

SUSTAINABLE PEACE PROCESS

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

A 6-MONTH PERIODIC REPORT ON PROGRESS MADE TOWARD
ACHIEVING BENCHMARKS FOR A SUSTAINABLE PEACE PROCESS



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To the Congress of the United States:

As required by section 7 of Public Law 105–174, the 1998 Supplemental Appropriations and Rescissions Act, I transmit herewith a 6-month periodic report on progress made toward achieving benchmarks for a sustainable peace process.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *July 23, 1999.*

REPORT TO CONGRESS ON PROGRESS TOWARD ACHIEVING
BENCHMARKS IN BOSNIA

As required by section 7 of public law 105-174, this report outlines the latest developments in our continuing efforts to achieve lasting peace in Bosnia and Herzegovina (BiH). In February 1999, I sent the first semiannual report to Congress detailing the progress towards achieving the ten benchmarks adopted by the Peace Implementation Council (PIC) and the North Atlantic Council (NAC) for evaluating implementation of the Dayton Peace Accords. This second semiannual report provides an updated assessment of progress on the benchmarks.

As the conflict in Kosovo so clearly demonstrated, the United States continues to have strong national interests in fostering regional security and stability in Southeastern Europe. To that end, we are making headway in supporting a new BiH on its way to political and economic recovery. The United States took the lead in brokering the Dayton Peace Accords, which BiH, Croatia, and the Federal Republic of Yugoslavia (Serbia-Montenegro, or "FRY") all signed. Now, we must see through the implementation of the Accords, at once advancing peace and stability while helping BiH to take on increasing levels of autonomy and responsibility for its own affairs.

In June 1999, the United States, BiH, and 40 other European states, as well as NATO, the EU, the OSCE, the UN and other organizations adopted a Stability Pact for Southeastern Europe, under which we will work together to stabilize, transform and eventually integrate the countries of southeastern Europe into the European and transatlantic mainstream. Together, Dayton and this broader regional effort balance our own goals with BiH's aim to become self-sufficient and integrated as a full member in the family of European democracies.

The following evaluation provides a detailed account of progress made over the past six months despite the conflict in Kosovo. A basic structure of government is now in place in BiH. Dayton-mandated central institutions have been created and are functioning. These include the Joint Presidency, Council of Ministers, Parliamentary Assembly, Standing Committee on Military Matters, and Central Bank. Nevertheless, there remains much room to improve the effectiveness of these and other institutions, and many tasks remain before a truly multi-ethnic state is firmly established. Some important political leaders still resist cooperating with the international community and with one another. Serb hardliners in the Republika Srpska assembly, backed by Milosevic, have tried to unseat RS Prime

Minister Dodik. Our response has been absolute and unwavering support for Dodik. This support bolstered him through NATO's air campaign. Additionally, war criminals remain at large, the rate of minority refugee returns continues to be unsatisfactory, and many needed economic and judicial reforms are still pending. A benchmark-by-benchmark analysis of the current situation in BiH follows:

1. Military Stability. Aim: Maintain Dayton cease-fire. Since the February 1999 assessment, and despite the Kosovo crisis, BiH continues to be relatively calm. However, the recent NATO operations in the FRY have significantly slowed progress toward increasing mutual confidence among the Entity Armed Forces (EAFs). In addition, the Republika Srpska's (RS) military relations with SFOR have been adversely affected. Individual members of the RS military supported the Serbian Yugoslav Army (VJ), Ministry of Police (MUP) and paramilitary groups in Kosovo. Senior levels of the RS military also provided behind-the-scenes support to the VJ during NATO's air campaign. Federation armed forces were not involved in any way. Since the Madrid PIC in December 1998, the Office of the High Representative (OHR), OSCE, and SFOR have been cooperating closely to increase the professionalization and education of the EAFs in order to push the Entities towards a common BiH security

policy and a Bosnia-wide defense structure. Recent OSCE and NATO/SFOR activities suggest that major improvements in this area are possible and that there is an increased willingness to cooperate at the highest levels. A Permanent Secretariat for the Standing Committee on Military Matters is being established. Despite the strain imposed by Kosovo, the Military Liaison Mission (MLM) is flourishing, and the establishment of Joint Verification Teams at the Multi-National Division (MND) level is encouraging.

2. Public Security and Law Enforcement. Aim: A restructured and democratic police force in both entities. There continue to be positive signs of reform in both public security and law enforcement. The Federation and the RS have signed agreements with the UN International Police Task Force (IPTF) committing both governments to a process for restructuring police forces in accordance with democratic principles. The local police now organize their own law enforcement coordination meetings and assist one another in their duties. The Federation Police Academy, with U.S. and IPTF assistance, graduated its first class in 1998, and even more have enrolled in its second course, which is currently underway. Though progress has been made, all sides unfortunately continue to lag in the hiring of minority officers, and tensions will

persist during implementation of IPTF efforts to make local police forces fully multi-ethnic. Local police, with IPTF coordination, are undertaking increasingly professional and serious criminal investigations, and SFOR, within its mandates and capabilities, continues to support the IPTF and BiH authorities. Public disorder, as was demonstrated during NATO action in Kosovo, remains a threat in Bosnia. SFOR's use of the Multinational Specialized Unit (MSU), which is not yet fully staffed, has been crucial in supporting local police in their response to these situations.

3. Judicial Reform. Aim: An effective reform program. Under Dayton, OHR has overall responsibility for civilian implementation and hence for achieving reform of the court system. It is assisted by many international organizations and NGOs. The UN's Judicial System Assessment Program (JSAP), composed of both international and local staff, issued its first comprehensive report in April 1999, covering many areas of the law that need reform including property, employment, and commercial law. The JSAP has made a concerted effort to involve Bosnian legal experts in judicial reform, ensuring that local capacity is developed at the same time that critical areas requiring reform are identified.

4. **Illegal Institutions, Organized Crime, and Corruption.**

Aim: The dissolution of illegal pre-Dayton institutions.

Customs control has improved over the last six months.

Following advances in police and law enforcement reform, greater emphasis has been placed on dealing with corruption and organized crime. Units specializing in organized crime and drugs, for example, have trained local police and are providing technical assistance to ongoing investigations. A stronger civil society is taking root. As state institutions become stronger and decision-making by governmental bodies becomes more transparent, parallel institutions will gradually lose support. This is an ongoing process that still requires a great deal of work. Political leaders are being encouraged to develop a strategy to address the issue of corruption.

5. **Media Reform.** **Aim:** A regulated, independent and democratic media. Continued progress has been made over the past six months in democratization and de-politicization of the media. Success here is critical to establishing firmly the foundation of a strong civil society. One of Bosnia's two public television networks, RTV BiH (in the Federation), has been freed from party control, and progress is being made toward freeing party control over the second public television network, SRT (in the RS). A draft law creating a new, independent two-

channel Federation television system is pending legislative approval. Croatia's HRT state television broadcasting in Bosnia will be terminated once the new Federation television system comes on line. The IC-funded Open Broadcast Network (OBN), Bosnia's only cross-entity television network, continues to be a reliable country-wide source of professional, objective news and public affairs programming. In the past year, OBN has improved its programming and adopted a business plan that aims to make the network self-financing within five years. The Independent Media Commission (IMC), an FCC-type regulatory body created almost a year ago, has put in place a comprehensive licensing framework and a code of practice for electronic media. SFOR's presence continues to support an environment for open yet responsible exchange of information via television and other media.

6. Elections and Democratic Governance. Aim: National democratic institutions and practices. At the State level, the Joint Presidency, with the notable exception of a temporary Serb boycott of its work, made progress toward functioning as an institution responsible to all citizens of BiH, representing the state in several multilateral and bilateral fora. Drafting is now underway on a Permanent Election Law, which could be in place by the end of 1999. Until the formal adoption of the law,

the OSCE remains in charge of running elections in Bosnia, pursuant to the Dayton Accords. In June, a new multiethnic municipal assembly was finally seated in Srebrenica, implementing the last of the election results from the December 1997 municipal elections. The next round of municipal elections was postponed from November 1999 to April 2000. Open and transparent elections, the foundation for democratic governance, are being supported by SFOR's contribution to a secure and stable environment in which the Parliamentary Assemblies at the State and Entity levels can function and in which democratic elections may take place.

7. Economic Development. Aim: Free-market reforms. After three and a half years of assistance, Bosnia has made progress towards economic reconstruction and economic recovery. However, progress toward a functioning, free-market economy remains slow. Ethnic tensions hinder the political reform process, but, most significantly, the political leadership remains wedded to ethnic and political control over economic activity, which provides the financial and employment underpinnings of the respective mono-ethnic parties which seized various parts of the economy during the war. These vested interests continue to block privatization and market reform. There is still little private investment, either domestic or

foreign. Due to international assistance flows, annual economic growth has averaged about 40 percent in real terms since 1995, and GDP reached \$4.1 billion in 1998, equivalent to roughly 40 percent of its pre-war level. Yet even with these high growth rates, BiH remains the second poorest country in Europe. The economy suffered the largest drop of any European country in the post-communist era, and it will need external assistance for many years just to recover its relatively low pre-war level of economic activity. The Kosovo crisis has compounded economic reconstruction difficulties, in particular for the RS, whose major trading partner was once the FRY. As long as the government of BiH is making progress towards Dayton implementation, the United States will support that economic and political transition. SFOR has proven a vital component in fostering an environment in which economic recovery, reconstruction, and market reforms can be achieved.

8. Displaced Person and Refugee (DPRE) Returns. Aim: A functioning, phased and orderly minority return process. Almost 600,000 DPREs have repatriated or returned to their homes since the signing of the Dayton Accords. Of those, more than 80,000 returned to areas where their ethnic groups are now minorities. Meanwhile, about 1.2 million Bosnians remain displaced internally or abroad, and most of them come from areas where

their ethnic groups are now in the minority. Hard-line nationalists continue to block minority returns with bureaucratic maneuvers (e.g., failure to evict illegal occupants from DPRES' homes) and, occasionally, violence. However, the number of acts of violence against minority returnees has substantially declined, and implementation of property legislation is improving. While the pace of minority returns has been slow, momentum is accelerating. Almost as many minorities returned in 1998 as in the two preceding years combined. While not receiving much public notice, significant spontaneous returns have occurred, particularly in former conflict areas such as Drvar, where Serb returns have reached significant levels in the last 6 months, with no repetition of earlier violence. SFOR's contribution to a secure environment is the linchpin on which this return process turns. Although an influx of refugees from Kosovo and elsewhere in the FRY into BiH has complicated the Bosnian return process, the burden currently remains manageable.

9. Brcko. Aim: Implementation of the Brcko Arbitration Tribunal's Final Award that was issued on March 5, 1999. The award called for the creation of a neutral, multi-ethnic, self-governing district comprised of the entire pre-war opstina (county) of Brcko. Both entities will be required to delegate

their authority over the district to a democratically elected local government. Strict international supervision of the district would remain in place with enhanced powers. Although the award is final, the Arbitrator must still finalize an annex containing implementation details, including the precise structure of the district's government and modalities for local elections. Moderates in the RS, led by Prime Minister Dodik, have accepted the award after some initial objections. Despite pressure from hard-line Serb elements not to do so, Dodik's government has actively engaged with Federation authorities, OHR, and the Arbitrator to discuss implementation of the award. SFOR support remains crucial to deterring violent attempts by hard-liners to disrupt Brcko implementation.

10. Persons Indicted For War Crimes (PIFWCs). Aim: Cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY) leading to the transfer of PIFWCs to The Hague for trial. Acting within its mandate, SFOR has assisted in the transfer of 29 indictees to The Hague, including numerous detentions and voluntary surrenders of indicted war criminals in BiH. On July 6, SFOR arrested Radoslav Brdjanin, former Bosnian Serb Deputy Prime Minister, on war crimes charges. Cooperation from the parties varies widely. Bosnian Serb cooperation with the Tribunal has improved in the year and

a half since Milorad Dodik became Prime Minister of the RS entity. The two most senior indictees for war crimes committed in BiH, Radovan Karadzic and Ratko Mladic, have yet to be apprehended. Mladic is believed to have gone underground in Serbia, which continues to be wholly uncooperative with the Tribunal. Karadzic is thought to be in hiding in the RS.

In my report to you dated February 4, 1999, I emphasized the important role that SFOR continues to play in supporting the secure environment needed for democratic principles and free-market reforms to take root and grow. The tragic conflict in Kosovo served further to emphasize the effectiveness and importance of SFOR in carrying out its mission. Throughout the Kosovo conflict, FRY President Milosevic engaged in efforts to overthrow RS Prime Minister Dodik and to gain overt military support from the RS armed forces. He failed in both efforts. On March 26, two FRY MiG-29s illegally entered BiH airspace in violation of the Dayton Peace Accords. SFOR shot down the MiGs in the northeastern RS in accordance with its mandate to protect and defend BiH airspace. On April 3, SFOR preemptively destroyed a portion of the railway line in southeastern Bosnia to deny FRY entry into and transit through BiH for purposes of transporting war material from Serbia through BiH to Montenegro.

The fact that the Kosovo conflict did not spill over into Bosnia and Herzegovina, with SFOR now at only half the size of its peak deployment in 1996, is a tribute to the professionalism of U.S. and other SFOR Armed Forces, and proof that the U.S. investment in the Dayton Accords is paying off. Rather than suffering a setback during this period, the conflict in Kosovo actually served to consolidate progress toward Dayton objectives in Bosnia and Herzegovina.

While progress continues to be made, there is much left to be accomplished. We have placed emphasis in 1999 on fostering returns of minority refugees and displaced persons, developing greater cooperation among Entity defense establishments, accelerating the growth of democratic central institutions, and laying the groundwork for a sustainable market economy. These goals require strong commitment from the international community, of which SFOR is a part. Nevertheless, the goal is a Bosnia and Herzegovina that is fully integrated into European political, economic, and security structures. To reach this goal, the fledgling state must gradually take greater responsibility for its own development until it can stand on its own without foreign military or economic assistance.

In my February 4 report, I also outlined steps being undertaken by NATO planners to restructure and reduce SFOR's presence in BiH. NATO planners are seriously studying ways to guarantee Dayton's success while continuing to reduce SFOR's presence toward its eventual full withdrawal. As part of the second six-month review of SFOR, the NAC has approved the Military Committee's recommendation that SFOR's operations plan be revised to provide for increased operational flexibility that would both offer an opportunity for substantial force reductions and allow for continued support for civil implementation. NATO planners' initial estimates indicate a reduction in SFOR from the current 29,000 troops to 19,000. Thus, SFOR would be reduced by about 33 percent. The NAC must still debate this recommendation and take decisions on its execution. Of course, any and all reductions of U.S. forces in the short or long term will be made in accordance with this Administration's policy that such reductions will not jeopardize the safety of U.S. Armed Forces serving in BiH.

The Administration is grateful for the support of Congress for Dayton implementation. I look forward to continuing to work with the Congress in pursuit of U.S. foreign policy goals in the Balkans.