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U.S. and EU set to visit Belgrade to offset recent escalation between Serbia and Bosnia

Since 2011, the U.S. and European officials have sought to normalize relations between Kosovo and Serbia and to broker a political settlement on practical issues such as freedom of movement, border management, mutual recognition of diplomas to name a few. However most, if not all of the agreements, have never been fully implemented. With Russia's ensuing war in Ukraine, and the aspirations of both Serbia and Kosovo to join the EU, there has been a greater sense of urgency by the EU and U.S. to reinvigorate dialogue between the two countries.

Efforts to revitalize talks became apparent in September 2022 after rumors emerged of a new framework developed by recently appointed envoys to the region from Paris and Berlin, referred to as the new German-French proposal for a deal on Kosovo's final status. These rumors were later confirmed by both countries, acknowledging they were aware of the draft proposal on Kosovo's final status, however stating that there was disagreement about what the document actually stated. From the perspective of Serbian President, the document suggests that Kosovo should gain UN membership without Serbian opposition and in return Serbia would receive financial aid and a fast-track to EU membership, something he argues Serbia can never agree upon as it is against the country's constitution. Kosovo's Foreign Minister Donika Gervella however insists the Serbian President's portrayal of the proposal is only partially accurate, and that its main purpose is to serve as a starting point to engage in dialogue and clarify problematic issues between the two countries.

Despite apparent disagreements, France and Germany, with the backing of the EU, and support of the US were initially optimistic about reaching a deal between Serbia and Kosovo by the end of 2022. Since November 2022 however, tensions between Belgrade and Pristina have escalated to an all-time high, stoking fears that the German-French proposal will now face major setbacks. In an effort to thwart relations from further deteriorating, the EU and NATO have called upon both sides to refrain from taking any unilateral actions. Additionally, the head of European diplomacy, Joseph Borrell, sent a revised version of the proposal to both countries for review 6 December 2022 with the hopes of resuming the Belgrade-Pristina dialogue.

Later, 4 January 2023, Serbian President Aleksandar Vucic announced that Derek Chollet, a State Department Chancellor from the U.S. is scheduled to visit between the 11-12 of January 2023 prompted by the recent escalation of tensions between Serbia and Kosovo and Serbia's refusal to apply sanctions on Russia. The President also informed that EU negotiators would come to Belgrade shortly after to discuss possible solutions to stabilize relations between Belgrade and Pristina following the recent flare up. Although the tensions between Kosovo and Serbia have somewhat simmered in recent days, it is highly unlikely that any agreement on the final status of Kosovo will be reached anytime soon, especially in consideration of President Vucic's recent remarks to the media about the withdrawal of an additional nine countries who do not recognize Kosovo's independence from Serbia.

Croatia Faces Shock After Joining the Eurozone

As of 1 January 2023, Croatia became a full member of the EU, after officially joining the eurozone and Schengen visa area. Now Croatians, a population of nearly 420 million, have the right to travel and work freely within all 27 EU member states. It also means that Croatia will now be financially integrated to the other 19 eurozone countries and the European Central Bank.

However, the recent introduction of the euro as the main tender has given Croatians little to celebrate. Even before entering the eurozone, as many as 40% of Croatians expressed they were against it. Despite the initial assurances from the government and central bank that prices would not increase, citizens have reported widespread price hikes from retailers and service providers. Croatians in response have expressed outrage, triggering the government to react by calling out retailers and their prices as unjustified and deceptive to citizens.

Croatia, however, is not the first country to encounter this problem. Other countries such as Slovenia, who joined the eurozone in 2004, also saw their prices soar after entering the eurozone, and decisively responded by creating a "black list" of retail chains that increased their prices, a tactic currently being considered by the Croatian Economy Minister Davor Filipović, as noted in his recent tweet "all options are on the table, from black lists to a freeze on prices on a wide array of products."

Montenegro likely to hold Snap Elections

On Wednesday 4 January 2023, representatives from a group of parties led by pro-Russian Democratic Front in Montenegro failed to reach an agreement to form a government led by Prime Minister-designate Miodrag Lekic. Initially, Lekic's had hoped to form a new government by 20 January, comprised of the three parties controlling 81 of the legislature's 81 seats – Democratic Front, the Democrats and the Ura movement.

However, Lekic's mandate to form a government has been heavily criticized. The mandate was given following a controversial amendment to the law on the president that undermines part of the constitutional powers of President Milo Djukanović. The European Union and the US have both warned that the current crisis could jeopardize Montenegro's path to EU membership and destabilize its relations with allies.

The current political crisis suggests the need for simultaneous presidential and parliamentary elections. Since August 2022, the country has been in political gridlock after the government of former Prime Minister Dritan Abazovic received a vote of no-confidence.

Moldova aggravates Transnistria and Russia with bid to criminalize separatist activities

In late December 2022, Lawmakers in Moldova passed a series of amendments to the Criminal Code that sought to strengthen state security by outlawing "the initiation, organization or setting up of illegal intelligence structures on the territory of the country". Amendments made to the Criminal Code were protested immediately after from authorities of Transnistria and from Russia sensing that they were being targeted. Transnistria, a separatist republic in Moldova, borders western Ukraine and is controlled by pro-Russian separatists and permanently hosts 1,500 Russian troops as well as a large arms storage areas. Deputies of Transnistria's Supreme Soviet have since then requested that the parliament of Moldova refrains from passing the draft law in the final reading. In the event that they do, authorities in Tiraspol, have threatened to adopt responsive measures to the Criminal Code. The foreign minister of the separatist region, Vitali Ignatiev has also requested an extensive explanation as to why these Criminal Codes are being adopted, deemed as a serious threat to peace, security and the negotiation process. Alongside of the Transnistria authorities, Russian Ministry of Foreign Affairs, Maria Zakharova, has also warned that the amendment will not contribute to the resolution of the Transnistrian conflict.