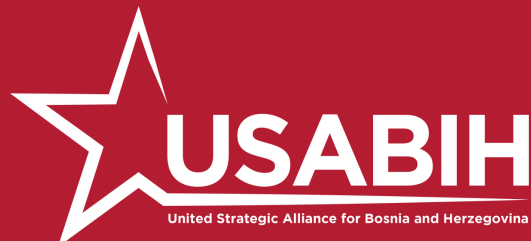


# Western Balkans Policy Report

Fall 2024 / Winter 2025

# AMERICAN INTERESTS IN PERIL

*Rising geopolitical tensions and Russia's and China's increasingly aggressive influence threaten regional stability in the Western Balkans. The United States must reinvigorate its commitment to strengthen ties with its most consistent regional allies.*



# EXECUTIVE SUMMARY

American interests in the Western Balkans are under threat. Rising geopolitical tensions and increasingly aggressive influence by foreign malign powers imperil decades of U.S. investment in regional security and stability.

To address this challenge, the United States must reaffirm and deepen its commitment to its most reliable allies in the region, especially Bosnia and Herzegovina (BiH). To secure the stability of the region and to protect its weight and credibility in BiH, the United States must:



Spearhead the effort to appoint a new High Representative to BiH committed to truly non-biased international oversight, transparency and democratic governance



Renew support for rulings from the European Court of Human Rights (ECHR) as key to any constitutional reform processes in BiH and the country's path to NATO and the EU



Honor its commitments to true and loyal regional allies to hedge against Russian and Chinese interference that undermines and threatens U.S. regional primacy



Lead efforts to establish a permanent NATO interoperability center in BiH's Brčko District to ensure regional security and stability



Increase Congressional oversight of Western Balkans policy to counter often myopic and detrimental policy decisions

## WHO WE ARE

The United Strategic Alliance for Bosnia and Herzegovina (USABiH) is a Washington, D.C.-based organization dedicated to strengthening the partnership between the United States and Bosnia and Herzegovina. We advocate for mutually advantageous policies that protect the security, stability, and prosperity of both countries.



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# Towards a reset of U.S. policy in the Western Balkans

U.S. strategic interests in the Western Balkans are in peril.

In Serbia, the new government formed in early 2024 includes U.S.-sanctioned politicians elected to the highest offices of state<sup>i</sup> with a clear record of supporting and facilitating Russian influence in the region, chief among them Deputy PM Aleksandar Vulin. This comes on the heels of a rapid upsurge in Serb nationalist violence in Kosovo in late 2023<sup>ii</sup> and the formation of a government in Montenegro sympathetic to the Kremlin<sup>iii</sup> only a few years after the country joined NATO.

Now, Bosnia and Herzegovina represents a fertile opportunity for the United States to check Russian expansionism and to bolster Bosnia's defense capabilities to secure regional stability.

The United States has played a critical, perhaps even outsized, role in the formation of the modern Bosnian state, starting with George H.W. Bush's recognition of the country's independence from Yugoslavia in 1992. It later took the lead in halting the genocidal war against Bosnia's sovereignty and ending the conflict through the Clinton administration's authorship of the 1995 Dayton Peace Agreement.

In the three decades since then, American officials have hoped that the EU would take up the baton of regional primacy. That has not occurred.

Instead, in the absence of strong American leadership:

- The EU has not expanded since 2013. Its most pro-Russian member states now dominate the bloc's enlargement policy.
- In the region itself, Russian expansionist ambitions have gone relatively unchecked. In November 2023, Ukrainian president Volodymyr Zelenskyy warned that Vladimir Putin was looking to open a "second front" in the Balkans<sup>iv</sup>.
- China, too, has increased its regional presence. It has sold significant arms and security equipment to Serbia<sup>v</sup> and has invested in multibillion-dollar infrastructure projects in Serbia, Montenegro, and Croatia. In the center of Belgrade, an imposing 45 million euro "Chinese Cultural Center" - the largest such facility in Europe - speaks to Beijing's newfound influence in the country.

In January 2024, a now annual paramilitary march through Banja Luka, the de facto capital of BiH's Serb-dominated Republika Srpska (RS) entity and Bosnia's second largest city, saw members of the Russian paramilitary group (the Night Wolves) join heavily armed RS police in a parade glorifying the onset of the '92 – '95 war of aggression and genocide in Bosnia and Herzegovina.

The U.S. responded with an F-16 flyover while the UK imposed a new round of sanctions against a company with ties to secessionist strongman Milorad Dodik.

### **Tit-for-tat responses by the U.S. undermine American strength**

Since 2006, the U.S. has sought to maintain regional stability but without offering American leadership. This muddled approach has thus seen American officials inadvertently strengthen the hand of known Russian proxies to the detriment of proven allies.

It is time for Washington to reset its approach to the Western Balkans.

**The centerpiece of this reformed approach must be the recognition that America's chief geopolitical adversaries—Russia and China—rarely act directly in BiH or in the Western Balkans. Instead, in almost every instance, they act through local proxies. Countering malign Russian and Chinese interference in the region, therefore, requires confronting their local collaborators.**

In the wake of the ongoing Russia-Ukraine war, conflict in BiH would seriously destabilize the whole of Southeastern Europe and strengthen the Russian and Chinese foothold in the region.

### **BiH's constitution requires substantive reform**

In August 2023, a ruling by the European Court of Human Rights (Kovačević vs. the Bosnian state) concluded that BiH's constitution requires categorical reform to end the discriminatory principle of ethnic representation as a core pillar of Bosnia's political system.

As the legal architect and primary guarantor of the Dayton Peace Agreement, Annex IV of which serves as Bosnia's constitution, the United States must support the legally binding rulings of the ECHR as a prerequisite to Bosnia's EU membership and long term prosperity.

Despite majority citizen support favoring Bosnia's NATO and EU aspirations, Serb and Croat nationalists have blocked even the most modest attempts at reforming the country's constitutional regime as required by the ECHR.

Serbia continues to foment anti-NATO rhetoric in the region and to support Bosnian Serb nationalists in their attempts to block reforms required for BiH's accession to NATO and the EU.

It is in America's interest to support BiH's accession into the Euro-Atlantic order.

In the United States, bipartisan support for NATO enlargement is critical to securing Western interests in Europe – in recent years, North Macedonia and Montenegro joined NATO under Republican leadership, while Sweden and Finland joined under a Democrat president. Bosnia's accession to NATO would form a strong Euro-Atlantic bloc in the Western Balkans and would place severe pressure on the Kremlin-aligned government in Belgrade. This would allow the U.S to apply its full weight to the Kosovo-Serbia dispute and to bring Kosovo into NATO and the EU. For Serbia, this would open path to EU membership.

### **Anti-democratic interventions in BiH's electoral process undermine U.S. credibility**

Current U.S. policy in BiH and its support for anti-democratic interventions in BiH's electoral process undermine decades of U.S. investment in democratic reform and governance.

On October 2, 2022, just minutes after the polls closed, the U.S. supported<sup>vi</sup> startling interventions by the Office of the High Representative (OHR) in Bosnia and Herzegovina's general election. With explicit American backing—and against strident EU opposition—High Representative Christian Schmidt, the diplomatic guardian of the Dayton Agreement, invoked his fiat Bonn Powers to unilaterally amend the way votes were to be counted.

*The OHR's intervention demonstrably altered the outcomes of the elections in a way not seen anywhere in the democratic world in modern history. It was an affront to the very foundation of democracy and democratic governance in Europe.*

This means that citizens went to the polls casting their votes with expectations aligned to one set of electoral rules, but instead were confronted with their votes being tabulated under a completely new set of electoral regulations changed moments after the last polling station closed.

Schmidt's amendments gerrymandered the electoral system of the FBiH entity to make government formation without the ultra-nationalist Croat party, HDZ BiH, virtually impossible despite the party receiving less than 10% of the national vote.

This effectively enforced a system of minority governance over the majority.

Schmidt, and the U.S. embassy in Sarajevo, falsely claimed that these amendments would streamline the process of forming a new government despite HDZ BiH blocking its formation for four years after the 2018 elections while insisting on further sectarian provisions within the entity's constitution and election law.

Over the next seven months, until April 2023, the process of forming a government resulted in gridlock forcing the OHR to reconsider its own constitutional and electoral amendments.

Even then, however, Schmidt acted in purely ad hoc fashion. He took the unprecedented step to temporarily suspend the Federation's constitution<sup>vii</sup> with the sole purpose of ensuring that the HDZ BiH could not be ejected in the event of a future government (re)formation.

The Bonn Powers, and the ability for the OHR to intervene in the political process in Bosnia and Herzegovina, are still a critical and necessary tool for BiH's governance. However, the use of these powers should adhere to international political standards centered on the core principles of good democratic governance - not on supporting discriminatory practices.

### **The United States must course correct its Western Balkans policy**

The measures taken by Schmidt ultimately resulted in the U.S. publicly backing a government dominated by Russian proxies Milorad Dodik, leader of the Bosnian Serbs, and Dragan Čović, the HDZ BiH leader, *even as American taxpayers were funding Ukraine's defense against Russian aggression to the tune of tens of billions of dollars.*

It is difficult to overstate how damaging the U.S. embassy's role in Schmidt's interventions was to U.S. credibility in BiH and the region.

In the last year, however, the United States has taken more measured actions:

- ✓ In January 2024, the U.S. conducted a F-16 flyover of BiH in response to ongoing secessionist threats by the Milorad Dodik regime in the Republika Srpska (RS) entity.
- ✓ Secretary Blinken has identified HDZ BiH leader Čović as a key impediment to a gas pipeline project to wean BiH off Russian gas.

This is a positive shift. But it is insufficient.

It is now clear to both the Bosnian public and our European partners that the U.S. has an incredible degree of power to influence politics in Bosnia and Herzegovina, and that longtime obstructionist antics by Čović, Dodik, and others exist largely because they are tolerated by the United States.

This culture of appeasement must end, and its end must also result in substantive, material political changes in BiH that restore the integrity of the Bosnian state and its sovereign right to manage its own affairs.

American leadership remains indispensable in the Western Balkans. U.S. policy in BiH and the region must seek to deepen democratic representation, strengthen the rule of law, and buttress the security capabilities of its allies.

# POLICY RECOMMENDATIONS

## **Policy Recommendation No. 1: The U.S. should support the appointment of a new High Representative for Bosnia and Herzegovina.**

Schmidt's close links to Zagreb (and the ultra-nationalist HDZ in Croatia and BiH) and his mishandling of his office since his appointment have made him unsuitable to continue in the post, especially in a moment of significant political reorganization.

The new High Representative should have a background in constitutional affairs, should come from a country with a multiethnic populace and strong democratic traditions, and should be vetted thoroughly to ensure that they have no political or financial ties to any of the relevant political actors in BiH or the region.

## **Policy Recommendation No. 2: The U.S. must insist on rulings of the European Court of Human Rights (ECHR) as key to reform processes in BiH.**

The United States should make clear that all negotiations on electoral reform in BiH must be in line with all ECHR rulings and that no accommodations will be made for sectarian proposals that will further deepen political and social divisions in the country.

The U.S. must communicate to all BiH leaders, especially Čović, that it will no longer wait indefinitely for them to undertake concrete measures to realize the rulings of the ECHR with an emphasis on the 2023 Kovačević ruling.

Failure to adhere to ECHR rulings by local actors will result in the use of Bonn Powers to compel reform and in direct sanctions to those undermining the reform process.

The U.S. should also communicate to Zagreb and Belgrade that meddling in these processes is not welcome, and that any attempt by Croatia or Serbia to undermine or intervene in the U.S.-led efforts to restore the rule of law in BiH will result in negative consequences to their bilateral relations with Washington.



**Policy Recommendation No. 3: To counter Russian and Chinese malign influence in the region, the U.S. must recognize that Serbia is not a reliable regional partner.**

American policymakers must recognize that the idea of “keeping Belgrade out of Russia’s orbit” is an idea whose time has long passed. After the 2023 Serbian-sponsored paramilitary attack in Banjska, and the attacks on NATO peacekeepers in Zvečan by Serb nationalist militants, we must recognize that Aleksandar Vučić’s Belgrade is not a reliable regional partner and never will be.

The U.S. should make it a priority to eject Serbian political influence from within BiH, Montenegro, and Kosovo, and to deepen its relations with political actors in each country who advocate for the protection of sovereign rights.

The U.S. should also increase pressure on the EU and relevant European capitals to expand the scope of sanctions against pro-Russian and pro-Chinese actors in the Western Balkans.

**Policy Recommendation No. 4: The U.S. and BiH should strengthen their military partnerships and direct NATO to establish a permanent interoperability center in BiH’s Brčko district.**

U.S. regional interests in the Western Balkans are safer when Bosnia and Herzegovina is able to defend itself, by itself against any form of aggression.

The U.S. should increase material support and training to the BiH Armed Forces and relevant security services with an emphasis on developing a comprehensive plan of action to counter any attempt at secession.

As part of this plan, the U.S. and Bosnia should partner together on a NATO-led permanent interoperability center in Bosnia’s strategic Brčko District. The U.S. should also capitalize on BiH’s successful arms and munitions manufacturing industry and increase FDI for production in the Federation entity to support not only greater volume but also a broader category of arms and munitions that these facilities can produce.

**Policy Recommendation No. 5: Congress should increase oversight of administration policies in BiH and the Western Balkans, with an emphasis on regular hearings with expert, non-government witnesses.**

Finally, Congress must re-engage with BiH and the Western Balkans to ensure the application of consistent, value-driven, and strategically coherent activities by the U.S. in the region. That will require that Congress deepens its own expertise and interest in regional affairs, which necessitates regular Congressional hearings in both the House and Senate.

The handful of such hearings which have taken place in recent years, however, have almost exclusively featured testimony from officials at the State Department. However, when it is State Department policy itself that is contributing to regional instability – as was the case in October 2022 in BiH or in Kosovo throughout 2023 – the limits of such an approach are glaringly obvious.

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<sup>i</sup> Baletic, M. S., Katarina. (2024, April 30). Serbia Names US-Sanctioned, Pro-Russian Politicians as Ministers. *Balkan Insight*. <https://balkaninsight.com/2024/04/30/serbia-names-us-sanctioned-pro-russian-politicians-as-ministers/>

<sup>ii</sup> Kosovo indicts 45 on terrorism charges over 2023 attack. (2024, September 11). *Reuters*. <https://www.reuters.com/world/europe/kosovo-indicts-45-terrorism-charges-over-2023-attack-2024-09-11/>

<sup>iii</sup> Montenegro's new government takes power, looks at EU membership. (14:36:17 +01:00). Euronews. <https://www.euronews.com/2023/10/31/montenegros-new-government-finally-takes-power-after-coalition-with-anti-western-pro-russi>

<sup>iv</sup> Zelensky warns about target for Putin's next "distraction." (2023, November 16). Newsweek. <https://www.newsweek.com/zelensky-putin-balkans-distraction-middle-east-1844392>

<sup>v</sup> Serbia highlights importance of Chinese defence equipment. (2023, October 23). *Reuters*. <https://www.reuters.com/world/serbia-highlights-importance-chinese-defence-equipment-2023-10-23/>

<sup>vi</sup> Bassuener, B. W., Kurt. (2022, October 5). *US Reinvests in Ethnic Oligarchy in Bosnia, Abandoning Support for Integration*. Just Security. <https://www.justsecurity.org/83373/us-reinvests-in-ethnic-oligarchy-in-bosnia-abandoning-support-for-integration/>

<sup>vii</sup> *Bosnia and Herzegovina: Freedom in the World 2024 Country Report*. (n.d.). Freedom House. Retrieved November 7, 2024, from <https://freedomhouse.org/country/bosnia-and-herzegovina/freedom-world/2024>