for security, health care, education, and other services. Due to its grey-zone status, northern Kosovo is considered a regional hub for smuggling and other illicit activities.

Serbian List (Srpska Lista), the party that has dominated recent elections in northern Kosovo, is considered to be close to the Serbian government. There have been reports of harassment and intimidation against opposition Serb politicians in the north, most recently in the October 2019 elections. The 2018 murder of opposition Serb politician Oliver Ivanović raised questions about the power structures and vested interests that prevail in northern Kosovo.

Economy

The 1998-1999 war with Serbia caused extensive damage to Kosovo’s infrastructure and economy. Two decades later, economic recovery continues. Employment is an acute policy challenge; Kosovo’s average 40% labor force participation rate is the lowest in the Western Balkans. The unemployment rate stood at about 26% in 2019, with disproportionately higher levels among working-age females and youth. The economy and perceived limits to upward socioeconomic mobility contribute to high rates of emigration.

Kosovo’s gross domestic product (GDP) grew by 3.8% in 2018 and 4.2% in 2019. The International Monetary Fund (IMF) estimates that Kosovo’s economy could contract by 5% in 2020 due to the COVID-19 pandemic. Foreign direct investment (FDI) in Kosovo in 2018 was €214 million (about $232 million), the lowest in the Western Balkans. By contrast, remittances received from citizens abroad (primarily in European countries) amounted to €801 million (about $868.6 million) in 2018, equivalent to 12% of GDP.

Kosovo’s key trade partners are the EU and neighboring countries in the Western Balkans. Kosovo has largely liberalized trade with both blocs through its Stabilization and Association Agreement with the EU (a cooperation framework that includes steps to liberalize trade) and as a signatory to the Central European Free Trade Agreement (CEFTA) alongside other non-EU Balkan countries. Kosovo’s 2019 exports totaled about €382 million ($414 million), of which the largest shares went to CEFTA countries and the EU. India, Switzerland, and Turkey were

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16 “Ivanovic Named Radoicic as North Kosovo Dark Ruler,” BalkanInsight, February 27, 2018.
17 World Bank, Fighting COVID-19; World Bank, Western Balkans Regular Economic Report: Rising Uncertainties: Fall 2019 (hereinafter, World Bank, Rising Uncertainties). Labor force participation rate reflects the percentage of working-age persons who are employed or actively looking for work.
18 International Monetary Fund (IMF), World Economic Outlook Database, April 2020.
19 IMF, World Economic Outlook database, October 2019; World Bank, Rising Uncertainties; Central Bank of Kosovo, 2018 data.
20 CEFTA countries include Albania, Bosnia, Kosovo, Moldova, Montenegro, North Macedonia, and Serbia.
other significant export markets. Kosovo’s top exports are metals; mineral products; plastics and rubber; and prepared foods, beverages, and tobacco.\textsuperscript{21}

In lobbying for greater FDI, Kosovo officials tout the country’s young workforce, natural resources, low corporate tax rate, use of the euro, and preferential access to the EU market. However, various impediments to investment remain, including corruption, weak rule of law, uncertainties over Kosovo’s dispute with Serbia, and energy supply disruptions.\textsuperscript{22}

\section*{Relations with Serbia\textsuperscript{23}}

Kosovo declared independence from Serbia in 2008 with U.S. support. Serbia does not recognize Kosovo and relies on Russia in particular for diplomatic support. Many believe that the lack of normalized relations between Kosovo and Serbia impedes both countries’ prosperity and progress toward EU membership and imperils Western Balkan stability.

\section*{War and Independence}

After centuries of Ottoman rule, Kosovo became part of Serbia in the early 20\textsuperscript{th} century. After World War II, Kosovo eventually had the status of a province of Serbia, one of six republics of Yugoslavia. Some Serbian perspectives view Kosovo’s incorporation as the rightful return of territory that was the center of a medieval Serbian kingdom and is prominent in national identity narratives. Kosovo Albanian perspectives, by contrast, largely view Kosovo’s incorporation into Serbia as an annexation that resulted in the marginalization of the Albanian-majority population.\textsuperscript{24}

During the 1980s, Kosovo Albanians grew increasingly mobilized and sought separation from Serbia. In 1989, Serbia—then led by autocrat Slobodan Milošević, who leveraged Serbian nationalism to consolidate power—imposed direct rule in Kosovo. Throughout the 1990s, amid Yugoslavia’s violent breakup and Milošević’s continued grip on power in Serbia, human rights groups condemned Serbian repression of Albanians in Kosovo, including suppression of the Albanian language and culture, mass arrests, and purges of Albanians from the public sector and education institutions.\textsuperscript{25} In the late 1990s, the Albanian-led Kosovo Liberation Army (KLA) launched an insurgency against Serbian rule in Kosovo. Serbia responded with increasingly heavy force in 1998 and 1999 (see “Transitional Justice,” below).

Following a NATO air campaign against Serbian targets in early 1999, Serbia agreed to end hostilities and withdraw its forces from Kosovo. U.N. Security Council (UNSC) Resolution 1244 authorized the U.N. Interim Administration Mission (UNMIK) to provide transitional civil administration and the NATO-led KFOR mission to provide security (both missions still operate on a smaller scale). Milošević lost power in 2000 amid mass protests in Serbia.

Kosovo’s decision to declare independence in 2008 followed protracted and ultimately unsuccessful efforts on the part of the international community to broker a settlement with Serbia.

\textsuperscript{21} European Commission, “European Union, Trade in Goods with Kosovo,” February 1, 2020. 2019 exports to the EU in 2019 include the UK.

\textsuperscript{22} U.S. Department of State, 2019 \textit{Investment Climate Statements: Kosovo}.

\textsuperscript{23} For simplification, this report uses Serbia to refer to the Federal Republic of Yugoslavia (1992-2003) and the State Union of Serbia and Montenegro (2003-2006); Serbia was the dominant entity in both configurations.


Serbia challenged Kosovo’s actions before the International Court of Justice (ICJ); however, the ICJ’s 2010 advisory opinion found that Kosovo had not contravened international law.

**European Union-Facilitated Dialogue**

Following the ICJ ruling, the EU and the United States urged Kosovo and Serbia to participate in a dialogue aimed at eventual normalization of relations, but with an initial focus on technical measures to facilitate the movement of goods and people and otherwise improve the quality of life. In 2012, the talks advanced to a political level, bringing together leaders from the two countries for EU-brokered meetings. Leaders in both countries are constrained by public opinion and a political climate that tends to make major concessions costly.

Kosovo and Serbia’s goal to join the EU helps incentivize their participation in the dialogue; the EU maintains that neither country can join the union until they normalize relations. Kosovo’s participation in the dialogue also is motivated by its desire to clear a path to U.N. membership and, eventually, NATO membership (Serbian approval is seen as a key step to unlocking Kosovo’s U.N. membership).

To date, the dialogue has produced 33 agreements, mostly of a technical nature. In 2013, Serbia and Kosovo reached the Brussels Agreement, which set out principles to normalize relations, including measures to dismantle Serbian-backed parallel structures in northern Kosovo and create an Association of Serb Municipalities (ASM) linking Kosovo’s 10 Serb-majority municipalities. Implementation of the dialogue’s agreements has progressed in some areas, such as Kosovo Serb electoral participation and the integration of law enforcement and the judiciary in the north into statewide institutions. It has lagged in other areas, such as in the energy sector and in the ASM.

Although the dialogue format does not predetermine a specific outcome, the EU has urged a “comprehensive, legally binding” agreement between the parties. Two particularly thorny issues in any such agreement are the scope of Serbian recognition of Kosovo and the situation in northern Kosovo. It remains undetermined whether Serbia would fully recognize Kosovo or accept Kosovo’s institutions and U.N. membership without formal recognition. It is also uncertain how northern Kosovo would be addressed in any final settlement. Prior to 2018 (see below), U.S. and EU officials rejected local (primarily Serbian) leaders’ occasional hints at partition as a potential solution. The United States and the EU feared that transferring territory or changing borders along ethnic lines could set a dangerous precedent and destabilize the region. Alternatively, some consider the integration of the north into statewide institutions through autonomy measures, such as the ASM, to be a potential compromise that could preserve Kosovo’s territorial integrity while offering concessions to Kosovo Serbs. However, the ASM has faced resistance from some in Kosovo due to concerns that it could undermine state integrity if it is endowed with significant executive functions and formalized links to Serbia.

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Since late 2015, there has been little progress in reaching new agreements or implementing existing ones. Further, a shift in focus absorbed some of the dialogue’s energies: in 2018, President Thaçi and Serbian President Aleksandar Vučić raised the prospect of redrawing borders as an approach to normalizing relations (sometimes described as a land swap, a partition, or a border adjustment). Analysts believe such a measure could entail transferring Serb-majority municipalities in northern Kosovo to Serbia, possibly in exchange for Albanian-majority areas of Serbia’s Preševo Valley. To the surprise of some, Trump Administration officials broke with longstanding U.S. and EU opposition to redrawing borders/partition by signaling willingness to consider such a proposal if Kosovo and Serbia were to reach a mutually satisfactory agreement. However, some European allies, particularly Germany, remain opposed to any such proposal. Acting Prime Minister Kurti and much of Kosovo’s political class and population also oppose ceding territory.

The dialogue has been suspended since late 2018, when Kosovo imposed tariffs on Serbian goods in retaliation for Serbia’s campaign to block Kosovo’s Interpol membership bid and its efforts to lobby countries to “de-recognize” Kosovo. Serbian leaders say they will not return to negotiations until the tariffs are lifted. U.S. and European officials repeatedly called upon the two parties to return to talks.

In March 2020, Prime Minister Kurti announced the repeal of tariffs on raw material imports from Serbia. The following month, amid continued U.S. pressure, he announced the decision to conditionally repeal tariffs against Serbian goods and replace them with gradual reciprocity measures to match existing Serbian measures impacting the movement of goods and people. EU officials welcomed the tariff removal; however, U.S. officials expressed dissatisfaction with the reciprocity measures.

Kosovo’s parties and leaders have become increasingly divided over several aspects of the dialogue, particularly the terms of lifting tariffs against Serbia. Furthermore, acting Prime Minister Kurti has challenged President Thaçi’s leadership of Kosovo’s participation in the dialogue, arguing that the authority of the government (rather than the head of state) to lead efforts was confirmed in a prior Constitutional Court ruling.

Separately, some observers caution that growing uncertainty over the Western Balkan countries’ EU membership prospects could alter the incentive structure weaving together the dialogue and the accession process. Recently, the United States has played a more direct role in Kosovo-Serbia negotiations (see “U.S.-Kosovo Relations”).

Transitional Justice

Transitional justice relating to the 1998-1999 war is a sensitive, emotionally charged issue in Kosovo and Serbia and a source of friction in efforts to normalize relations. Serbian police,

32 Among other measures, Kosovo’s government highlighted as examples Serbia’s “non-compliance” with a bilateral agreement on product labeling and its nonrecognition of certain personal documents, professional certificates, and vehicle registration. Office of the Prime Minister, “Statement on Reciprocity,” April 1, 2020.
34 Perparim Isufi, “Pandemic Adds Fresh Uncertainty to Kosovo-Serbia Dialogue,” BalkanInsight, April 16, 2020; “Kurti Expects to Enter Office in November,” European Western Balkans, October 23, 2019.
soldiers, and paramilitary forces were accused of systematic, intentional human rights violations during the conflict. About 13,000 people were killed, and nearly half of the population was forcibly driven out of Kosovo. An estimated 20,000 people were victims of conflict-related sexual violence. The vast majority of all victims were ethnic Albanians. On a smaller scale, some KLA fighters—particularly at the local level—carried out retributive acts of violence against Serb civilians, other minority civilians, and Albanian civilians whom they viewed as collaborators.35

Before closing in 2017, the International Criminal Tribunal for the former Yugoslavia tried several high-profile cases relating to the Kosovo conflict, including those of deposed Serbian leader Milošević, who died before his trial finished, and former Kosovo Prime Minister Haradinaj, who was twice acquitted of charges relating to his role as a KLA commander. Domestic courts in Kosovo and Serbia now handle most war crimes cases. Weak law enforcement and judicial cooperation between Kosovo and Serbia is an impediment in the many cases in which evidence, witnesses, victims, and alleged perpetrators are no longer in Kosovo.36 Critics assert that low political will in Serbia in particular hampers transitional justice. Officials from successive post-Milošević Serbian governments have been criticized for downplaying or failing to acknowledge Serbia’s role in the wars in Bosnia, Croatia, and Kosovo in the 1990s and for fostering a climate that is hostile to transitional justice and societal reconciliation with the past.37

Transitional justice processes concerning the KLA are controversial in Kosovo. Under U.S. and EU pressure, in 2015 the National Assembly adopted a constitutional amendment and legislation to create the Kosovo Specialist Chambers and Specialist Prosecutor’s Office. These institutions are part of Kosovo’s judicial system but are primarily staffed by international jurists and located in The Hague, Netherlands, to allay concerns over witness intimidation and political pressure. They are to investigate the findings of a 2011 Council of Europe report concerning allegations of war crimes committed by some KLA units. The Specialist Chambers is controversial in Kosovo, because it is to try only alleged KLA crimes. In 2017, lawmakers from the then-governing coalition moved to abrogate the Specialist Chambers but backed down after the United States and allies warned that doing so would have “severe negative consequences.”38 More than 120 former KLA fighters are reported to have received summons for questioning during 2019, and analysts believe some Kosovo politicians could face indictment.39

Relations with the EU and NATO

The EU and NATO have played key roles in Kosovo; these institutional relationships continue to evolve alongside Kosovo’s state-building processes.


European Union

The EU has played a large role in Kosovo’s postwar development. A European Union Rule of Law Mission (EULEX) was launched in 2008, assuming some tasks that UNMIK had carried out since 1999. The mission’s scope has decreased over time as domestic institutions assume more responsibilities; today, EULEX’s primary role is to monitor and advise on rule-of-law issues, with some executive functions. EULEX’s current mandate runs through June 2020. Additionally, the EU provided over €1.48 billion (about $1.6 billion) in assistance from 2007 to 2020, as well as emergency support to address the COVID-19 pandemic (see “Coronavirus Disease 2019 (COVID-19) Response”).

Kosovo is a potential candidate for EU membership and signed a Stabilization and Association agreement with the EU in 2014. The next steps in Kosovo’s EU membership bid are obtaining candidate status and launching accession negotiations, which would commence the lengthy process of harmonizing domestic legislation with that of the EU. Kosovo’s EU membership bid is complicated by the fact that five EU member states do not recognize it. Kosovo’s more immediate goal in its relationship with the EU is to obtain for its citizens visa-free entry into the EU’s Schengen area of free movement, which allows individuals to travel without passport checks between most European countries. Kosovo is the only Western Balkan country that does not have this status, despite EU officials’ assessment that it fulfilled key requirements in 2018. Some observers contend that the EU’s continued denial of visa liberalization to Kosovo has undercut the bloc’s credibility and influence in the country.

NATO

The NATO-led Kosovo Force (KFOR) was launched in 1999 with 50,000 troops as a peace-support operation with a mandate under UNSC Resolution 1244. KFOR’s current role is to maintain safety and security, support free movement of citizens, and facilitate Kosovo’s Euro-Atlantic integration. As the security situation in Kosovo improved, NATO defense ministers in 2009 resolved to shift KFOR’s posture toward a deterrent presence. Some of KFOR’s functions have been transferred to the Kosovo Police. The United States remains the largest contributor to KFOR, providing about 660 of the 3,500 troops deployed as of November 2019. Any changes to the size of the mission would require approval from the North Atlantic Council and be “dictated by continued positive conditions on the ground.” Many analysts assert that KFOR continues to play an important role in regional security.

KFOR has played a key role in developing the lightly armed Kosovo Security Force (KSF) and bringing it to full operational capacity. KSF’s current role is largely nonmilitary in nature and is

40 European Union Rule of Law Mission in Kosovo, “About EULEX,” UNMIK, “Rule of Law in Kosovo and the Mandate of UNMIK.”
43 The five EU member states that do not recognize Kosovo are Cyprus, Greece, Romania, Slovakia, and Spain.
focused instead on emergency response. A recurring issue is how KSF may transform into a regular army. In December 2018, Kosovo lawmakers amended existing legislation to gradually transform KSF, drawing sharp objections from Kosovo Serb leaders and Serbia.\(^{48}\) NATO Secretary-General Jens Stoltenberg called the measure “ill timed” given heightened tensions with Serbia, cautioned that the decision could jeopardize cooperation with NATO, and expressed concern that the decisionmaking process had not been inclusive.\(^{49}\) The United States, however, expressed support for the Kosovo government’s decision and urged officials to ensure that the transformation is gradual and inclusive of all communities.\(^{50}\)

**U.S.-Kosovo Relations**

The United States enjoys broad popularity in Kosovo due to its support during the Milošević era, its leadership of NATO’s 1999 intervention in the Kosovo war, its backing of Kosovo’s independence in 2008, and its subsequent diplomatic support. The United States supports Kosovo’s Euro-Atlantic ambitions. Kosovo regards the United States as a security guarantor and critical ally, and many believe the United States retains influence in domestic policymaking and politics.

The Trump Administration has signaled growing interest in securing a deal to resolve the Kosovo-Serbia dispute and stepping up U.S. engagement in the Western Balkans more broadly. U.S. officials assert that the full normalization of Kosovo-Serbia relations is a “strategic priority.”\(^{51}\) In August 2019, U.S. Secretary of State Michael Pompeo appointed Deputy Assistant Secretary of State Matthew Palmer as his Special Representative for the Western Balkans. Shortly thereafter, President Donald Trump appointed U.S. Ambassador to Germany (now also Acting Director of National Intelligence) Richard Grenell as Special Presidential Envoy for Serbia and Kosovo Peace Negotiations. Many officials in Kosovo and Serbia have welcomed the prospect of a greater U.S. role in efforts to normalize relations. In January 2020, U.S. officials announced two new Kosovo-Serbia agreements on transportation links, pursuant to a strategy that focuses on economic growth and job creation as foundations for the normalization process.\(^{52}\) In March 2020, the White House hosted informal talks between President Thaçi and President Vučić. U.S. efforts currently center on bringing the two parties back to negotiations. As mentioned, U.S. officials criticized the reciprocity principles that acting Prime Minister Kurti announced in April 2020 alongside the conditional lifting of tariffs.

The direct U.S. role in brokering the recent transportation agreements and greater U.S. involvement in efforts to normalize Kosovo-Serbia relations is largely a departure from the approach taken under previous Administrations, which strongly supported EU-led efforts to normalize relations but did not play a formal, direct role. News of the January 2020 U.S.-brokered agreements reportedly came as a surprise to some European officials, who in turn have underscored the EU’s long-standing role in the normalization process and appointed an EU special representative for the dialogue.\(^{53}\) Some analysts, while welcoming greater U.S.

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\(^{48}\) “Kosovo Votes to Turn Security Force into Army,” *BalkanInsight*, December 14, 2018.


\(^{52}\) Julija Simic, “U.S. Envoy Tells Serbia, Kosovo to Make Concessions, Cooperate,” *Euractiv*, January 24, 2020. Some regulatory and logistical issues relating to the agreements have not yet been publicly resolved.

involvement, assert that the United States is more effective in engaging the Western Balkans when its actions and positions are aligned with those of its European allies; they contend that recent gaps between the United States and allies such as Germany on the Kosovo-Serbia dialogue, as well as on the March 2020 no-confidence session, have undercut overall engagement efforts. 54

Some observers and several Members of Congress have expressed concern over recent U.S. policies toward Kosovo’s government, such as pausing implementation of a $49 million Millennium Challenge Corporation (MCC) Threshold Program and delaying the development of its proposed Compact Program, until Kosovo rescinds the tariffs. 55 Some Kosovo officials expressed dismay over what they describe as U.S. pressure on Kosovo to lift tariffs against Serbia without equivalent pressure on Serbia to cease its campaign to undercut Kosovo’s international legitimacy. On April 13, 2020, the Chairman of the House Committee on Foreign Affairs and the Ranking Member of the Senate Committee on Foreign Relations released a joint letter to Secretary Pompeo that welcomed greater U.S. diplomatic engagement in efforts to normalize relations between Kosovo and Serbia but expressed concern over what they described as “heavily-handed” treatment of the weeks-old Kurti government. They urged greater cooperation with the EU and restarting implementation of Kosovo’s MCC Threshold Program. 56

Separately, acting Prime Minister Kurti alleged that U.S. officials had aided efforts to unseat his government in the March 2020 no-confidence session in hopes that a more pliable government in Pristina would quickly reach a deal with Serbia. 57 U.S. officials have underscored that the United States is “committed to working with any government formed through the constitutional process” and rejected speculation that the United States was brokering a “secret plan for land swaps.” 58

Foreign Aid

The United States is a significant source of foreign assistance to Kosovo (see Figure 2). U.S. assistance aims to support the implementation of agreements from the Kosovo-Serbia dialogue and to improve transparent and responsive governance, among other goals. 59 Additional assistance is provided through a $49 million Millennium Challenge Corporation (MCC) Threshold Program that launched in 2017, with focus on governance and energy efficiency and reliability. Threshold programs are intended to help countries become eligible to participate in a larger Compact Program; in December 2018 and again in December 2019, the MCC board

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determined that Kosovo was eligible to participate in a compact. As discussed above, MCC assistance is currently on hold.

**Figure 2. U.S. Foreign Assistance to Kosovo Since 2008**

<table>
<thead>
<tr>
<th>Year</th>
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<th>Actual</th>
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</thead>
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</tr>
<tr>
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<td>2021</td>
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</tr>
</tbody>
</table>

**Source:** U.S. State Department Congressional Budget Justifications. The table excludes assistance extended through the Millennium Challenge Corporation and the Peace Corps.

**Cooperation on Transnational Threats and Security Issues**

The United States and Kosovo cooperate to combat transnational threats and bolster security. Like elsewhere in the Western Balkans, Kosovo is a transit country and in some cases a source country for trafficking in humans, contraband smuggling (including illicit drugs), and other criminal activities. Observers consider Kosovo to have a relatively strong legal framework to counter trafficking, smuggling, and other transborder crimes. At the same time, the United States and the EU have urged officials in Kosovo to better implement the country’s domestic laws by more strenuously investigating, prosecuting, and convicting traffickers, as well as by improving victim support.60

Combatting terrorism and violent extremism is a core area of U.S.-Kosovo security cooperation. Kosovo is a secular state with a moderate Islamic tradition, but an estimated 400 Kosovo citizens traveled to Syria and Iraq in the 2010s to support the Islamic State amid the terrorist group’s growing recruitment efforts. As this policy challenge emerged, the United States assisted Kosovo with tightening its legal framework to combat recruitment, foreign fighter travel, and terrorism financing, as well as strengthening its countering violent extremism strategy.61

The United States provides support to Kosovo law enforcement and judicial institutions to combat terrorism and extremism. The State Department’s Antiterrorism Assistance program, for example, has provided training or capacity-building support for the Kosovo Police’s Counterterrorism Directorate and for the Border Police. Kosovo and the United States agreed to an extradition treaty in March 2016. In April 2019, the United States provided diplomatic and

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60 U.S. Department of State, *2019 Trafficking in Persons Report: Kosovo (Tier 2).*

logistical support for the repatriation of about 110 Kosovo citizens from Syria—primarily women and children—who had supported the Islamic State or were born to parents who had. Some repatriated persons were indicted on terrorism-related charges.62

Kosovo has a sister-state relationship with Iowa that grew out of a 2011 State Partnership Program (SPP) between the Iowa National Guard and the Kosovo Security Force. That relationship has been hailed as a “textbook example” of the scope and aims of the SPP.63

Congressional Engagement

Congressional interest in Kosovo predates Yugoslavia’s disintegration. Through resolutions, hearings, and congressional delegations, many Members of Congress highlighted the status of ethnic Albanian minorities in Yugoslavia, engaged in heated debates over intervention during the Clinton Administration, urged the George W. Bush Administration to back Kosovo’s independence, and supported continued financial assistance.

Congressional interest and support continues. In the 116th Congress, several hearings have addressed Kosovo in part or in whole, including an April 2019 House Foreign Affairs Committee hearing on Kosovo’s wartime victims and recent hearings on Western Balkan issues held by the Senate Armed Services Committee and the Senate Foreign Relations Committee’s Subcommittee on Europe and Regional Security Cooperation.

Given Kosovo’s geography, history, and current challenges, the country also factors into wider U.S. foreign policy issues in which Congress remains engaged. Such issues include transitional justice, corruption and the rule of law, combatting human trafficking and organized crime, U.S. foreign assistance, security in Europe, and EU and NATO enlargement.

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63 “Iowa, Kosovo a Model National Guard State Partnership Program,” National Guard, November 25, 2015.