

## Political Obstacles and Security Co-operation in and around Bosnia and Herzegovina

Five years have passed since the signing of the General Framework Agreement for Peace in Bosnia and Herzegovina (Dayton Peace Accords) and Bosnia and Herzegovina remains peaceful and stable. There is no more fighting and the opposing armies have long since left their posts and been restricted to barracks. Peace and stability are assured by the presence of a NATO-led Stabilization Force (SFOR), currently numbering 20,000 troops. The international community continues its efforts to achieve a long-lasting and self-sustainable peace in Bosnia and Herzegovina and there is common agreement that some progress has been made during the past year. The basic institutions of the state - both economic and political - have been established. Freedom of movement across the country has improved substantially and media reform is well underway. The municipal elections in April 2000 confirmed a continuing downward trend in the strength of the nationalist parties overall and a growing trend towards pluralism and the need for change. The return of refugees is generally viewed as slow but is moving along. The arms control regime established under Articles II (confidence- and security-building measures) and IV (sub-regional arms control) of Annex 1-B of Dayton are functioning and on track. This is due in part to the skilful and tireless efforts undertaken by General Carlo Jean, Personal Representative to the OSCE Chairperson-in-Office for the Articles II and IV negotiations.

In spite of this, there is still a long way to go and many tasks to be completed. The following paragraphs touch briefly upon the main problem areas: security, political and economic.

### *Political and Military Prerequisites in Bosnia and Herzegovina*

If Bosnia and Herzegovina intends to join a Euro-Atlantic security structure it must create an integrated command structure for its armed forces. It is unacceptable that a country of 3.5 million people - with a run-down economy - maintains *de facto* three separate armies, three defence ministers, three chiefs of staff, etc. In short, defence and foreign policy matters ought to have one contact point, not three. The level of integration between the Croat and Bosniak components of the Federation<sup>1</sup> army is poor at best. On paper they

---

<sup>1</sup> Bosnia and Herzegovina is divided into two entities: Republika Srpska (RS), which is predominantly Serb and geographically represents 49 per cent of the country, and the Federation of Bosnia and Herzegovina, which is predominantly Muslim-Croat and represents 51 per cent. Although Dayton calls for integration of the Federation of Bosnia and Herze-

maintain a joint command headquarters in Sarajevo. In reality there are two separate armies with separate channels of reporting and command. After almost five years the two components still cannot agree on the proportional representation of participants to attend seminars and workshops organized and paid for by the international community, leading to delays and cancellations. In mid-May the US State Department announced that due to the refusal of the Bosnian Croat political leadership to integrate their units into the Federation Army as mandated in the Dayton Peace Accords, they had suspended military assistance to the Croat component of the Federation Army (VF-H).<sup>2</sup> Full membership in NATO's Partnership for Peace (PfP) programme should be given backing, however, individual entities are not allowed to be individual members, although certain senior Republika Srpska officials dealing with defence issues are currently making this a prerequisite. The political steps requiring urgent attention are the development of functioning and effective common institutions with powers clearly separated from those of the individual entities as well as the establishment of open and pluralist political life. The Standing Committee on Military Matters (SCMM)<sup>3</sup>, the Council of Ministers and the Bosnia and Herzegovina Parliament are either not functioning at all or continue to be little more than talk shops where nothing significant is decided or adopted.

The major political parties still cling to the Communist mentality of the former Yugoslavia and a lot of their working practices are still in that mindset. Many leadership positions are still in the hands of people who have benefited from the war and five years of peace. That limits their ability to integrate into European structures both personally and perhaps organizationally. There are unscrupulous radicals that exacerbate local anxieties in order to keep people voting in a way that emphasizes ethno-centrism. Inter-ethnic tolerance and reconciliation are lacking. Those in the existing local power structures in Bosnia and Herzegovina have an ardent interest in preserving the conflict conditions on which their power depends. Despite the resistance from these power structures, the international community is attempting to develop a self-sustainable state in Bosnia and Herzegovina, which is acceptable to all of its citizens. Because this attempt shakes the very foundation of nationalist regimes, this agenda encounters systematic opposition. Although the international community is challenged by not being a *single actor* in Bosnia and Herzegovina the time has come for more drastic measures to be taken. A decision must be made once and for all on whether to accept the persistent re-

---

govina army by August 1999, it remains divided into two separate armies: the VF-H is the Bosnian Croat component and VF-A is the Bosniak component.

2 Reuters News Agency, U.S. suspends military aid for Bosnia Croats-media, 13 May 2000.

3 "Each member of the Presidency shall, by virtue of the office, have civilian command authority over armed forces (...) The Members of the Presidency shall select a Standing Committee on Military Matters to coordinate the activities of armed forces in Bosnia and Herzegovina. The members of the Presidency shall be members of the Standing Committee." Annex IV Article V, of the Dayton Agreement. <http://www.yale.edu/law-web/avalon/intdip/bosnia/day14.htm#art5>.

sistance and opposition generated by the nationalist power structures - while continuing to pour billions of US-Dollars into a process producing few sustainable results - or simply to set a firm time-table for a handful of priority issues. If national authorities do not achieve results in a timely fashion, the international community should be ready to impose them without delay. In private, some officials have been heard suggesting that the international community should enforce regulations more frequently e.g. when issuing license plates, instituting a common currency, etc. "If you do not decide for us, we will never be able to - our differences are too great. We will live with what you decide." The past year has shown that the international community has become more willing to use international power to try to overcome this resistance. However, national authorities in Bosnia and Herzegovina need not take all the blame for the situation. Some of the underlying problems come from the failure of the international community to understand how to utilize international power as a resource, which should not only be closely co-ordinated, but also used strategically to implement the Dayton Agreement.

The fact that the major parties still control economic resources - such as real estate, industry, communications, transport, energy, etc., remains a fundamental problem. The economy is in tatters. Income tax rates remain above 75 per cent preventing many people who are fortunate enough to be employed from paying taxes. In turn, this means that there are only insufficient government revenues to cover basic social and infrastructural needs. The concept of lowering taxes to encourage people to pay their taxes, in turn increasing revenues, is non-existent. The antiquated payment bureaus controlled by the major parties must be done away with. Publicly elected officials who continue to maintain influential board member positions in public sector corporations - clearly representing a conflict of interest - should likewise be dismissed immediately, and indeed certain steps in this direction have been taken recently. It must be ensured that the privatization process places national wealth in the hands of people who are not associated with old nationalist party structures and who will also deal with these assets responsibly.

#### *Co-operative Security Instead of International Security Guarantees<sup>4</sup>*

During a visit to Bosnia and Herzegovina by Croatian President Stipe Mesić in March 2000, one of the topics on the agenda was Croatian financial support for the VF-H. Asked about this at a press conference, Mesić suggested that financial support of this kind would be phased out over time. This emphasizes the fact that neither Croatia nor Bosnia and Herzegovina can afford the armed forces they currently maintain. According to IMF figures, both

---

<sup>4</sup> Elements of the following have been previously made public in a statement given to the OSCE Forum for Security Co-operation on 29 March 2000, by Ambassador Robert L. Barry, Head of the OSCE Mission to Bosnia and Herzegovina.

countries spend more than five per cent of GDP on their military establishment - several times the amount that NATO members Hungary and the Czech Republic spend. The combined armed forces in Bosnia and Herzegovina number approximately 60,000. Proportionally this is comparable to Germany having armed forces numbering over a million, Great Britain 750,000 and Poland 500,000 - clearly unsustainable in post-Cold War Europe.

Croatia and Bosnia and Herzegovina have something else in common - neither country's defence budget reveals what is actually spent on the military. For example, Croatia's figures do not include the roughly DM 120 million spent on the VF-H in Bosnia and Herzegovina 1999. The entity defence budgets in Bosnia and Herzegovina do not include procurement, maintenance, pensions, veterans, benefits - big-ticket items, which if brought on budget, would significantly increase the percentage of GDP spent on defence. The international community in Bosnia and Herzegovina is urging the national authorities to acknowledge this problem and take steps to deal with it in a timely fashion. Among the immediate steps that must be taken is the creation of a climate of lasting peace and security, which will attract foreign investment to Bosnia and Herzegovina.

This is an essential component on the path to creating a viable economy in Bosnia and Herzegovina and the visit of President Mesić underlines that the post-Tudjman elections in Croatia present Bosnia and Herzegovina with new opportunities to create a co-operative security structure in South-eastern Europe. The case for reductions in military manpower and budgets was made in the Madrid Declaration of the Peace Implementation Council in 1998 and by the Bosnia and Herzegovina Presidency at the Sarajevo Stability Pact Summit and also subsequently. The bottom line is that the economy of Bosnia and Herzegovina cannot maintain its current levels of military expenditure. As General Montgomery Meigs, former SFOR Commander, said at his last press conference on 11 October 1999: "My sense of what has to happen here is, we've got to reduce the military structures because you (Bosnia and Herzegovina) can't afford what you have and a lot of the capabilities can't be sustained, so they're rotting away. The amount of national treasure that goes into the military here is appalling (...) obscene. Forty per cent of the Federation budget goes for defence: that's crazy. That's got to be stopped."<sup>5</sup> In 1999 there was an unconditional commitment towards a 15 per cent reduction of forces by all three armies and for a second 15 per cent in 2000. Although the first round of reductions has more or less been implemented, the second round, comprising reductions of 15 per cent in 2000, has yet to be realized due to political procrastination and stalling manoeuvres. There is a need to look beyond 30 per cent to the shape and structure of the entity armed forces in the coming years. Ms. Clare Short, of the UK government, hit the nail on the head during her keynote speech at a London symposium on military expenditure in developing countries earlier this year when she said: "Good pol-

---

5 Cited in: [www.nato.int/sfor/trans/trans.htm](http://www.nato.int/sfor/trans/trans.htm).

icy and transparent management of funds is the way forward. I hope and expect we will see ministries of defence and military officials becoming the champions of reform, with a new determination to manage their budgets better and provide a better service to their people."<sup>6</sup>

A recurrent justification for not going ahead with reductions, currently proposed by national civilian and military officials is that there would be "no money to pay the pensions for de-mobilized soldiers". This is obviously not the case, as de-mobilized soldiers receive 60-70 per cent of their active duty pay in pensions, thus saving 30-40 per cent, which could be used to restructure and professionalize the armed forces. The bottom line is that large standing armies currently in force represent a de-stabilizing factor, which not only instils fear into the average citizen of Bosnia and Herzegovina but also discourages the type of foreign investment so desperately needed.

What kinds of defence forces are necessary? What is financially sustainable and how does neighbouring Croatia fit into this picture? The structure of the armed forces in Bosnia and Herzegovina is currently based on the undeclared postulation that each ethnic group requires its own armed force to defend itself against the others. Thus the Croat component, the VF-H, is only symbolically integrated into the Federation armed forces, and the Federation and the Republika Srpska armed forces (VRS) maintain reserve structures and stored weapons so that large-scale mobilization is theoretically feasible should hostilities break out again. The senior military officers of both entities are increasingly coming to the realization that this is an unlikely scenario and one they cannot afford to maintain.

It is also a scenario that has depended on foreign military support. All financial support for the VF-H has come from Croatia. In addition to the "Train and Equip" programme for the Federation of Bosnia and Herzegovina army started by the US, the VF-B (Bosniak) component is likewise known to be receiving unspecified funds, which are said to be brought into the country in cash-heavy briefcases from the Middle East. Although on the decrease since Operation Allied Force conducted air strikes over the Federal Republic of Yugoslavia (FRY), Republika Srpska receives limited financial assistance from Belgrade and many VRS officers are still trained at FRY academies and staff colleges. Most of these programmes are now drying up, and this presents an opportunity to provide increased transparency and an eventual phase-out of all foreign military support. Croatia has agreed to transmit its reduced subsidies through official open channels, under the supervision of the SCMM, the state-level body in Bosnia and Herzegovina charged with defence policy. In early May 2000, an agreement was signed between the Ministry of Finance of the Republic of Croatia and the Ministries of Finance and Defence in the Federation of Bosnia and Herzegovina on specific means of transfer and usage. It is time for other donors to take similar action and these

---

6 Cited in: Security Sector Reform and Military Expenditure Symposium, London 15-17 February 2000, <http://www.worldbank.org/publicsector/pe/military.htm>.

subsidies should be accounted for in the military budgets of the two entities. Whether this is realistic or not will be dependent on the parties' ability and/or willingness to strengthen the SCMM Secretariat,<sup>7</sup> which currently does little more than act as a mailbox for the military advisors to the three members of the joint Bosnia and Herzegovina Presidency. The entities' armed forces should prepare for an end to foreign military support by planning to finance the programmes supported by foreign donors themselves, or by gradually phasing them out.

The end result of the reduction process should be significantly smaller and restructured armed forces. In private discussions, those who are responsible for defence issues encourage professional, not conscript, armed forces considerably smaller than their present size, oriented to facing challenges from abroad rather than from within, and with capabilities for peacekeeping, participation in the PfP programme, disaster relief etc. Some are willing to envision a single armed force at the end of the evolutionary path, though one based on homogeneous units. Others would maintain entity structures, but with much more integration of command and policy at the state level and more emphasis on joint operations. Under such a model, the core units would be professionally trained rapid reaction forces armed to deal with local conflicts, not to repel an invasion from a Cold-War type adversary. This would mean voluntary reductions on the ceilings on heavy weapons under the Florence Agreement,<sup>8</sup> and one could begin by eliminating the numerous exceptions to the Agreement.

When the international community sits down with defence officials or politicians in Bosnia and Herzegovina and discusses these topics, the conversation quickly turns to security guarantees. "We live in a dangerous neighbourhood," our interlocutors say, "especially with Milošević still in power in Belgrade. If NATO or the EU agreed to guarantee our security, we could afford to take these security risks. We no longer believe there is a threat from the other entity, but the threat from abroad still exists." Outright NATO or EU security guarantees are not in the cards. But this does not mean that a regional co-operative security arrangement supported by NATO, Russia and the EU cannot fill this gap. With the new government in Croatia and a potential fast track for a Croatian association with NATO, there is a real possibility for co-operation between Bosnia and Herzegovina and Croatia to form a keystone of

---

7 The SCMM Secretariat was at long last established in July 1999. It is housed in the Joint Institutions Building in Sarajevo and consists of the three military advisors to the Bosnia and Herzegovina Presidency (at the General level), three military assistants (from the Major to the Lieutenant Colonel level) and three secretaries. Although its staff is highly capable and has the best intentions, the political willingness from the top to provide them with the necessary resources and authority to make the Secretariat a solid and effective body is non-existent.

8 Cf. Article IV; Annex 1-B, of the Dayton Agreement. The Florence Agreement, of 14 June 1996, is a sub-regional arms control mechanism regulating conventional heavy weapons covering, and signed by the Republic of Croatia, Bosnia and Herzegovina (state-level), the Federation of Bosnia and Herzegovina, the Republika Srpska and the Federal Republic of Yugoslavia.

this co-operative security arrangement. Continued NATO presence in the region will provide the necessary basis for co-operative security. As the US military finds it increasingly difficult to conduct live-fire exercises in Germany, due to strict environmental legislation, it cannot be ruled out that it will look to the Balkans for alternatives. The Livno-Glamoc range complex operated by the Federation of Bosnia and Herzegovina army, located in western Herzegovina, could become a live-fire range used not only by US forces in Europe but also by NATO and EU rapid reaction forces deployed in the region. This would help to maintain their readiness and offer training grounds for PfP-type exercises with Croatian and Bosnia and Herzegovina forces. Such a move should be welcomed, as it would send the right signals, i.e. long-term NATO engagement in the region and thus security guarantees for Bosnia and Herzegovina. This would mean that after SFOR and KFOR were gone, NATO would be waiting in the background ready for rapid redeployment, a capability that should be exercised from time to time as was done annually in South Korea through the "Team Spirit" manoeuvres and in West Germany through NATO "Reforger" manoeuvres. Croatia should play an essential role in this by acting as a transit country for troops from Hungary, Italy or the Adriatic.

New confidence- and security-building measures (CSBMs) can play an important role in a co-operative security system. The system set up by Hungary and Romania provides a useful example in this regard. Croatia and Bosnia and Herzegovina could begin to discuss such CSBMs, with the expectation that post-Milošević Yugoslavia would join at a later date. Components of such a system could include: constraints on stationing or movements of military forces within ten kilometres of the border; constraints on mobilization; an enhanced inspection regime to include aerial observation; visits between units; and joint exercises, especially exercises involving assistance to the civil authorities (disaster relief). A peacekeeping brigade involving Croatia, Bosnia and Herzegovina, Slovenia, and perhaps Hungary as well, would provide a stimulus to integration of the three military contingents in Bosnia and Herzegovina and would help pave the way for PfP activities in the region. This kind of interaction could stimulate the development of complementary defence doctrines and democratic control of the armed forces, which would promote co-operative security. Of course there must be a seat for post-Milošević Yugoslavia at this table.

Another goal in building co-operative security should be increased control of the intelligence services. As the Head of the OSCE Mission to Bosnia and Herzegovina noted, "it is no exaggeration to suggest that the emerging relationship between extremist politicians, the remnants of the old security services, and organized crime in this country represents the single greatest obstacle to democratic reform, economic investment and membership in Euro-Atlantic institutions."<sup>9</sup> There are three intelligence services operating subver-

---

9 Robert L. Barry, Speech at Sarajevo University, 20 October 1999.

sive campaigns in Bosnia and Herzegovina as evidence from the SFOR raid, known as "Operation Westar"<sup>10</sup>, at the Bosnian Croat service (SNS) in Mostar in October 1999 confirmed. The SNS, linked to the Croatian intelligence services, has carried out a variety of operations often in support of organized crime. It is suspected that the Bosniak service, AID, has similar links to organized crime, and like the SNS, it carries out political actions in support of the ruling party. The Republika Srpska service is closely linked to Milošević and likewise carries out a variety of unsavoury and illegal operations. It is time to bring these services under control, cut off their ties to Croatia and Serbia, and professionalize or dismantle them entirely. Croatia can set an example here by cutting off support to the SNS.

The elections in Croatia have opened new perspectives for co-operation between Bosnia and Herzegovina and Croatia. As seen during the Mesić visit, the leaders of both countries have already begun to set an agenda to take advantage of new opportunities. There should be a strong co-operative security aspect to this agenda, first of all because both countries must reduce military spending if their economies are to survive, and because co-operation is the only way to ensure security with greatly decreased levels of spending. Now is the time for the two sides to begin an intensive dialogue on their roles in South-eastern Europe. This is the best way to develop a strategic partnership between Croatia and NATO.

---

10 Operation Westar involved over 1,400 SFOR troops. After seizing thousands of documents and computer files, SFOR obtained information on the operations of Croatian and Bosnian Croat intelligence services, including the surveillance of international officials and local staff of international organizations. Particularly alarming was the confirmation that the intelligence services were engaged in criminal activity, including child pornography, for the purpose of raising revenue.