

TALLINN UNIVERSITY OF TECHNOLOGY

School of Business and Governance

Department of Law

Maria Kristiina Melanie Piipponen

**THE TERRITORY EXCHANGE OF KOSOVO AND SERBIA:
RISK TO THE EUROPEAN STABILITY**

Bachelor's thesis

Programme of International Relations

Supervisor: Vlad Vernygora, MA

Tallinn 2019

I declare that I have compiled the paper independently
and all works, important standpoints and data by other authors
have been properly referenced and the same paper
has not been previously been presented for grading.
The document length is 9765 words from the introduction to the end of conclusion.

Maria Kristiina Melanie Piipponen

(signature, date)

Student code: 156105TASB

Student e-mail address: piipponen.maria@gmail.com

Supervisor: Vlad Vernygora, MA

The paper conforms to requirements in force

.....

(signature, date)

Chairman of the Defence Committee:

Permitted to the defence

.....

(name, signature, date)

TABLE OF CONTENTS

ABSTRACT	4
LIST OF ABBREVIATIONS	5
INTRODUCTION	6
1. TERRITORY EXCHANGE AND THE EUROPEAN UNION-FACILITATED DIALOGUE	9
1.1 Territory exchange: a general overview	9
1.2 Background of the territory exchange: the case of Kosovo and Serbia	10
1.3 The efforts to reconcile the relations of Kosovo and Serbia	12
1.3.1 The Cooper round in the EU facilitated dialogue	13
1.3.2 The Ashton round in the EU facilitated dialogue.....	14
2. TERRITORY EXCHANGE IN DIFFERENT PERSPECTIVES.....	16
2.1 The legal execution and obstacles of territory exchange	16
2.2 Political dialogue on the territory exchange	17
2.2.1 Domestic perspectives of Kosovo and Serbia.....	18
2.2.2 Foreign perspective on the territorial exchange between Kosovo and Serbia.....	19
2.3 Economic value of Mitrovica and Preševo.....	21
2.4 The social effects of territory exchange	23
3. ANALYSING THE RISKS OF TERRITORY EXCHANGE TO THE EUROPEAN STABILITY	25
3.1 Big man politics	25
3.1.1 Short-term solutions, ambiguousness and triumphalism.....	26
3.1.2 The <i>de jure</i> recognition of Kosovo as a bargaining chip.....	27
3.2 Drawing ethnic borders	27
3.3 Opening Pandora's Box.....	29
CONCLUSION	32
LIST OF REFERENCES.....	34

ABSTRACT

The objective of this thesis is to establish an observation-based understanding of the latest development in regards of territorial exchange between Kosovo and Serbia, while aiming at identifying a range of possible risks that the exchange can bring to European stability in general. Researching this subject is crucial from a number of perspectives, especially in the context of re-activation of separatist and nationalist movements in Europe. Moreover, a territorial exchange as a possible solution to eventually reach a rapprochement in a frozen conflict (and the move's effect) has not been well-researched in the field of political science; particularly, when it comes to an academia-driven discussion on possible effects from completing such an exchange. Therefore, this paper focuses on identifying these effects/consequences through historiographic approach of reflecting the past reconciliation process and study the territory exchange in the legal, political, economic and social perspectives to review the level of stability executing the exchange. Consequently, the thesis provides a risk assessment combining the consequences and identifying the regional and European level risks. The thesis is going to confirm the ethnic homogeneous incentive as a threat to regional stability. The events unraveling in the Western Balkans will serve as an example and prospective justification to other states to conduct similar actions to execute their national interests. Studying a territory exchange as a factor in the framework of resolving the Kosovo-Serbian frozen conflict adds value in understanding the process of conflict resolution, handling territorial disputes and the role of external powers in the process.

Keywords: territory exchange, border adjustment, Serbia, Kosovo, former Yugoslavia.

LIST OF ABBREVIATIONS

AKK	Alliance for the Future of Kosovo
EEAS	European External Action Services
EU	European Union
FRY	Federal Republic of Yugoslavia
FYROM	Former Yugoslavian Republic of Macedonia
IBM	Integrated Boundary/Border Management
ICJ	International Court of Justice
ISIL	Islamic State of Iraq and the Levant
ICTY	International Court Tribunal for the former Yugoslavia
KLA	Kosovo Liberation Army
KSF	Kosovo Security Force
KFOR	Kosovo Force
NATO	North Atlantic Treaty Organization
OSCE	Organization for Security and Cooperation in Europe
PDK	Democratic Party of Kosovo
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organizations
UNMIK	United Nations Mission in Kosovo
WBG	World Bank Group

INTRODUCTION

In 2018, a new form of reconciliation was proposed, after more than seven years of a dialogue facilitated by the European Union (EU), to normalize the relations between Serbia and Kosovo, and almost on 10th anniversary of Kosovo's semi-formal independence. The 'territory exchange' or 'border adjustment' proposition was raised by both Presidents of Serbia and Kosovo as a "final phase" (Salihu 2018) to the EU-mediated dialogue. The territory swap is suggested to be exchanged between northern Kosovo municipality of Mitrovica and southern Serbian municipality of Preševo. The hostile relations between Serbia and Kosovo date back to the collapse of Yugoslavia in 1991, which enabled the rise of Slobodan Milošević, a conservative nationalist and the former President of both Federal Republic of Yugoslavia (FRY) and Serbia. Under his authority the autonomous status of Kosovo was removed (Kosovo enjoyed significant level of autonomy until 1989). In addition, he mobilized the FRY's troops to forcefully remove ethnic Albanians from the Kosovo territory. The disputed unilateral declaration of independence of Kosovo in 2008 created tension between Belgrade and Pristina due to the International Court of Justice (ICJ) resolution, stating the self-determination was conducted within the legal framework of international law. In 2007, the United Nations Special Envoy Martti Ahtisaari (2007, 3) argued in his letter to the UN Security Council that the declaration of Kosovo independence is crucial for the stability of the whole region. In addition, he argued that the idea of Kosovo returning under the governing authority of Serbia was "irreversible" (Ahtisaari 2007, 3). As seen in the following years after the unilateral declaration of independence of Kosovo, the position of Belgrade regarding Kosovo's political status remains the same prior to 2008.

This paper aims at identifying the risks that the aforementioned territory exchange of Serbia and Kosovo may be imposing for European stability. In order to understand the territory exchange conceptually, it is important to determine the notion on a general level. Furthermore, it is relevant to look into the Kosovo-Serbian case and determine through normative discourse analysis why it is different from other territorial disputes. More specifically, should one want to establish an understanding of the relations between of the two conflicting sides, it is important

through process tracing to analyze the progress and what efforts have been used in normalizing bilateral relations within the framework of the EU-driven mediation process. Before conducting such an extensive land swap, it is essential to approach the subject of territory exchange with observational and ethnographic methods from different angles. Researching these perspectives, facilitates the identification of the risks and answers questions such as what are the legal obstacles and the economic effects of territory exchange. Moreover, it will answer how are the domestic and foreign opinions affect the outcome of the territory exchange, and lastly, what is the societal position of both minority groups. Finally, in the analytical section, a range of possible risks of territorial exchange will be outlined through the method of process tracing.

The thesis will be divided in three separate sections. In the first section, the territory exchange as a concept will be outlined on a general level, with the examples of the most recent territory exchange and border correction to be presented. The section continues with the descriptive framework of the case of Serbia-Kosovo territory exchange through giving a short historical overview on similar exchanges idea in the Balkans and, finally, by presenting the dialogue of both Presidents on the subject. The following part will review the progress of the EU-mediated dialogue to gain a greater understanding of cooperation of Kosovo and Serbia, decision making and sustainability of the negotiated agreements through process tracing. To expand the scope of the reconciliation path of Kosovo and Serbia in more depth of process tracing the Comprehensive Proposal for Kosovo Status Settlement will be also included in the analysis.

The second section of the thesis will be approached through empirical research in covering four different perspectives in regards of the territory exchange. Firstly, the legal perspective of the thesis will analyze the legal treaties of international law and the constitutions of both Kosovo and Serbia through content analysis, to determine the possibility of realizing the territorial exchange and what legal obstacles it can impose. The following part, will analyze through normative discourse analysis the domestic political reactions and dialogue on the territory exchange, to establish a sense of the unanimity and support within the governments of Serbia and Kosovo. The foreign political perspective plays an important role to determine the outside view. The analysis will be achieved through critical discourse analysis presenting different positions, the official front of states such as Russia's, expert opinion on assessing the consequences of the territory exchange and a letter from non-governmental actors opposing the exchange. The assessment of the economies of both exchange territories of Mitrovica and Preševo is fundamental in order to compare the economic value of the territories and weigh out the

economic equality. The method used in assessing the economic values of the territories is the content analysis of the EU-issued reports on trade and World Bank-generated analytical materials on poverty in Serbia. Lastly, in the social perspective will be revealed through the critical discourse analysis by following the expert opinion on the effects of territory exchange for the minority groups and present ethnographic factors risking the territorial changes.

The final section is the analytical part of the paper, through the method of anticipating critical transitions of territory exchange. The findings of the empirical research will be divided into the risk factors and executed in process tracing method. The analytical section will answer questions, such as what are the risks of territory exchange in the form of reconciliation, what aspects are creating instability, and how they will affect regionally and at the European level.

1. TERRITORY EXCHANGE AND THE EUROPEAN UNION-FACILITATED DIALOGUE

1.1 Territory exchange: a general overview

The term “territory exchange” is not formally recognized in the field of political science, however the territorial disputes and border disputes are recognized internationally. A territorial dispute is when a state claims a disputed territory belonging to another state and wanting to change the status quo by acquiring the disputed territory (Wiegand 2011, 42). However, changing status quo is not always the motivation. The states can end up giving away the disputed areas in order to gain compensations such as economic or political benefits which can vary from diplomatic relations or political support (*ibid*, 42). The organ solving the territorial disputes is the International Court of Justice (ICJ) which is reflecting on the aspects such as the treaty law, geography, culture and history in the disputed cases (Approaches... 2010, 2). The process of the ICJ is to rule in favor of one disputed party to distinguish under whose legal framework the territory falls under. An example of a territory dispute settled by ICJ is the Libya and Chad dispute over the resources-rich territory of the Aozou Strip, annexed by Libya in 1973. The Court ruled in favor of Chad on the basis of 1955 Treaty of Friendship and Good Neighborliness (Approaches...2010,6).

The border disputes are difficult to resolve, because the international law does not contain a clear set of norms and the governments are unwilling to lose their political and national interests in the ICJ process (Approaches... 2010, 6). In border disputes the economic and social interest are linked, since the disputed area may contain important natural resources such as water or be a geographically strategic region. The parties involved in a border dispute reach an agreement bilaterally, due to the unwillingness to lose their dispute in the international arbitration, which often leads the losing side not implementing the arbitral conclusion (Approaches...2010, 6). An example of the most recent border dispute was India and Bangladesh exchanging 162 enclaves in 2016. The process begun in 1950s and advanced slowly due to the domestic opposition in India. In the case of India-Bangladeshi border dispute, a public survey, statelessness status of

minorities living in enclaves and the change in political power played a role in the border correction process. Another recent border correction was conducted between the Netherlands and Belgium, due to difficulties in controlling the drug-dealing traffic and other jurisdiction related problems. In both cases the border issues were settled bilaterally without the interference of third party arbitration and in a mutual peaceful understanding. The territorial disputes with the prior experience of violence, ethnic-conflict and third-party involvement are the intensifying risks factors. Other risks of territorial disputes resulting in escalating into the war is the ethnic minority demanding state sovereignty, state views its territory as indivisible. In addition, the territorial dispute poses a highest risk of internal conflict in the case of internal rivalries or previous military victory by one side of the internal minority group (Approaches...2010, 2-45).

1.2 Background of the territory exchange: the case of Kosovo and Serbia

In the relatively recent historic period, the region of the Balkans has experienced series of ethnically charged conflicts throughout the 1990s, which escalated into a multiplicity of genocides in Bosnia and Herzegovina. The redefining borders concept between the states of Kosovo and Serbian territory first emerged in 1980s among the Serbian academic circles. The topic re-surfaced in 2017 by the Congressman of the United States, vocal supporter of Kosovo, Dana Rohrabacher, addressing the former Serbian President Tomislav Nikolić in considering the alteration of the northern border between Serbia and Kosovo (Salihu 2018). The rhetoric of a historic solution was detected in April 2018 in the Balkan Policy Research Group Conference, where the presidents of Kosovo and Serbia attended. The Serbian President Aleksandar Vučić and the President of Kosovo Hashim Thaçi both have a nationalist background prior to their precedencies. The Serbian President Vučić joined in 1993 the Serbian Radical Party, led by the ultra-nationalist leader Vojislav Šešelj. In 1998, Vučić served as an information minister in a government with the loyalty to the former Serbian nationalist president Milošević. Similarly, the Kosovo President Hashim Thaçi has a past in founding the ethnic Albanian nationalist politico-military organization of the Kosovo Liberation Army (KLA). Moreover, Thaçi has been accused, later on acquitted of war crimes in the International Criminal Tribunal for the former Yugoslavia (ICTY). The Presidents have been criticized by for being “ethnic nationalists who still lack adequate respect for minorities” (Serwer 2018).

The territory exchange has been suggested, yet not formally confirmed, between the northern Kosovo region, more precisely the area of Mitrovica with the large Kosovo Serbian minority group of approximately 22,530 (Municipal Profile... 2018, 1) and the southern part of Serbia town of Preševo with a significant minority group of ethnic Albanians (see *Figure 1*).



Figure 1. Map of the exchanging territories of Mitrovica and Preševo

Source: Financial Times, 2018

The territorial exchange comes as a *last resort* solution or a compromise for the non-recognition of Kosovo's unilateral declaration of independence in 2008 (Serbia proposes... 2018). The President of Serbia Vučić (2018) argued, that the demarcation is necessary to prevent the spreading of the Albanian population, due to the high birth rate of ethnic Albanian population in Kosovo. In addition, he stated in an interview that he plans to retrieve as much territory as possible from Kosovo (*ibid.*). However, one key motivation in finding a resolution with Kosovo for Serbia is the permanent EU membership. The European Commission released a strategy report in February 2018 (Strategy for... 2018), stating that Serbia and Montenegro have to complete their accession process by 2025 to further the discussions on the EU membership, which means Serbia is obliged to deliver definitive solutions to the dispute with Kosovo (*ibid.*). The President of Kosovo Thaçi has an opposing perspective on the territory exchange between the two sides. Bekim Çollaku (2018), the Chief of Staff of the Kosovo President, noted that Kosovo is willing to adjust borders with Serbia. However, he emphasizes that the territory swap is signifying exchanging municipalities, and Kosovo is not willing to negotiate in giving up territory to Serbia, especially the region of North Kosovo due to the significant resources and industrial assets (Çollaku 2018). The deal with Serbia is, however, crucial for Kosovo in order to become a member of major international organizations, and therefore Kosovo is willing to explore different options to secure the *de jure* recognition from Serbia (Çollaku 2018).

1.3 The efforts to reconcile the relations of Kosovo and Serbia

The international community, more specifically the UN and the EU, participates in the reconciliation process of Kosovo and Serbia. The Comprehensive Proposal for the Kosovo Status Settlement better known as Ahtisaari Plan, was the first effort to reconcile the relations of Kosovo and Serbia in 2007. The Ahtisaari Plan is important to review in order to understand the basis and starting point of the reconciliation process, according to the anonymous official of the Organization of Security and Co-operation in Europe (OSCE). The objective of the Comprehensive Proposal for the Kosovo Status Settlement was to grant independence for Kosovo, since it had been living in separation from Serbia for eight years and affiliating Kosovo back to the former discriminatory state was a non-peaceful solution. The former President of Kosovo Fatmir Sejdiu stated in 2007, Kosovo had to make “painful compromises” while drafting the Ahtisaari Plan, which included making Serbian as one of the official languages of Kosovo, despite their five percent representation of the population (OSCE Mission...2007,6). Furthermore, the Kosovo-based Serbian population were given political representation, rights in local governance in the North Kosovo and the agreement supported the preserving of Serbian cultural and religious heritage (*ibid*, 6). The former President Boris Tadić rejected the proposal on the basis of violation of the state sovereignty of Serbia, with reference to the international agreements of the UN Charter and the Helsinki Final Act (*ibid*, 8). Serbia was willing to compromise by giving a substantial internationally recognized autonomy, which contradicted with the independence aspirations of Kosovo. The Comprehensive Proposal for the Kosovo Status Settlement did not reach a political consensus, which led to the unilateral declaration of Kosovo’s independence in 2008.

In 2011, the EU took an initiative on normalization the relations between Kosovo and Serbia through the Brussels-bound framework known as the Belgrade-Pristina dialogue. The objective for starting the negotiations was to normalize the relations between Serbia and Kosovo. According to the report *An Analysis of EULEX and EU-Facilitated Belgrade-Pristina Dialogue* (2018) the aim of the dialogue was to improve the lives of both populations, promote cooperation and helping the progress towards the EU membership (Van der Borgh 2017, 40). The position and motivations of Kosovo and Serbia were contradicting before starting the normalization of the relations. Serbia was looking for ways to get its claim over northern Kosovo and to an “honorable way” to accept the permanent loss of Kosovo (*ibid*, 41). The Kosovo government expressed skepticism towards the EU, due to the non-recognition of Kosovo

independence by five-member states. The willingness to pursue the dialogue was driven by the technical difficulties. Kosovo was facing issues such as the telecommunication and energy dispute, effects of Serbian trade embargo on the economy and travel difficulties to Serbia or other European states (Van der Borgh 2017, 40-42).

1.3.1 The Cooper round in the EU facilitated dialogue

The dialogue was divided in technical and political negotiation rounds, to work in gaining trust towards the more difficult political problems. In the first rounds of discussions hosted by the European External Action Services (EEAS) Counselor Robert Cooper, the conversations started from technical issues, which affect quality of living in both societies. The discussions were between the leaders of the Serbian and Kosovo negotiation teams, of Borko Stefanović and Kosovo's negotiating team with the leadership of Edita Tahiri. The disagreements and hostilities became clear in the beginning of the dialogue while discussing customs. The Serbian Foreign Minister Stefanović made a historical meeting to Pristina, after the 1999 NATO bombing campaign, which followed the demonstrations of Vetëvendosje's, *Self-Determination*, activists. Shortly after the visit, another setback the 'July crisis' emerged, due to the trade embargo on Kosovo products, issued by Serbia after the declaration of independence (Van der Borgh 2018, 47). The crisis escalated when Kosovo's government issued an embargo on Serbian goods, which did not hold in northern Kosovo, and resulted in Kosovo's government mobilize its special police unit to gain control over its border points in the north. The presence of Kosovo Albanian police provoked the Kosovo Serbian population, and the crisis escalated in the death of one member of Kosovo special police force in the northern region of Mitrovica (*ibid*, 46). The crisis showed the tension within the North Kosovo territory, presence of parallel structures in the region and the risk of an armed conflict.

Despite the July crisis, the Counselor Cooper managed to mediate a significant agreement on 'Integrated Boundary Management' (IBM). The non-recognition factor affected the wording of the IBM agreement, because the word 'border' would signify Serbia recognizing the sovereign state borders of Kosovo. In addition, to avoid conflict in the mutual border crossings, the state symbols such as flags were bound in the borders (Van der Borgh 2018, 48). The IBM agreement has been criticized to "exercise ambiguity" (Emini and Stakic 2018, 3), due to the dual meaning 'border' and 'boundary' of the title of the agreement. Drafting ambiguous agreements were "the only way forward" in order to continue the negotiations (*ibid*, 3). Furthermore, the report argues the legal ambiguity allows the elites of both Kosovo and Serbia exercise 'triumphalism' such as

President Thaçi claiming Serbia recognized Kosovo as an independent state, after agreeing on IBM and mutual border crossing agreement (Emini and Stakic 2018, 3). Moreover, the agreements negotiated during Cooper round, such as the acceptance of the university diplomas and the energy transmission agreement have been stagnated in the implementation process.

1.3.2 The Ashton round in the EU facilitated dialogue

When it comes to ending the parallel structures (the influence of Serbian government in the northern Kosovo), the EU High Representative Catherine Ashton negotiated the First Agreement of Principles Governing the Normalization of Relations known as the Brussels Agreement. The agreement included the representation of Kosovo-based Serbian population in the North Kosovo, under the institutional framework of Kosovo (Van der Borgh 2017, 57). More specifically, this meant establishing a panel of ethnic Kosovo Serbian judges, who would operate in all the municipalities with the majority of the Kosovo Serbian population (*ibid*, 58). The Brussels Agreement was seen successful in the EU, yet strongly opposed by the Vetëvendosje Kosovo Albanian nationalist party, stating “Kosovo is turning into Bosnia”, referring to the Republika Srpska influenced and falling under framework of the Serbian government (Van der Borgh 2017, 58).

The Brussels Agreement was a historical milestone; however, it faced some challenges in the implementation due to the sensitivity of particularly the establishment of the Association/Community of Kosovo Serbian majority municipalities, which is more drafted agreement on the development of northern Kosovo. In the Ashton round, the political triumphalism was seen in Serbian high official Marko Đurić commenting after the agreement of the Association/Community, “a 5-0 victory for Serbia” (Emini and Stakic 2018, 3). Since agreeing in 2015 on ratifying the agreements to induce rights of Kosovo Serbian population in North Kosovo, the Association/Community agreement has not progressed. Nonetheless, the agreements such as the adaptation of the municipal statues and the inauguration of the municipal bodies in all four municipalities have stagnated, due to the non-ratification of Association/Community agreement (*ibid*, 5).

To summarize, the EU dialogue was essentially a continuation process to the Ahtisaari Plan, which was rejected by Serbia. The aim was to normalize the relations between Serbia and Kosovo, to navigate first through technical difficulties and then move to more challenging political issues. The hostilities became clear with the opposition of Vetëvendosje and the July

crisis. However, milestone agreements were made such as the IBM and the Brussels Agreement. The ambiguousness in the negotiations resulted in triumphalism and non-implementation of the agreements.

2. TERRITORY EXCHANGE IN DIFFERENT PERSPECTIVES

2.1 The legal execution and obstacles of territory exchange

When it comes to the legal execution of territory exchange, the universal agreement of the UN Charter 1945 and international agreement of the Helsinki Final Act 1975 portraying the European principles are reviewed as well as the Constitutions of the Republics of Serbia and Kosovo. The UN Charter's Chapter 8 Article 52 (1945) focuses on territorial disputes, stating that the UN members can "achieve pacific settlement of local disputes through such regional arrangements or by such regional agencies". This interpretation allows the territory exchange conducted by regional agencies, which in the case on Kosovo and Serbia are the both governments. However, the pacific settlement of the dispute, must be enforced by the UN Security Council's authority and must be done with the authorization of the Security Council (*ibid.*). In theory it means, that if the UN Security Council's 15 members see it as a threat to peace or as an act of aggression, the regional arrangements can be blocked.

Following the principalities set by the UN Charter, the Helsinki Accords known as Helsinki Final Act was drafted in 1975 to bringing the East and the West closer during the Cold War. The international agreement has no legally binding function as the UN Charter, but can be seen as more detailed framework of the European guiding principalities. The Helsinki Final Act states in the first chapter on sovereign equality (Conference... 1975), respect for the rights inherent in sovereignty, the "frontiers can be changed, in accordance with international law..." (*ibid.*). The Helsinki Final Act supports the moving of frontiers with the agreement between the two participating states. However, Serbia has not recognized Kosovo as an independent state and considers it as one of the provinces, which makes the territorial exchange against the principle set by the agreement. Furthermore, in chapter three of inviolability of frontiers (*ibid.*), the agreement emphasizes the participating states in Europe (excluding Albania and Andorra refusing to sign the Accords) "refrain now and in the future from assaulting these frontiers" (*ibid.*). The emphasis does not support of redrawing the frontiers in European soil, which means the European principles are against such territory exchange.

In the Constitution of the Republic of Serbia emphasizes in the Article 8 on territory and border (2006), their territory is “inseparable and indivisible”. Consequently, the article proceeds that the border “may be altered” with the amendment of the Constitution. To amend the Constitution of Serbia according to the article 203, the Serbian National Assembly must adopt a two third majority of the total number of deputies. In addition, the amendment must be endorsed by the public referendum and finally the National Assembly is obliged to amend the act in the Constitution (2006). The Constitution of Republic of Kosovo states in the Article 18 on the ratification of international agreements (2008), that it requires the support of two thirds of deputies in Kosovo National Assembly in cases relating to territory, peace, alliances, political and military issues. The amendment to the Constitution of Kosovo (2008), can be proposed by the government, the President or one fourth of the deputies of the Assembly of Kosovo. The amendment of the Constitution requires approval of two thirds of all deputies, including the ones representing the minority communities in the Republic of Kosovo (due to the multiethnic basis), according to the Article 144 (2008). The territory exchange or border correction of Kosovo and Serbia in the case of ethnic homogeneous basis, it will contradict with the multiethnic Constitution of Kosovo. Abovementioned legal aspects on territory exchange have in theory supporting mechanism in realizing the exchange, but the main obstacle for Serbia is recognizing *de jure* Kosovo as a sovereign state.

2.2 Political dialogue on the territory exchange

The territory exchange or border adjustment has been named as a *final phase* to conclude the negotiation process through the EU mediated Belgrade-Pristina dialogue. According to the discussion report Options for the Legally Binding Agreement, Muharemmi (2018, 15) notes that the interest of Serbia in the territory exchange is a compromise, which brings concrete benefits. The benefit in the territory exchange is to obtain EU membership without recognizing formally Kosovo an independent state, in order to ‘save-face’ (*ibid*, 15). Moreover, Serbia has an interest to keep as much power and influence as possible in North Kosovo municipalities, which could be achieved through the territorial exchange with Kosovo. For the remaining Serbs, the ideal situation would be the full implementation of the Association/Community agreements to strengthen the position of Serbs in Kosovo (*ibid*, 15). Furthermore, the report argues, Kosovo expecting a legally binding agreement that will resolve the political differences of Kosovo and

Serbia regarding the resistance in recognizing Kosovo independence (*ibid*,14). A legally binding and full unconditional international agreement would serve as a peace treaty for Kosovo. Kosovo wants to ensure the exclusive jurisdiction of its territory and excluding Serbia from interfering in Kosovo's internal affairs (*ibid*, 14). Finally, Kosovo has an interest in adjusting the border with Serbia but without losing any territory (Muharemmi 2018, 14-15).

2.2.1 Domestic perspectives of Kosovo and Serbia

To begin with the domestic front, Kosovo's political parties have reacted critically against the territory exchange. The head of the Democratic Party of Kosovo (PDK) and the current president of the Kosovo Assembly, Kadri Veseli has opposed to the idea of territorial exchange by stating "the partition of Kosovo will never be on the negotiating table" (Muharemmi 2018). The Prime Minister of Kosovo Ramush Haradinaj, representing the Alliance for the Future of Kosovo (AKK) party (in coalition with PDK), has declared opposition toward the border corrections, due to the risk of new wars (*ibid.*). Despite the domestic opposition, the President of Kosovo Hashim Thaçi has expressed being open for new solutions regarding the frozen conflict between Kosovo and Serbia. The President Thaçi (2018) states in an interview: "I'm against ethnic borders. But I'm also not naïve" referring to the Serbia attempt to slowing down the formal recognition of Kosovo with the territorial exchange (Burazer 2018). He continues by stating that southern municipalities of Serbia such as the Preševo valley had already expressed its willingness to be a part of Kosovo in 1992. Moreover, in the interview, Thaçi emphasizes having a strong belief of Kosovo eventually becoming a member of the EU, NATO and the UN with the support of the Quint countries (Burazer 2018).

The Serbian President Aleksandar Vučić was the one publicly re-initiating the conversation of territory exchange in April of 2018, together with the President Thaçi in the European Forum in Alpbach, Austria. The opposition in Serbia on the subject of recognizing Kosovo's independence has been clear. However, the former Serbian Foreign Minister Vuk Jeremić is opposing any solution foreseeing Kosovo's accession to the UN (Muharemmi 2018). The government of Serbia has not released an official stance on the execution of the new reconciliation solution. According to the Research Institute of Development and European Affairs and the Balkans Policy Research Group the Serbian leaders have a 'do nothing, wait and delay' approach to the subject of territory exchange with Kosovo (Muharemmi 2018, 16). Nonetheless, the rhetoric on the subject on the territorial exchange can be detected from the speech of President Vučić held in North Kosovo's municipality of Mitrovica in September 2018. The President Vučić corrects the

allegation of Serbia recognizing Kosovo as “a notorious lie” and highlights the importance of giving more rights to Kosovo Serbian population in order to become a part of “the civilized world” (The President..., 2018).

2.2.2 Foreign perspective on the territorial exchange between Kosovo and Serbia

As UN Special Envoy Martti Ahtisaari concluded the Comprehensive Proposal for the Kosovo Status Settlement “Kosovo is a unique case that demands a unique solution” (OSCE Mission... 2007, 4). The unique reconciliation solution of territory exchange or border adjustment supported by the Presidents of both republics has not gained the support of the international community. The German Chancellor Angela Merkel has strongly opposed the territorial exchange arguing the “Western-Balkan borders should remain inviolable” (Gray 2018). Furthermore, the Balkan experts, former diplomats and different regional organizations have opposed the border change by writing an ‘Open Letter’ to the current mediator of the Belgrade-Pristina dialogue the High Representative of the EU Frederica Mogherini in addition to the letter of Citizens and Friends of the Balkans against Partition/Land Swap (Rudic 2018). Both letters express their concern for the direction of ethnic homogeneity the territorial changes impose and its effects on the regional states. Moreover, the letters highlight its concern over the territory exchange, which can lead towards the direction of discriminating minorities and the organizations that signed the letter fear the societies will develop an opposing value for the basic human rights. The letter of Citizens and Friends of the Balkans against Partition/Land Swap states that the territory exchange negotiations “give international license to a brand of big man politics that should have long since been banished from the region” with the expense and wellbeing of the citizens (Civil society... 2018).

On the contrary, finding bilateral solutions and reach an agreement is encouraged by the EU Enlargement Commissioner Johannes Hahn. However, he emphasizes the solution “should not serve as a blueprint for other issues” (Muharemmi 2018). Other vocal supporter for the territory exchange is the US National Security Advisor John Bolton, who expressed that the United States supports territory swap as a way to normalize relations (*ibid.*). Russia’s Prime Minister Dimitry Medvedev, has, according to the Kosovo President Thaçi expressed his support in accordance of a bilateral agreement between Kosovo and Serbia (Salihu 2018). Nonetheless, a Russian journalist Leonid Bershidsky argues that the recognition of Kosovo by Serbia might persuade Russia, the close ally of Serbia, stop vetoing the UN membership of Kosovo, which eventually means accepting the territorial exchange as well (Bershidsky 2018). However, the most recent

turn of events in December 2018, the Kosovo parliament adopting three law drafts to expand the competences of the Kosovo Security Force (KSF) in order to convert into a regular army has being described by NATO as “ill-timed” decision (Kosovo Votes... 2018). The responsibility of securing Kosovo was adopted through the UN Resolution 1244 in 1999, which established the UN Interim Administration Mission in Kosovo, enabling the creation of the NATO led Kosovo Force (KFOR). The President of Serbia Aleksandar Vučić and Milorad Dodik, the Chair of Bosnian Tripartite Presidency shared a similar view on Kosovo’s decision jeopardizing the peace and stability in the region (*ibid.*). The Special Representative of the Secretary General for Kosovo and Head of the United Nations Mission in Kosovo (UNMIK) Zahir Tanin urged “all parties to refrain from actions that could exacerbate tensions” (Kosovo Votes... 2018).

The Balkan region has been named a ‘ticking time bomb’ after the Western involvement and attempts to end the inter-ethnic wars in the region. According to MacDonawall (2018), there is a growing concern on the effects of Kosovo-Serbian territorial changes, opening a “Pandora’s Box”. The concern of ethnically divided Bosnia and Herzegovina and the former Yugoslav Republic of Macedonia (FYROM), has been discussed among critics opposing the territorial exchange. According to Joseph (2018), the territory exchange will have an *alluring* appeal on the “unhappy people to depart one ethnically mixed country for a homogenous one” which will intrigue every minority in the region. He emphasizes that the war in Bosnia and Herzegovina is inevitable, because of the Bosnian majority never accepting the loss of the territory of Republika Srpska dominated by Serbs, due to the ethnic cleansing in 1995. The article continues to argue that there is no possibility of Bosnia and Herzegovina to divide into homogenous regions due to the Muslim religious factor, which is heavily supported by Turkey. Nonetheless, the Bosnia and Herzegovina have a relative high percentage of the terrorist organization Islamic State of Iraq and the Levant (ISIL) recruits from the region, whose return can increase influence of ISIL in Europe (Joseph 2018). The chain reaction of Kosovo-Serbian territory exchange having an effect on the Republic of Macedonia is possible, according to Joseph. Macedonia has a significant ethnic Albanian community (between a quarter and a third of the population), which nearly had a war in 2001 with ethnic Macedonians (Joseph 2018).

According to the discussion report Options for the Legally Binding Agreement the partitioning and exchange of territory in Kosovo could lead to dissolution of Bosnia and Herzegovina and create a new conflict between Croats, Muslims and Serbs. In addition, the Albanians in Republic of Macedonia could claim unification with Albania or Kosovo. However, Muharemmi

emphasizes that the partitioning could trigger the reopening of the existing political and legal arrangements, such as the Dayton Agreement ending the ethnic cleansing in Bosnia and Herzegovina in 1995 (Muharemmi 2018, 33). The deviation from current multiethnic and liberal democracy basis built by the United States and European policy is going to destroy the multiethnic basis and will create another “Albanian state next to Albania” (*ibid*, 29). Moreover, it could enable the Russian Federation using the argument of ethnicity to legitimize their actions in Crimea, South Ossetia and Abkhazia (Muharemmi 2018, 33).

2.3 Economic value of Mitrovica and Preševo

When it comes to the economies of Serbia and Kosovo, both are signed into the Stabilization Accession Agreement of the EU and receiving funds with the prospect of becoming an EU member state. The pre-accession funding period for both Serbia and Kosovo are from 2007 to 2020. Serbia has received funds over 28 million to build modern border crossing in order to facilitate the free movement of goods and people (EU Commission... 2018). Kosovo received funds over 48.5 million for energy efficiency and environmental measures to improve the living quality in Kosovo (*ibid.*). The economy of Kosovo is dependent on Serbian imports, since alongside with the EU and China, Serbia is the top importing partner of Kosovo (Trade...Kosovo 2017). In addition, Kosovo is the poorest state in the Balkan region and dependent on the EU financial aid and EU market. On the contrary, to the Kosovo’s interdependent relation with the EU market, Serbia’s trading partners in imports and exports are mainly outside of the EU member states. The top three trading partners of Serbia are China, Russia and Switzerland (Trade...Serbia 2017).

The parallel structures in the North Kosovo territory has been a disputed topic even prior to the Belgrade-Pristina dialogue. In economic perspective, the parallelism has resulted in disputes between the ethnic Kosovo Serbian and Kosovo’s Albanian population in Trepča mining complex, the Gazivoda lake and the hydroelectric plant, all situated in northern part of Kosovo. The mineral production consists 30 percent of Kosovo’s exports, which plays an important role in sustaining their economy (Kosovo Exports 2018). The lake of Gazivoda is situated approximately 80 percent in the Kosovo territory and 20 percent in the Serbian territory. The lake is providing water for the North Kosovo region and electricity from the hydroelectric plant located in the lake of Gazivoda. The territory exchange of northern Kosovo municipality of

Mitrovica to southern Serbian region of Preševo, would be a significant economic loss for Kosovo. According to the World Bank Group (WBG) report on the monitoring of poverty in Serbia, the municipality of Preševo is located in the southern part of Serbia, the region is the most in risk, with the highest poverty percentage in 2011 (see *Figure 2* and *Figure 3*).

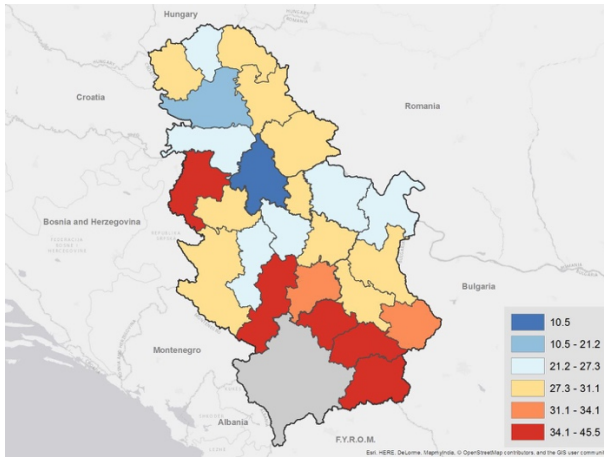


Figure 2. District-Level at-risk-of-poverty rates (percent)

Source: WBG (2016, 15)

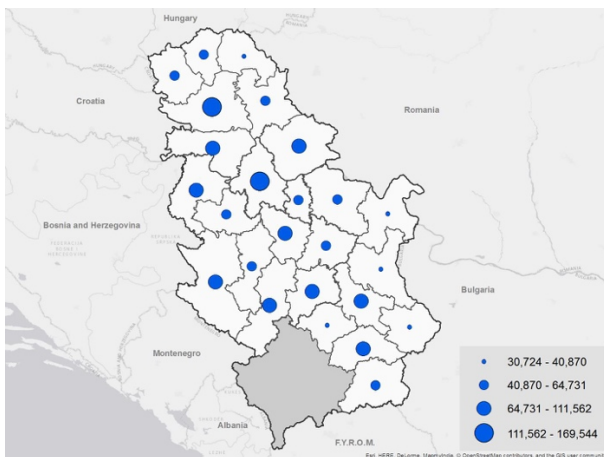


Figure 3. Number of individuals at risk of poverty (District)

Source: WBG (2016, 16)

The Preševo valley has no significant economic value as Mitrovica, since it is focusing on the agricultural sector of producing tobacco, wheat and corn. The area of Preševo has received funding through the European PROGRES development program funded by the EU and contributions from Switzerland and Serbia. The total funding to strengthen local governance, infrastructure and social inclusion has been approximately 270,000 euros, before the program was completed in March 2018 (Municipality Preševo 2018). In contrary, the EU has established a development fund for the North Kosovo, in which the municipality of Mitrovica has received

approximately three million euros for the improvement of infrastructure in 2017 (An overview... 2016). In total the North Kosovo has received over 14 million euros to construction and maintenance of public infrastructure, promotion of human rights and access to health care. To conclude, the territory exchange of Mitrovica to Preševo valley is an unequal exchange because of the significant difference in the economic values of the territories and the capital invested in the rebuilding of the areas. Kosovo is risking losing its two economically important industrial assets in the process of territory exchange with Serbia and is left with an area with a high risk of poverty.

2.4 The social effects of territory exchange

During the 10-year separation from Serbia, Kosovo has developed a new identity after declaring its independence in 2008. Kosovo has an orientation of the Euro-Atlantic community of democracies with a multi-ethnic and secular basis. The country has developed a close relationship with Western allies, more specifically with the United States, and is aspiring to join NATO after Serbian formal recognition of state sovereignty. The domination of Ottoman Empire has impacted Kosovo with the majority Muslim population, which has received support from Turkey. Presumably, Serbia as well as Kosovo, shares partially the Western European identity, with the exception of the Slavic heritage coming from the predominant Orthodox religion. The Slavic identity and close relations with Russia is distancing from the Western values, which is also why Serbia does not aspire to become a NATO member state (Muharemmi 2018, 13-18). The separation of Kosovo from Serbia has formed different cultural identities, with different national interest and future political aspirations. However, both parties have devoted to reconcile their relations through the EU dialogue and work on issues such as improving the lives of both populations, a task now endangered due to the discussions on territorial changes.

The border correction has been opposed among the Kosovo's National Assembly and the population of Kosovo. The concrete demonstration of the opposition was a road blockade to the North Kosovo village of Banje by 200 Kosovo war veterans, in order to stop the visit of Serbian President Aleksandar Vučić visit. The oppositional Vetëvendosje, a nationalist Albanian political party, has strongly opposed the territory swap. Their stance about any border adjustments was previously seen in the act of provocation in the Kosovo's Parliament to stop the voting bid on the agreement to adjust borders with Montenegro in March 2018. Another vocal Serbian opponent of territorial change is the influential figure in the Serbian Orthodox Church, the Abbot of Visoki

Deçani monastery in Kosovo, Father Sava Janjic. He states, that the effects of the future security and safety of the Serbian Church and the Serbian community in central Kosovo would be devastating (Rossi 2018). In the statement, Father Sava Janjic is referring to the Albanian extremists destroying Serbian cultural heritage between the years of 1999-2004. Since the UN Resolution 1244 the NATO presence in the region and the UNESCO world heritage protective status, preservation of Serbian Orthodox cultural heritage has been secured. Besides the religious concern, the exchange of the Kosovo Serbian dominated majority municipality of Mitrovica can have even more marginalizing effect on the minority rights in Kosovo. According to Capussela (2018), the Kosovo Serbian population is in risk of being gravely marginalized in Kosovo, and a target of resentment; this could eventually result in forced emigration in case the territory exchange is realized.

The territorial exchange will in contrary worsen the rights and representation of the minorities in Preševo and Mitrovica. The rights and position of the Preševo Albanian population will be diminished in the case of territory exchange. The Albanian population in Serbia currently enjoy the rights of a recognized state, benefitting from EU-supported standard of minority rights and free movement (Rossi 2018). In contrary to Capussela's opinion in the discussion report of Muharemmi, he states the territorial exchange would not result in mass movements of people, since the exodus of ethnic Serbian population and ethnic Albanian population already happened in 1999. However, Muharemmi states the biggest concern is the "internal power balance" switching within Kosovo causing a conflict in case of a non-consensual partition (Muharemmi 2018, 31). The two ethnic groups of the ethnic Serbian and ethnic Albanian population in Kosovo have been living together in separation, which can be indicated with in the youth not having the common language or knowledge of each other's culture and literature (*ibid*, 31). The presence of 4,000 NATO soldiers remaining within Kosovo's administrative lines with the military acquirements to react in the case of violent irruptions (Zivanovic 2018), is a clear indication of instability and hostility within Kosovo.

3. ANALYSING THE RISKS OF TERRITORY EXCHANGE TO THE EUROPEAN STABILITY

It is difficult to distinguish, whether the territory exchange / border adjustment of Kosovo and Serbia is difficult to distinguish is it a territorial dispute or a border dispute, since it contains the elements of both. The case of Kosovo and Serbia has the similar elements as seen commonly in border disputes. They are fighting over resources in the North Kosovo and are trying to reach a bilateral agreement on the subject of territory, without the arbitration of the ICJ. Furthermore, Kosovo-Serbian case have the intensifying risk factors in their territorial dispute such as prior experience in the internal rivalries, the background of an ethnically charged conflict and third-party involvement. What makes the case of Kosovo and Serbia different from the abovementioned examples of the border disputes, is using it as a method to reconcile a frozen conflict. Moreover, the factor of Serbia not recognizing the independence of Kosovo and therefore nor recognizing the borders, in addition to the interconnecting influence to the neighboring states and influence of the Western countries, are significant factors that make the case different from others. The elements, which enabled a successful territorial transition in the case of India-Bangladeshi exchange of 162 enclaves, were change of political power, mutual bilateral problem of statelessness and public consensus. The territory exchange/border adjustment of Kosovo and Serbia lacks the elements of mutual consensus, stable bilateral relations and international support, which unlikely result in a peaceful territorial transition as in the case of India-Bangladeshi and Netherlands-Belgium border corrections.

3.1 Big man politics

The big man politics critique was stated in the letter of Citizens and Friends of the Balkans against the Partition/Land Swap arguing the leaders of both Kosovo and Serbia are giving a license to exercise this type of non-democratic decision-making among the elites. The big man politics in the context of this thesis means both President Vučić and President Thaçi exercising their power without the backing of their governments nor the population. Both leaders are risking

to bring back the Milošević-time leadership in the region, which was a central factor in the escalation of Kosovo and Serbian relations into a conflict in 1998. Furthermore, the statement of Serwer arguing the democracies of both Kosovo and Serbia is run by the ethnic nationalist lacking an adequate respect for minorities, the big man politics is a one direct consequence of the ethnic nationalist backgrounds. The ethnic nationalism can be seen in Vučić in considering the ethnic Albanians secondary population group, in statements on fearing the spreading of ethnic Albanians and aspiring the Kosovo Serbian population to become part of “civilized population”.

3.1.1 Short-term solutions, ambiguousness and triumphalism

In 2007, the Comprehensive Proposal for the Kosovo Status Settlement was rejected by the Serbian President Boris Tadić. The reasoning for the rejection was due to the opposing views on the resolution of the conflict. From the beginning the basis for starting the EU mediated dialogue was hostile and lacking consensus in technical and political aspects. The aims of both parties in entering the EU dialogue were contradicting, and favored the Serbia’s interest in finding an ‘honorable way’ to partition with Kosovo, ‘do nothing and delay’ approach and gaining influence in the North Kosovo. In contrary for Kosovo, the EU mediation resulted in making short-sighted solutions in order to be recognized formally by Serbia, which in the long-run would have improved the internal balance among the ethnic groups and overall well-being of the population. Consequently, the contradicting aims and ethnic hostility between Serbia and Kosovo resulted in ambiguous agreements in order to move forward with the mediation process. The ambiguousness has reflected on the territorial change dialogue, with both parties discussing about different procedures of the territory exchange and the border adjustment.

The ambiguousness in the EU dialogue, however developed into triumphalism, which according to experts were slowing the actual ratification and implementation of the agreed topics. The agreements such as the Association/Community non-ratification created political tensions between the two parties and the stagnated the implementation of technical agreements on the energy transmissions, which has not developed the well-being of the Kosovo population. The triumphalism effected the success of the technical and political agreements negotiated within the framework of EU mediation, and moved the focus from the larger problems such as corruption and the formal recognition of Kosovo. These factors are inevitable to resolute in order to eventually become a permanent member of the EU, which was one of the aims of the EU dialogue. To conclude, the EU mediated dialogue has served as a façade, with difficulties in realizing the aims of Kosovo and the long-term goal of EU membership for both states. The

mediation gives an illusion of progress, but in contrary the negotiated agreements have not been implemented or being ratified, which is affecting the normalization of the relations process. Therefore, any territorial changes as a final phase for the EU dialogue is a short-term solution and has a risk of violence and confrontation, due to the instability of the bilateral relations.

3.1.2 The *de jure* recognition of Kosovo as a bargaining chip

Despite the fact that both Kosovo and Serbia are discussing about completely opposing procedures in the context of bilateral territorial changes, Kosovo's position in the dialogue is unequal due to the non-recognition of Serbia. As abovementioned, Kosovo's position in the EU dialogue was favoring Serbia's interest to become an EU member state alongside Montenegro in 2025, according to the EU enlargement strategy report. The territory exchange as a form of reconciliation is to support the political interest of Serbia and to avoid the *de jure* recognition of Kosovo. Serbia is enjoying the sovereign state status, which has established economic relations with the EU and non-EU states. In contrary, Kosovo is dependent in the Western political support, financial support from the EU and its internal markets as well. The prolonging of the non-recognition is hurting the development of Kosovo's infrastructure, political and economic development and integrating the multiethnic society, which is currently influenced parallel structures in North Kosovo by Serbia. The area of Mitrovica in northern Kosovo has some crucial industrial assets, water and electricity resources and has received investment in infrastructure, in contrary to the region of Preševo which is under high risk of poverty. Eventually, Serbia has to recognize Kosovo's independence in order to proceed in the EU accession process. The *de jure* recognition of Serbia, however, will not guarantee the EU membership due to the non-recognition of the five-member states and has the challenge in the UN membership as well due to the China's non-recognition.

3.2 Drawing ethnic borders

The Serbian government influence in the North Kosovo has affected the realization of Kosovo's multiethnic society, the ethnic nationalist Presidents and the historical background of ethnic wars are the risk factors in re-escalation of the regional conflicts. The territorial change on the basis of ethnic homogeneity is a significant risk for the regional stability of the Western Balkan region. The Presidents of Kosovo and Serbia are both lacking the consideration of minorities. In the speech in Mitrovica President Vučić emphasized wanting to improve the rights of Kosovo

Serbian population, however as concluded in the section on the social perspective on territory exchange, the procedure has an opposite effect. The effect is not only for the Kosovo Serbian minority but it will affect the preservation of Serbian cultural and Orthodox religious heritage. President Thaçi stated the ethnic Albanians in Preševo expressing their desire to be a part of Kosovo in 1992. However, this was before the NATO military intervention in 1999 and Serbian non-recognition of Kosovo's independence in 2008. As previously assessed by Capussela, the territorial exchange will hurt both minorities groups and they are risking to become more marginalized than before.

As abovementioned, Serbia has a significant influence over the North Kosovo, which is making the integration of the Kosovo Serbian population in Kosovo difficult. The parallel structures in the Mitrovica and other northern municipalities can be detected in disputes over the Trepča mining complex and over the natural resource and hydroelectric source of Gazivoda lake. Furthermore, the division within Kosovo can be seen through the ethnic groups living in separation and not understanding each other for example linguistically. On the political level, the Kosovo government has not implemented the Accession/Community agreement in order to give more rights to Kosovo Serbian population in the North Kosovo and by the strong opposition of Albanian nationalist political party of Vetëvendosje criticizing the progress' in the EU mediated dialogue. Over 4,000 NATO troops are securing within the administrative lines of Kosovo, which signifies the relations between the ethnic groups are on a unstable basis. As Muharemmi stated in his discussion report, a considerable risk on internal power switch within Kosovo can escalate into an internal conflict in case of non-consensual territorial change. Given the analysis in the empirical section of the paper, the consensual agreement on territorial changes is unlikely to happen due to current opposition among the public and in the governmental level.

Finally, the territorial change on the basis of drawing ethnically homogenous societies is going to fracture the multiethnic society basis of Kosovo. The society of Kosovo is built on the multiethnic basis which is indicated in the Constitution of Kosovo as well as the Comprehensive Proposal for the Kosovo Status Settlement. The reconciliation of Kosovo and Serbia has received an extensive involvement for the international organs such as the UN, OSCE and NATO. The majority of the international community was backing the declaration of independence of Kosovo, and Kosovo itself made difficult compromises in the Comprehensive Proposal for the Kosovo Status Settlement in order to become a sovereign state. These sacrifices would be damaged in the process of territorial changes. Furthermore, the international community, more specifically the

countries who were heavily involved in reconciliation process of Kosovo, have not supported the idea of violating the borders of Kosovo. The status quo between Serbia and Kosovo is partly built on the foundation of Kosovo's multiethnicity. In the case of erupting of an internal conflict within Kosovo as a repercussion of ethnically charged territorial changes, the rebuilding and renegotiating peace will be difficult due to the fracturing the basis. Finally, both Kosovo and Serbia are in the risk of losing the support of Western international community, in the case of non-consensual territorial exchange.

3.3 Opening Pandora's Box

As abovementioned, the reconciliation process of Kosovo and Serbia has received a lot of Western involvement. The Balkan region is notoriously called the 'ticking time bomb' of Europe due to the failure in the post-conflict reconstruction process. The region is fighting corruption, nepotism, poor governance and reliving the aftermath of the wars. The region has experienced ethnically charged wars with religious aspect, especially in the Bosnia and Herzegovina. The international community is aware of the risks of the Western Balkans, due to the large amount of breakaway territories, which is why the EU Enlargement Commissioner argued the Serbia and Kosovo's territorial changes should not serve as a blue print for others. The repercussions of Kosovo and Serbia territorial changes on the ethnic homogeneous basis is going to set an example regionally and in Europe at large. Kosovo has been argued being a *sui generis* case and acting on the basis of the *sui generis* position is a risk for the stability in Europe.

The country of Bosnia and Herzegovina has now been divided in three different ethnic groups: Bosnians, Croats and Serbians. Moreover, Bosnia and Herzegovina have different religious groups within the country, from which the Muslim community was targeted in the 1995 ethnic cleansing. The ethnic conflict in Bosnia and Herzegovina experienced a large exodus of Bosnian Muslim community (see *Figure 4*) and increased the amount of Serbian population in the region which is now called the Republika Srpska.

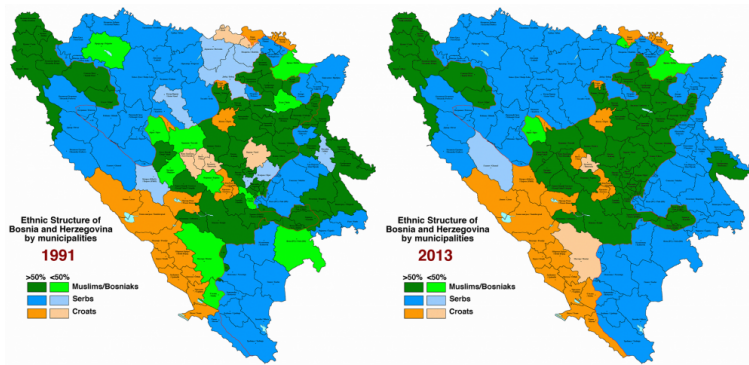


Figure 4. Ethnic Structure of Bosnia and Herzegovina by municipalities in 1991 and 2013

Source: Land of Maps

According to Joseph's argument the territory exchange of Serbia and Kosovo is risking to *allure* the neighboring countries minority groups, especially in Bosnia and Herzegovina due to the systematic ethnic cleansing of Bosnian Muslim community. The oppression of Bosnian Muslim community has affected and allowed the basis for radicalism in the region, which has resulted in ISIL recruitment in the region. This adds another risk factor to the instability within Bosnia and Herzegovina. Furthermore, Muharemmi argues the territory exchange of Kosovo and Serbia will reopen an old non-sustainable agreement such as the Dayton Agreement. Reopening old agreement will cause a power vacuum among the Western countries on the subject of who is responsible in renegotiating a peace agreement for Bosnia and Herzegovina. In the case of reopening the Dayton Agreement from 1995, which includes unresolved hostilities from the wartimes, adds a risk of restarting an ethnic conflict. The former Yugoslav Republic of Macedonia (FYROM) has a significant ethnic Albanian population habituated close to the borders of Kosovo and Albania (see *Figure 5*).

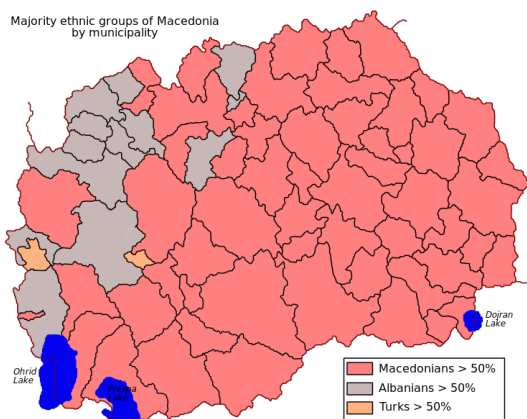


Figure 5. Majority ethnic groups of Macedonia by municipality

Source: enacedemic

According to Joseph's argument the FYROM ethnic Albanians might want to unify with Kosovo or Albania. However, in contrary to Bosnia and Herzegovina, the ethnic Albanian population in FYROM had received extensive rights in 2001 Orchid Agreement, which prevented the ethnic confrontation within the country. To conclude, the alluring of ethnic Albanian population on the basis of Kosovo and Serbian territorial changes to reactivate is unlikely to happen.

The argument of territory exchange opening a "Pandora's Box" in Europe, is a considerable risk in the time of reactivation of ideologies such as nationalism, radicalism and separatism. Firstly, the recent turn of events in Kosovo the government ruling on the creation of its own army, rises tensions in a possibility of an armed conflict between Serbia and Kosovo. The larger perspective and risk in Kosovo creating its own army, is the NATO presence in Kosovo and Russia possible backing Serbia militarily in the case of armed conflict. In the worst case, the creation of Kosovo army in the unstable political environment can result in an armed confrontation of the NATO allies and Russia on the European soil. Secondly, the territorial exchange can inspire reactivation of breakaway territories in European continent such as Transnistria and Nagorno Karabakh. Thirdly, Turkey has showed support to the Muslim population in Bosnia and Herzegovina, and with their current unpredictable politics, their implication is unknown. This increases the political instability in the Western Balkan region as well. Finally, the direct influence of territorial exchange on the ethnic basis can create a dangerous pattern of justifying annexation of territory on ethnical basis, according to Muharemmi. This could result in Russia implementing the pattern and legitimizing the annexation of Crimea, South Ossetia and Abkhazia.

CONCLUSION

The aim of the thesis was to research territory exchange of Kosovo and Serbia in the context of the reconciliation process as a part of the EU-mediated dialogue. Moreover, the aim was to conduct a risk assessment on the possible consequences, threats and instabilities, the territory exchange imposes internally, regionally and on the European scale. Researching the topic is crucial due to the re-activation of different ideologies in Europe and due to the instable security and political situation within the EU. The risk assessment is important to raise awareness on the Western Balkan countries, which are experiencing ethnic tensions and can be volatile in the unstable European political environment. The thesis started by establishing a general framework on territorial disputes, in order to understand the complexity of the Kosovo-Serbian territory exchange/border adjustment procedure. The findings of this thesis suggest the Kosovo-Serbian territorial dispute is containing risk elements to a non-peaceful outcome. Nonetheless, the previous efforts of reconciliation through the Comprehensive Proposal for Kosovo Status Settlement and the EU-mediated dialogue had no sustainable impact on improving the bilateral relations of Kosovo and Serbia. This creates an uncertain and unstable environment for conducting any territorial changes.

Throughout the analysis the inequality, ambiguousness and non-recognition factors regarding the territory exchange arose in several sections of the empirical section of the thesis. The territory exchange had legal obstacles, different economic value in the exchanging territories, domestic and foreign opposition. This thesis concluded, that the ethnic nationalist backgrounds of President Vučić and President Thaçi had impacted their way of leading the conversation on the subject of normalizing the relations. The backgrounds resulted in both Presidents exercising 'big man'-politics, which lacked in consideration of the ethnic minority groups and lacking the public and government consensus on both sides. The discussions on the territorial change domestically and in the international community suggested it having a purpose achieving of ethnic homogeneity. This however, is risking to start a conflict within Kosovo, inspiring neighboring minorities and fracturing relations with the international community. Finally, the territorial changes in current tense political situation, can have an effect on re-opening old agreements and

re-start an ethnic conflict in Bosnia and Herzegovina. The opening a “Pandora’s Box” and Kosovo’s decision in creating its own army can have an impact on the Russian-US relations negatively and inspire states with justifying annexation on the ethnic basis.

Overall, this thesis argues that the territory exchange/border adjustment in current political environment with the ethnic homogeneous incentive and with unstable bilateral relations, will have consequences internally within Kosovo, regionally (Western Balkans), and internationally (Europe and elsewhere). This thesis introduced an outside perspective on the subject of the territory exchange/border adjustment dialogue in the case of Kosovo-Serbia frozen conflict reconciliation and assessed the consequences and risks on a larger scale. For further research, the subject can be studied within the perspective of both Kosovo and Serbian societies, more specifically in the disputed region of the North Kosovo. For example, research more of the causes on the non-recognition and the reasoning behind unsuccessful post-conflict resolution methods. As the UN Special Envoy Martti Ahtisaari stated, Kosovo needs unique solutions and the only way to achieve the regional stability is to recognize Kosovo’s state sovereignty.

LIST OF REFERENCES

An overview of the relations between the EU and Kosovo (2016). EU Office in Kosovo.

Accessible:

https://eeas.europa.eu/delegations/kosovo/1387/node/1387_en, 12 November 2018.

Approaches to Solving Territorial Conflicts – Sources, Situations, Scenarios and Suggestions. (2010). The Carter Center. 6-45

Bekin Çollaku, chief of staff of Kosovo President Hashim Thaçi. A Peace Deal in the Balkans.

Jen Psaki. Podcast. Accessible:

https://soundcloud.com/diplopod/a-peace-deal-in-the-balkans?mkt_tok=eyJpIjoiT0RJM11XTTNaREU1TkROayIsInQiOiJDOUFoc3JECWIsN0I4ZWhtLzYzaDJlS3NZRlhRRGZmTThCa0VLaVRWaUVqeWdrM2lQdG9kamNOclFhQlQ5MGZMY1hubHlDankyblYwc25ueW5TSU1XUzkc3cm9SUW9hZjJxZ1wvSGVXOEprWEVCYk1lbkEwZ2xVNGlqTmt6Umw5Z01PIn0%3D, 22 November 2018.

Burazer, N. (2018). *[EWB Interview] Thaçi: Kosovo's EU future elusive without agreement with Serbia*. Accessible:

<https://europeanwesternbalkans.com/2018/08/27/ewb-interview-thaci-kosovos-eu-future-elusive-without-agreement-serbia/>, 18 October 2018.

Bershidsky, L. (2018). *Imagine Balkans without Balkanizations*. Accessible:

<https://www.bloomberg.com/opinion/articles/2018-09-22/kosovo-serbia-the-eu-and-the-twilight-of-balkanization>, 5 November 2018.

Capussela, A.L (2018). *Kosovo and Serbia: A dangerous but not unprecedented Balkan land swap*. Accessible:

<http://blogs.lse.ac.uk/europpblog/2018/08/29/kosovo-and-serbia-a-dangerous-but-not-unprecedented-balkan-land-swap/>, 12 November 2018.

Charter of the United Nations and Statute of the International Court of Justice (1945).

Accessible:

<https://treaties.un.org/doc/publication/ctc/uncharter.pdf>, 18 October 2018.

Civil society organizations from Serbia and Kosovo against the division of Kosovo. (2018).

Accessible:

<https://www.gradjanske.org/en/civil-society-organizations-from-serbia-and-kosovo-against-the-division-of-kosovo/>, 5 November 2018.

- Comprehensive Proposal for the Kosovo Status Settlement (2007).
Accessible:
<https://www.kuvendikosoves.org/common/docs/Comprehensive%20Proposal%20.pdf>, 26 November 2018.
- Conference on Security and Co-operation in Europe Final Act (1975).
Accessible:
<https://www.osce.org/helsinki-final-act?download=true>, 18 October 2018.
- Constitution of the Republic of Kosovo (2008).
Accessible:
<http://www.kryeministri-ks.net/repository/docs/Constitution1Kosovo.pdf>,
18 October 2018.
- Constitution of The Republic of Serbia (2006). Accessible:
<https://www.ilo.org/dyn/natlex/docs/ELECTRONIC/74694/119555/F838981147/SRB74694%20Eng.pdf>, 18 October 2018.
- Edward P. Joseph (2018). *How to Restart War in the Balkans*. Foreign Policy. Accessible:
<https://foreignpolicy.com/2018/09/04/how-to-restart-war-in-the-balkans/>
29 December 2018.
- Emini, D. Stakic, I. (2018). Belgrade and Pristina: lost in normalization? – Brief Issue, Vol.5.
April 2018. European Union Institute for Security Studies, 1-8.
- Enacademic. Accessible:
http://enacademic.com/pictures/enwiki/77/Map_of_the_majority_ethnic_groups_of_Macedonia_by_municipality.svg
1 December 2018.
- European Commission fact sheet 2018
EU-Western Balkans Economic Relations – investing in people, infrastructures and reforms.
- Federica Mogherini meets with Presidents Vučić of Serbia and Thaçi of Kosovo*. (2018). EEAS.
Accessible:
https://eeas.europa.eu/headquarters/headquarters-homepage/48561/federica-mogherini-meets-presidents-vu%C4%8Di%C4%87-serbia-and-tha%C3%A7i-kosovo_en, 25 October 2018
- Financial Times.
Accessible:
<https://www.ft.com/content/18ef9cd2-9c9d-11e8-9702-5946bae86e6d>
1 December 2018.
- Gray, A. (2018). *Angela Merkel: No Balkan border changes*.
Accessible:
<https://www.politico.eu/article/angela-merkel-no-balkan-border-changes-kosovo-serbia-vucic-thaci/>, 18 October 2018.

- Gary, A. (2018). *Serbia, Kosovo presidents broach border exchanges for historical ideal*. Accessible: <https://www.politico.eu/article/aleksandar-vucic-hashim-thaci-serbia-kosovo-balkans-eu-enlargement-alpbach-forum/>, 25 October 2018.
- Hashim Thaçi Biography* (2018). The President of Republic of Kosovo. Accessible: <https://www.president-ks.gov.net/en/president>, 22 November 2018.
- Hopkins, V. (2018). *Kosovo Politicians in 'panic attack' over war crimes court*. Accessible: <https://www.politico.eu/article/ramush-haradinaj-hashim-thaci-kosovo-politicians-in-panic-attack-over-war-crimes-court/>, 22 November 2018.
- Kosovo Exports* (2018). Trading Economics. Accessible: <https://tradingeconomics.com/kosovo/exports>, 18 October 2018.
- Kosovo Votes to Turn Security Force Into Army*. (2018). The Balkan Insight. Accessible: <http://www.balkaninsight.com/en/article/kosovo-votes-ksf-transformation-into-army-12-14-2018>, 20 December 2018.
- Land of maps. Accessible: <https://landofmaps.com/2017/02/02/evolution-of-the-ethnic-structure-of-bosnia-and-herzegovina-between-1991-2013/>, 1 December 2018.
- Letter dated 26 March 2007 from the Secretary-General addressed to the President of the Security Council (2007) – *United Nations, Security Council*, 168. 2-9.
- MacDonawall, A. (2018) *Could Land Swap between Serbia and Kosovo lead to a conflict?* The Guardian. Accessible: <https://www.theguardian.com/world/2018/aug/22/serbia-kosovo-land-swap-between-lead-conflict>, 29. December 2018.
- Muharemmi, R. (2018). Options for a 'Legally Binding Normalization Agreement' between Kosovo and Serbia – Discussion Paper, August 2018. Kosovar Institute for Policy Research and Development, 13-35.
- Muharemmi, R. (2018). *The fallacies of border adjustment between Kosovo and Serbia*. Accessible: <http://kosovotwopointzero.com/en/the-fallacies-of-border-adjustment-between-kosovo-and-serbia/>, 5 November 2018.
- Municipality Preševo* (2018) European Progres. Accessible: <http://www.europeanprogres.org/profili/en/7/presevo/>, 12 November 2018.
- Municipal Profile of Mitrovicë/Mitrovica region 2018*. (2018). OSCE. Accessible: <https://www.osce.org/mission-in-kosovo/122119?download=true>, 25 October 2018.

- NATO Mission in Kosovo (KFOR)*, (2018). NATO. Accessible:
<https://shape.nato.int/ongoingoperations/nato-mission-in-kosovo-kfor-> ,
 25 November 2018
- Report of U.N. Special Envoy on Kosovo Status, Kosovo deserves clarity about its future* (2007)
 – OSCE Mission in Kosovo. Assembly Support Initiative News Letter, 27. 3-8
- Rossi, M. (2018). *A land swap between Kosovo and Serbia would be deeply problematic – and potentially dangerous*. Accessible:
<http://blogs.lse.ac.uk/europpblog/2018/08/17/a-land-swap-between-kosovo-and-serbia-would-be-deeply-problematic-and-potentially-dangerous/>, 18 October 2018.
- Rossi, M (2018). *Partition in Kosovo Will Lead to Disaster*. Accessible:
<https://foreignpolicy.com/2018/09/19/partition-in-kosovo-will-lead-to-disaster-serbia-vucic-thaci-mitrovica-ibar/>, 12 November 2018
- Rudic, F. (2018). *Open Letter ‘Implores’ EU, US, to Reject Partition*.
 Accessible:
<http://www.balkaninsight.com/en/article/experts-and-organisations-pen-letter-against-serbia-kosovo-partition-08-31-2018>, 18 October 2018.
- Rudic, F. (2018) *Vučić Claims Kosovo Won’t Set Up Serb Municipality Association*. Accessible:
<http://www.balkaninsight.com/en/article/vucic-asks-kfor-to-prevent-infrastructure-objects-takeover-08-03-2018>, 18 October 2018.
- Salihu, F. (2018). *Could Kosovo and Serbia really exchange territory*.
 Accessible:
<http://kosovotwopointzero.com/en/could-kosovo-and-serbia-really-exchange-territory/>, 5 November 2018.
- Serbia proposes territorial swap with Kosovo*. (2018) Al Jazeera.
 Accessible:
<https://www.aljazeera.com/news/europe/2018/07/serbia-proposes-territorial-swap-kosovo-180726111410291.html>, 25 October 2018.
- Serbia profile – Leaders* (2017). BBC News. Accessible:
<https://www.bbc.com/news/world-europe-17912584> , 22 November 2018.
- Serwer, D. (2018). *A bad idea whose time should not come*. Accessible:
<https://www.peacefare.net/2018/08/02/a-bad-idea-whose-time-should-not-come/>,
 22 November 2018.
- Shewly H. J, (2016). *India and Bangladesh Swap Territory, Citizens in Landmark Enclave Exchange*. Migration Policy Institute. Accessible:
<https://www.migrationpolicy.org/article/india-and-bangladesh-swap-territory-citizens-landmark-enclave-exchange>, 25 November 2018.

- Stabilisation and Association Agreement* (2018). Ministry of European Integration.
Accessible:
<http://www.mei.gov.rs/eng/serbia-and-eu/stabilisation-and-association-agreement/>, 18 October 2018.
- Strategy for the Western Balkans*. (2018). European Commission. Accessible:
https://ec.europa.eu/commission/news/strategy-western-balkans-2018-feb-06_en,
12 November 2018.
- Trade in goods with Kosovo* (2017). The European Union. Accessible:
http://trade.ec.europa.eu/doclib/docs/2011/january/tradoc_147309.pdf,
18 October 2018.
- Trade in goods with Serbia* (2017). The European Union. Accessible:
http://trade.ec.europa.eu/doclib/docs/2008/august/tradoc_140028.pdf ,
18 October 2018.
- The President of the Republic of Serbia. (2018). *Speech of President of The Republic of Serbia in Kosovska Mitrovica*. Accessible:
<https://www.predsednik.rs/en/press-center/news/speech-president-republic-serbia-kosovska-mitrovica-09092018> 5 November 2018.
- Van der Borgh, C. (2017). EU peacebuilding capabilities in Kosovo after 2008: an analysis of EULEX and the EU-facilitated Belgrade-Pristina Dialogue.
– *Enhancing EU Peacebuilding Capabilities*, June 2017. Utrecht: Utrecht University, 37-68.
- Wiegand, K.E. (2011). *Enduring Territorial Disputes: Strategies of Bargaining, Coercive Diplomacy, and Settlement*. University of Georgia Press, pp 42-43
- World Bank Group
Poverty Map of Serbia report 2016 Belgrade.
- Zivanovic, M (2018). *NATO Vows to Prevent Violence in North Kosovo*.
Accessible:
<http://www.balkaninsight.com/en/article/nato-vows-to-prevent-violence-in-north-kosovo-08-01-2018>, 12 November 2018