



CENTRE FOR EUROPEAN REFORM

policy brief

Serbia's European choice

By David Gowan

- ★ Serbia has become the most intractable obstacle to stability and progress in the Western Balkans. Deep-seated nationalism stands in the way of finding a sustainable solution to Kosovo and dealing with indicted war criminals. This reluctance frustrates Serbia's professed aim of joining the EU.
- ★ Martti Ahtisaari's plan to give 'supervised independence' to Kosovo appears the only fair and workable way forward. Serbia's insistence of transferring sovereignty over the province back to Belgrade is simply out of touch with reality.
- ★ The EU must stand ready to encourage and reward any real shift in Belgrade's stance. After the resumption of association talks, early candidate status should also be on offer. But Serbia must earn this by consistently demonstrating European values and behaviour.

Serbia, like its neighbours, went through tremendous turmoil and suffering during the bloody conflicts of the 1990s that accompanied and followed the break-up of Yugoslavia. Since the overthrow of its war-time president, the late Slobodan Milosevic, in 2000, Serbia has seen much progress towards political stability and economic prosperity. A new, pro-European prime minister, Zoran Djindjic, seemed determined to root out the country's powerful criminal establishment and more generally modernise his country. He was assassinated in March 2003. Subsequent governments have shown much less enthusiasm for taking reforms forward. In the 2003 election, the ultra-nationalist Radical party gained the single largest share of the vote but was kept out of power by an unstable minority government made up of four parties, most notably the centre-right Democratic Party of Serbia (DSS) led by Prime Minister Vojislav Kostunica.

In the latest parliamentary election in January 2007, the Radicals once again won the single largest share of the vote, and now control a third of parliamentary seats. It took more than three months of wrangling before the two large (and at least nominally) reformist parties could agree on a coalition to keep the Radicals out of office. On May 15th, a broad-based coalition took power, led by the centre-left Democratic Party (DS) and

including the DSS and two smaller parties. This government could bring opportunities for real progress towards the EU – but only if the Serbs prove ready to break with the past.

The EU immediately signalled that it was willing to resume talks on a stabilisation and association agreement (SAA), provided Belgrade lives up to its commitments to co-operate with the International Criminal Tribunal for the former Yugoslavia (ICTY) in The Hague. In May 2006, the EU had suspended the negotiations on the SAA, the signing of which would be an important step on the way towards EU accession. EU officials said at the time that the Serbian government was not fully co-operating in securing the arrest of the fugitives Ratko Mladic and Radovan Karadzic, both charged with some of the gravest war crimes in Europe since the Second World War.

The make-up of the new government also gives the EU a glimmer of hope that Serbia may ultimately become more willing to negotiate on the question of Kosovo's 'final status', which is coming to a head in the UN Security Council. So far, Belgrade's main aim has been to discredit a plan for 'supervised independence', put forward by the UN Secretary General's special envoy, Martti Ahtisaari. Some 90 per cent of Kosovo's two million inhabitants are

ethnic Albanians and they want independence. But both main parties in the new Belgrade government insist that the province must stay under Serbian sovereignty. The UN can credibly argue that Ahtisaari's plan would provide the best hope for regional stability, and also for the security of the 130,000 Serbs who still live in Kosovo. In the new government, the DS, led by the rather moderate president, Boris Tadic, is the strongest party. Tadic could act as a counterweight to the more intransigent and nationalist Vojislav Kostunica.

Serbian society is not monolithic. Many people disagree with the nationalism that prevails among the elites. However, the overall impression remains that Serbia's political classes find it a struggle to face up to the events of the 1990s. This prevents them from grasping current opportunities to promote political stability and EU integration.

How Serbia sees itself

"With their backs to the world" is how the Norwegian journalist Asne Seierstad described Serbs in her 2004 book on life in the country post-Milosevic. To understand Serbian politics today, it is important to look at how the country's perception of itself has developed through history. Serbs see their defeat by the Turks at the battle of Kosovo Field in 1389 as a defining moment. As explained by the historian Tim Judah, this episode was used as a myth to infuse the fervour of 19th century Serbian nationalism in the struggle for liberation from the Ottoman Empire. Its emotive connotations remain strong in today's politics. Independence (eventually gained in 1878 at the Congress of Berlin) gave Serbs a tenacious sense of a national identity forged by overcoming oppression. The struggles against Austro-Hungary and Germany during the First World War reinforced this feeling, as did a cruel occupation by the Nazis and the Croatian Ustasa during the Second World War.

Today's political classes rarely mention Tito and Communism. However, they are still nostalgic about the territory prestige and prosperity of pre-1990s Yugoslavia. Despite the recent economic recovery, Serbia's GDP per head is still only two-thirds of what it was in Yugoslavia in 1989, and for many people living there, travel has become more difficult.

A deeply ingrained sense of affront and injustice explains why Serbian politics clings so fiercely to the past. Milosevic, who was largely responsible for Serbia's virulent actions throughout the 1990s, is still regarded as a hero by many Serbs. Such admiration complements the widespread view that the actions of Serbia's leaders and generals during the 1990s were a justified defence of national interests, and that no blame attaches to Belgrade.

Even pro-reform politicians are reluctant to criticise Milosevic directly. Successive governments since

2000 have used strong nationalism to justify indecisiveness, for instance over Mladic. There has been no clear break within the political elite, even after the fall of Milosevic. Serbia did not experience anything like the re-education in values that happened in Germany after the Second World War.

Vojislav Kostunica in some ways epitomises the ambiguity of Serbia's policies. Backed by a broad network of political forces, he defeated Milosevic to become president of Yugoslavia in October 2000. His supporters selected him because he presented a *tabula rasa*, a chance for a new beginning. But after a power struggle with his erstwhile political ally, Zoran Djindjic, he became a more divisive and increasingly nationalist political figure. Kostunica returned as Serbia's prime minister after the strong showing of his conservative-inclined DSS in the 2003 election. In the most recent parliamentary poll, his party won significantly fewer seats than Tadic's DS. Nevertheless, Kostunica has continued to set the agenda and has remained prime minister. In particular, he has kept the Kosovo issue at the centre of coalition policy, while treating Serbia's EU aspirations as a secondary issue.

Moderate Serbs are getting fed up

Discussions in the media and civil society during the past four years have revealed diminishing confidence in Serbia's political class. People suspect that many politicians are more interested in the pickings of office than in making Serbia a better place and getting it closer to the EU. The impression that the two main 'democratic' parties – the DSS and the DS – spend more time on factional power struggles than on solving the country's real problems adds to the sense of public frustration. The growing disenchantment of the electorate and a lack of leadership on key issues feed off each other, creating a vicious circle.

It is illustrative that political leaders have hardly been involved in the technical but crucial work required for EU integration. This has been left to the more technocratic ministers, namely Miroslav Labus (leader of the small, pro-reform G17 Plus party, and deputy prime minister until his resignation in May 2006), and now the DS economist Bozidar Djelic. For the main party leaders, EU integration and the associated reforms have hitherto been seen as an arcane activity, rather than being at the centre of government policy.

Another sign of changing political attitudes is growing support for the Liberal Democratic Party (LDP), which is led by the somewhat unpredictable 36-year old Ceda Jovanovic. In January, an LDP-led group passed the 5 per cent voting threshold for parliamentary representation. The LDP is refreshingly pragmatic and forward-looking on many issues (including Kosovo) and has good links

with civil society. Its voters come from the English speaking and IT-literate younger generation that is increasingly impatient with old formulas. They form a growing constituency.

Economic turnaround

Growth and jobs are key issues that determine people's satisfaction with the political class. Serbia's economy still suffers from the effects of Milosevic's wars of the 1990s. Too many of Serbia's 7.5 million people lost out from political turmoil and the economic transition to a market economy, with refugees and the rural poor suffering particularly badly. GDP per head, at €2,500, is only a fraction of Croatian or Slovenian levels, let alone the richer EU countries. The official unemployment rate approaches 30 per cent (and even if those working in the black economy are taken into account, it is probably around 20 per cent). Economic hardship is fuelling support for the Radicals and other extreme political forces.

Nevertheless, successive governments since 2000 have coped with these problems reasonably well, and Serbia's economy could soon turn a corner. Inflation has come down from almost 100 per cent in 2001 to 5 per cent in early 2007. Real GDP is growing at a brisk 5-6 per cent a year. The fact that the dinar, Serbia's currency, is rising against the euro is a sign of confidence. The state budget is in surplus, as it needs to be in a country with a large stock of foreign debt and a current-account deficit that exceeds 8 per cent of GDP. Although privatisation of large state companies (such as oil, power and aviation) remains contentious, smaller sell-offs helped to push foreign direct investment inflows up to €3.4 billion or more in 2006.

The government has also made considerable progress on a range of structural reforms, including cleaning up the banking sector, modernising the competition and bankruptcy laws, and improving the health, education and social security systems. However, in too many areas there is still a gap between reform plans and actual change on the ground.

One of the biggest obstacles to further progress is that the old networks of cronyism and corruption that developed during the years of Communism and the Milosevic era remain partly intact. Foreign investors can encounter unfair treatment and intractable bureaucracy. Serbia's current challenges resemble those facing the Central and East European accession countries in the mid-1990s. The remarkable progress that these countries have made since then shows what a powerful force for modernisation and stabilisation the EU accession process can be. However, Serbia has not yet passed the point of no return towards the kind of open and rules-based market economy that the EU requires for membership.

Options for the EU

In June 2003, EU leaders met their counterparts from Albania, Croatia, Bosnia-Herzegovina, Macedonia and (then) Serbia-Montenegro in Thessaloniki. They said that the countries of the Western Balkans (as the EU likes to call this region) could eventually join the Union, provided they fulfilled the Copenhagen accession criteria on democracy, the rule of law, minority rights, market economics and alignment with EU law and policies. This meeting launched the SAA process, which continues to provide the framework for the Commission's negotiations with Serbia.

Since then, the EU has frequently reconfirmed the region's 'membership perspective'. But at the same time, it has stressed that accession prospects depend on "individual merits in meeting the conditions and requirements set forth in the Copenhagen criteria and in the SAA process, including full co-operation with the ICTY and good neighbourly relations", to quote a statement from EU foreign ministers in February 2007. From this angle, it is not surprising that Serbia is lagging behind Macedonia (which has candidate status) and Croatia (which has begun membership negotiations) in the accession process.

In its latest progress report on accession preparations published in November 2006, the European Commission commended Serbia for its partial achievements on economic and social reform. The Serbian government's EU integration team in Belgrade has worked effectively and impressed Brussels officials. The Commission also listed many shortcomings in areas such as independence of the judiciary, the fight against corruption, the regulatory framework and internal security. However, the Commission's nuanced evaluation was overshadowed by Belgrade's failure to co-operate with the ICTY.

Like most people in EU candidate countries, Serbs tend to focus on tangible, albeit limited, accession issues, such as the prospects for visa-free travel. So to keep Serbia's EU preparations on track, the Commission, backed by member-state governments, feels the need to offer short-term visible rewards. For example, one day after the new government was formed in Belgrade, the EU enlargement commissioner, Olli Rehn, initialled an agreement that makes it easier for Serbs to obtain EU visas, while Serbia promises to take back illegal immigrants coming from its territory.

The new government in Belgrade should also highlight the positive impact that aid from the EU and other donors has made, and continues to make, to the country's economy. Since Milosevic's fall, Serbia and Montenegro have received some €4 billion in grants and soft loans. The EU alone continues to pay some €150 million a year to

support Serbia's reform process. However, in Serbia's charged political debates, this international generosity is hardly ever mentioned.

Recent internal debates in the EU about 'absorption capacity' and the final borders of Europe have disheartened many pro-EU reformers in those countries hoping for early membership. Many EU politicians now insist that enlargement should be halted until the EU has adopted a new treaty to adjust institutions and decision-making procedures. However, it is important that Serbia's leaders should not allow the EU's constitutional limbo to become an excuse for slowing reform. Serbia, like the other Western Balkan countries, can significantly strengthen its claim by meeting EU requirements and standards, irrespective of current internal debates in the EU. Conversely, unco-operative or recalcitrant behaviour by any potential candidate plays into the hands of those in the EU who want to slow or halt enlargement. Unlike some of its neighbours, Serbia appears to have been slow to learn this lesson.

War crimes and European values

While past accessions to the EU were lengthy and often difficult processes, those of the Western Balkans are additionally complicated by questions of minorities, borders and the need to resolve the legacies of the wars in the 1990s. The recent history of conflict and hatred means that individual countries often seek to use EU ties to pursue bilateral disputes against their neighbours. The EU insists that for Serbia and other Balkan countries, full co-operation with the ICTY is an essential component of EU accession. Carla Del Ponte, the chief prosecutor at the ICTY, and Olli Rehn made clear that they did not believe that the last government was providing full co-operation in the search for General Ratko Mladic (who was commander of the Bosnian Serb forces from 1992 to 1996) and Radovan Karadzic (president of Bosnia's Republika Srpska during the same period). There is little doubt that the key to finding them lies in Serbia, and that the effectiveness of the investigation depends on Belgrade's political leadership. With the new government in place, there were signs of movement, notably the arrest of General Zdravko Tolimir, a close associate of Mladic, on May 31st, and General Djordjevic on June 17th. Tolimir's transfer to The Hague led to a positive assessment by Carla Del Ponte and an announcement by Commission President José Manuel Barroso that the SAA talks would resume on June 13th.

At the heart of the ICTY-related demands is the question of whether Serbia truly accepts the EU's values. Most Serbs now recognise that the massacre of Srebrenica was a crime – but one that they see as being mitigated by the perceived wrongs that Bosnian Muslims and Croats inflicted on Serb communities. Serbs were shocked in 2005, when

Serbian TV showed a video of the casual execution of six young men at Srebrenica. However, this reaction raised the question of why the known fact of the killing of more than 7,000 men and boys has caused so little public disquiet.

Some observers suspect that there is a deeply entrenched political establishment (a 'deep state') that not only seeks to protect indicted war criminals, but also more generally opposes westernisation and prefers to keep Serbia closed to the outside world. There are undoubtedly elements of such an establishment, with hidden links to the extreme nationalists. The army and security services have already been purged of such people, in particular after the Djindjic assassination in 2003, but some probably remain. So it is encouraging that in the new government President Tadic will take the lead responsibility for the security services, although Kostunica will still have a say in decisions over indicted war criminals. It remains to be seen whether Tadic can translate his statements about co-operation with the ICTY into action, and whether he can keep up the momentum in the face of nationalist pressure, unlike in 2005 when it dissipated quickly.

On the EU side, some commentators and politicians have at times argued that the war crimes question should be given less prominence. However, if the EU changed its criteria and conditionality by treating Serbia as a 'special' case, it would risk not only undermining its own credibility but also damaging Serbia's progress towards the Copenhagen criteria. Those Serbs who are committed to the EU would resent such a decision. And it would play into the hands of those within the EU who argue that admitting the Western Balkans is a bad idea.

The lesson from Montenegro

Serbia would do well to study the progress made by neighbouring Montenegro, with which it had a 'state union' until June 2006. Despite its small size – with a population of only 670,000 and a GDP that is less than one-tenth that of Serbia – and unresolved constitutional issues, Montenegro is making good progress on its way into the EU.

Under a 2002 agreement with Serbia that was brokered by the EU, Montenegro reluctantly agreed not to seek separation from Serbia until February 2006. By 2005 it had become clear that the government in Podgorica wanted a referendum on independence as early as possible. The EU said it would recognise the outcome, provided the vote met international standards. As a result, the referendum on May 21st 2006 was one of the most intensely scrutinised votes in recent European history. International observers declared it free and fair. A narrow majority opted for independence (55.5 per cent, just above the 55 per cent threshold the EU had

insisted on). The subsequent separation from Serbia was implemented efficiently, and, more significantly, provoked little resentment among the Serbian public.

The dissolution of the state union means that Montenegro is now proceeding towards EU membership at its own pace. The referendum has removed the long-standing polarisation of the Montenegrin political establishment into pro- and anti-independence camps, and freed up the government to concentrate on economic reform and EU accession. But the key ingredient of Montenegro's success was its willingness to meet standards set by the EU. The ICTY's Carla Del Ponte has given a positive assessment of Montenegro's co-operation with the tribunal. Montenegro has joined NATO's 'partnership for peace', and in March 2007 Prime Minister Zeljko Sturanovic and Commissioner Rehn initialled an SAA. Montenegro is now hoping to follow Macedonia in gaining official EU candidate status.

The Ahtisaari plan for Kosovo independence

The biggest practical obstacle to Serbia's EU accession process could be the reluctance of its political establishment to accept the Ahtisaari plan for Kosovo's 'supervised independence'. The EU will not admit Serbia unless a sustainable solution is found for Kosovo. The province is formally part of Serbia but has been governed by the UN since June 1999. Some 90 per cent of Kosovo's two million inhabitants are ethnic Albanians, who strongly demand an independent state.

In 1974, Kosovo gained the same level of autonomy as the six republics within Yugoslavia, but it remained an 'autonomous province' within Serbia. This balance worked reasonably well until 1989, when Milosevic started to impose ever stricter controls on Kosovo. In 1990, he dissolved Kosovo's assembly and government, which triggered the first signs of passive resistance. By the mid-1990s, the Kosovo Liberation Army (KLA) was intermittently resorting to violence. Serbia reacted with growing repression. International disquiet rose in 1997 and peaked in 1998, when Serb forces killed 51 people, including women and children, in a retaliatory attack on a prominent Kosovo Albanian family.

The so-called contact group, which comprises France, Germany, Italy, Russia, the UK, the US and EU representatives, launched diplomatic efforts, in the UN and elsewhere, to find a peaceful, negotiated solution to the violence. Milosevic rejected or ignored them. After another massacre in Racak in January 1999 (with 45 Kosovo Albanians dead), the contact group and the OSCE convened negotiations in Rambouillet in a last-ditch attempt to achieve a settlement. While the Kosovo Albanians did agree to compromise, Serbia showed little intention of negotiating in earnest.

Meanwhile, Milosevic's forces were dispossessing and displacing Kosovo Albanian families, subjecting them to multiple human rights abuses. After a final, unsuccessful attempt to reason with Milosevic, NATO started air strikes on Kosovo and Serbia on March 24th 1999. On June 10th, Milosevic agreed to withdraw Serbian troops from Kosovo, and UN Security Council resolution 1244 brought Kosovo under UN control.

Dealing with war crimes issues in Kosovo in 1999, I saw at first hand some of the refugees driven into Macedonia and Albania by Milosevic's forces, and heard their stories (more than 800,000 left Kosovo). Together with the British forensic team that arrived alongside NATO's KFOR stabilisation force, I saw bodies of civilians (men and youths – the forensic team also found the bodies of women and children) near Prizren who had been executed by Yugoslav/Serbian units. Many of the bodies were half incinerated, or bulldozed into the ground. Others (836 in total) were transported in refrigerated trucks to a military base in the outskirts of Belgrade and two other locations.

This evidence is rarely discussed in Serbia, and often denied outright. Serbs refer to the 1999 events as 'NATO aggression', implying that it was unprovoked and wrong. Few appear aware of the morally repugnant nature of Milosevic's actions in Kosovo; and too many Serbs seem to assume that ethnic Albanians simply do not matter. Such attitudes cannot be reconciled with the values on which the EU is based. Serbs need to embark on an enlightened and objective assessment of their relations with Kosovo, past and present.

The UN appointed Ahtisaari in November 2005 as its special envoy for Kosovo, with a remit to work out recommendations on Kosovo's 'final status'. After 14 months of negotiations, he submitted his report to the UN Security Council in March 2007. UN Secretary General Ban Ki-Moon has fully endorsed it. The German government (as the EU presidency in the first half of 2007), the EU's foreign policy chief, Javier Solana, and government representatives from the UK, the US and elsewhere have made statements of strong support.

Ahtisaari's main recommendation is that "Kosovo's status should be independence, supervised by the international community". He argues that the potential of negotiations for a mutually agreeable outcome has been exhausted. Reintegrating Kosovo into Serbia is not a viable option, and continued international administration is not sustainable. He stresses that Kosovo is a unique case that demands a unique solution, to pre-empt objections from countries with sizeable national minorities.

Ahtisaari's proposed settlement lays out a plan for Kosovo's future governance. "Kosovo shall be a multi-ethnic society, governing itself democratically

and with full respect for the rule of law, and the highest level of internationally recognised human rights and fundamental freedoms". While the report does not prescribe a complete constitution, it defines key elements for it. These include strong provisions for the protection of minorities (in particular the Serb community) and the establishment of professional, democratically accountable and multi-ethnic security services. Kosovo would also gain the right to conclude international agreements and seek membership in international organisations.

Last but not least, Ahtisaari proposes an international presence that consists of three components:

- ★ an international civilian representative, who would simultaneously act as the EU special representative. He or she will have the ultimate authority to supervise the implementation of the settlement;
- ★ a mission under the European security and defence policy (ESDP), which would monitor and advise on all areas relating to the rule of law;
- ★ a NATO-led international military presence, which would provide a safe and secure environment.

After a 120-day transition period, all current legislative and executive authority would be transferred to the new authorities in Kosovo (including the international presence). Nine months after the settlement entered into force, Kosovo would hold general and local elections.

Serbia's response

Serbia has not so far engaged meaningfully in the negotiations chaired by Ahtisaari. It says it is prepared to concede 'substantial autonomy' to Kosovo, but insists that Serbia's territorial integrity and its sovereignty over Kosovo should be maintained. Since Belgrade wishes to retain ultimate control over Kosovo's foreign and external economic policy, it rules out granting Kosovo any of the rights or prerogatives that belong to sovereign states. In January 2006, Kostunica obtained cross-party parliamentary support for the government's stance. In October of the same year, the government organised a referendum that reasserted Serbia's claim to Kosovo. And Kostunica has repeatedly and implausibly threatened "serious consequences" for relations with countries that recognise Kosovo's independence. The new government has endorsed this approach, although the fact that Tadic's DS is the leading party in the coalition could broaden the framework for discussion.

Serbia's current stance does not take into account the views of Kosovo's Albanian majority. Serbia did

not involve them in the 2006 referendum; and it does not acknowledge the fact that under an 'autonomy without sovereignty' settlement, Kosovo Albanians would make up 20 per cent of Serbia's population, and would thus need corresponding representation in parliament and government in Belgrade. Kostunica's foreign affairs adviser recently described the Kosovo Albanians as 'an ethnic community from another country', which illustrates the leadership's continued reluctance to accept them as fellow citizens.

Serbia emphasises the principle of territorial integrity, the Helsinki Final Act (which legitimised post-war borders) and the UN Charter. It ignores the equally well established legal principle of self-determination, the consequences of Serbia's actions under Milosevic and the reasons for the humanitarian intervention in 1999. Serbia's stance also fails to take account of the key point stressed by Ahtisaari – that Kosovo is a unique situation requiring a unique solution.

Most importantly, Belgrade's approach is simply out of touch with reality. The overwhelming majority in Kosovo will never accept the transfer of ultimate political authority from the UN back to Belgrade. Kosovo's own politics are likely to remain factious and clan based. But that is not an argument for ignoring the wish of the overwhelming majority of Kosovo's population for their own future.

Encouragingly, there is a significant gap between Belgrade's official policy over Kosovo and public attitudes. When pollsters asked Serbs in November 2006 what they considered as their country's greatest problem, only 5 per cent put Kosovo at the top of the list. Unemployment (chosen by 26 per cent), poverty (22 per cent), economic underdevelopment (21 per cent), as well as crime and corruption (13 per cent) were all deemed far more important. Similarly, polls also indicate that Kosovo was not a significant factor in influencing how people voted in the January parliamentary election. Ceda Jovanovic and some other centre-left politicians are now saying openly that Serbia should accept Ahtisaari's proposals.

Russia's possible veto

Opposition to Ahtisaari's plan does not only come from within Serbia. Support in the UN Security Council is by no means assured. Russia's president, Vladimir Putin, and other Russian politicians have claimed that Kosovo could set an important and dangerous precedent for separatist movements in Russia's own neighbourhood and elsewhere in the world. Russia's stance is in fact conflicted. On the one hand, Russia does not want to trigger renewed demands for self-determination in Chechnya, even though the situation there has become less volatile. Russia also has political and economic reasons for currying favour with Serbia, and still feels resentful

about NATO's intervention there in 1999. On the other hand, the Russians could point to Kosovo's 'supervised independence' as a convenient precedent for the separation of Abkhazia or South Ossetia from Georgia. Moscow could thus use the Kosovo issue as a subtle tool to destabilise Georgia in the long run.

So far, the Putin administration has not made any irrevocable commitment to veto a Kosovo resolution that is supported by other members of the contact group. But it has broadly backed the Serb position in increasingly strong terms, while playing for time. Moscow maintains that Kosovo should not gain independence unless this is agreed in renewed negotiations with Serbia. The UN Security Council resolution, which is being drafted at the time of writing, cannot confer independence on Kosovo, but it can provide the legal basis for the implementation of Ahtisaari's proposals. The western members of the contact group hope that the resolution can be agreed quickly. Russia's immediate aim is probably to delay a settlement as long as possible.

In the short to medium term, there is a risk of protracted diplomatic haggling at the UN while frustration, and maybe instability, rises further in Kosovo. In the longer term, it remains to be seen whether Russia can or wants to go as far as blocking any movement in the UN going beyond resolution 1244 from 1999. Such reluctance looks unlikely, or at least unreasonable, since Moscow has no real stake in Kosovo, so it would be expending goodwill, or exhausting patience, to little avail. Neither Belgrade nor Moscow have produced viable alternative proposals. Meanwhile, US President George W Bush, on visits to Albania and Bulgaria, has given his personal backing to independence.

Within the EU, there was initial hesitation by member countries that themselves grapple with minority issues, such as Spain. Serbia has focused diplomatic efforts on bringing neighbouring Greece on its side. Cyprus continues to express some doubts, given its own division. Slovakia remains cautious because of internal political differences and its Hungarian minority. And Romania looks uneasily at the implications that Kosovo independence could have for Transnistria, the Russian-speaking region that seeks to separate from neighbouring Moldova. But leadership by the EU members in the contact group and Solana, and the discipline of EU common foreign policy, have largely overcome these divisions. If and when a UN resolution is passed, the EU is most likely to remain united and ready to back and implement the Ahtisaari plan.

The Kosovo endgame

Ahtisaari's proposals are carefully balanced. They probably provide the only fair and workable way forward in a situation that has changed irreversibly

during the past ten years. While there may be room for adjustment on the margins, there is simply no prospect that the Kosovo Albanians would accept Belgrade's proposals, which amount to reassertion of a measure of control over Kosovo. If the Serbian government tried to enforce such a route, it would be likely to trigger an uprising in Kosovo. In March 2004, Kosovo Albanians committed deplorable acts of violence against Serb settlements in Kosovo. The possibility that such violence might recur is not, and should not be, the reason for supporting Ahtisaari's proposals. But neither can the depth of Kosovo's resistance to any control by Belgrade be ignored. The aim of the international community is to create long-term stability in Kosovo.

If Serbia were eventually to acquiesce in an outcome of 'supervised independence' for Kosovo, it might seek the separation of the mainly Serb areas of Kosovo as a face-saving compromise. In particular, it might promote the separation of the area in Kosovo that is north of the river Ibar, including much of the town of Kosovska Mitrovica. Some 50,000 Serbs live in this area, but few Kosovo Albanians.

On the surface, partition might look as if it could provide a sustainable solution. In practice, however, it would be likely to destabilise Kosovo, as it would reduce the security of the remaining Serbs in Kosovo. Out of a total of 130,000, some 70,000 live in smaller communities, many of which are mixed, south of the Ibar. Division could also provoke demands from ethnic Albanians in the Presevo Valley in the south of Serbia for secession to Kosovo. And it would add to existing pressures from the ethnic Serb population in Republika Srpska to seek independence from Bosnia and Herzegovina.

Serbia needs to think again

Despite the factionalism and score-settling that characterise Serbian politics, the country has made considerable progress in recent years. Growing foreign investment is a sign of confidence in Serbia's economic future. The peaceful separation from Montenegro shows that negotiated solutions are feasible. Serbia remains committed to its objective of joining the EU. Within the country, technocratic forces, alongside business, civil society and an ambitious younger generation, are pushing for a more modern and open society. However, these trends have yet to lead to a significant change in the attitudes of older voters and much of the political elite.

The main pro-reform parties, and the electorate they represent, need to update their view on what is best for their country. They need to realise that collectively they are much stronger than the Radicals and other nationalist groups. The new government, if it proves cohesive and confident, should be able to achieve significantly more than the previous coalitions.

President Tadic now enjoys more de facto executive power. Together with Prime Minister Kostunica, he must provide leadership of a new order. The constant political bickering must stop. If the new government shows vision and resolve, voter confidence will increase. This, in turn, would be good for the economy and provide a better background for the difficult decisions the government will have to take.

The most difficult decision will concern Kosovo, but the government must break the habit of treating Kosovo as a defining issue for other vital areas of interest. Serbia must ask itself what would be the consequences of keeping a disaffected province under its sovereignty. It needs to be clear about the impact that this would have on its chances of joining the EU. Given the EU's existing enlargement fatigue, how likely is it that it would admit a small country burdened with so many internal divisions?

More immediately, the DS (as the dominant party in the new government), as well as the DSS and G17 Plus, have to realise that the way they now engage with the electorate and the international community over Kosovo will determine Serbia's EU accession prospects. If Belgrade continues to fan nationalist emotions in Serbia and among the Kosovo Serbs, without offering any credible alternative, Serbia's European perspective could be set back a long way. Furthermore, the government should no longer postpone dealing with Mladic and Karadzic in the vain hope that the EU will acquiesce in pretended action. In short, Serbia must behave with political maturity and in a European manner, if it wishes to be taken seriously by the EU.

The EU must stand ready

If Serbia can make these changes, the EU must be ready to respond quickly and to help consolidate progress. The decision to restart the SAA talks has provided a merited reward. But it has also put the ball back in Belgrade's court, which is where it should be. In order to maintain confidence, Serbia must now immediately give substance to its commitments to the ICTY by doing everything possible to find and deliver Mladic and Karadzic.

If Serbia can deliver on the ICTY, and bring itself genuinely to work for stability in Kosovo, the EU should conclude an SAA and go beyond this to grant candidate status as early as is reasonable. Such an upgrade would give impetus to the next phase of Serbia's reform process, but would have to be earned. As enlargement commissioner Rehn has already indicated, the EU will want to see full co-operation leading to the actual delivery of at least one of the two key indictees, probably before it concludes the SAA and certainly before accession talks begin. This was, very reasonably, the

condition for Croatia (over General Gotovina, who was arrested in 2005) and goes to the heart of respect for the rule of law.

However, the EU, and the rest of the international community, should also prepare themselves for a less favourable outcome. Serbia may not understand that unambiguous and sustained action is needed over Mladic and Karadzic. This would not be the first time that nationalist pressures derail an apparently constructive approach over the ICTY.

Moreover, if Serbia's new government will not cooperate over Kosovo, this must not be allowed to obstruct the implementation of Ahtisaari's proposals. Provided that a sound framework can be created within the UN Security Council, the EU must be ready to recognise the independence of Kosovo, subject to the supervision and framework of safeguards envisaged by Ahtisaari.

In such a scenario, the EU should act as a shock-absorber and persist patiently in engaging with Serbian politicians and civil society in as many other fields as possible. The message should continue to be that Serbia has to cease living in the past, and switch its focus to meeting the conditions of EU membership. Further co-operation between the EU and Serbia – after Kosovo independence – will require an enlightened government in Serbia. However, if Belgrade were to isolate itself, the EU must be able to make clear to the Serbian electorate where the responsibility lies.

Fundamental change in Serbia is likely to be gradual, and may be fitful. It is probably only when EU membership starts to look attainable, rather than being a distant prospect, that Serbs will really overcome their nationalistic mindset, and a forward-looking political class will emerge. For this, Serbia will need the continued support of EU governments, as well as the United States. As with any other country that aspires to become a member, the EU may have to postpone the accession process if Serbia reneges on commitments. The EU's message must be that it stands firm on its conditionality, and that Serbia must genuinely and consistently demonstrate European values and behaviour if it wants to become a member. Serbia has to adapt to the EU, not the other way round.

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