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The Foreign Affairs Committee

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Conclusions and recommendations

1. We conclude that the accession of the states of the Western Balkans to the European Union is most desirable and in the interests of all parties, provided that they meet all the criteria for membership. We recommend that the Government continue its work to bring the region into the EU and engage fully with the other member states to ensure their support for the prospective members in the Western Balkans. (Paragraph 10)
2. We conclude that the Stability and Association Process (SAP) took too constrained an approach to the Western Balkans, and welcome the Instrument for pre-Accession Assistance (IPA). We recommend that the Government set out in its response to this Report how the IPA will work. We also recommend that the Government urge the EU not to take a parsimonious approach towards the Western Balkans at the risk of creating a relatively impoverished region within its borders, and to consult widely with local governmental and non-governmental organisations in the disbursement of pre-accession funds in line with CARDS aims. (Paragraph 16)
3. We conclude that the presence of the United States of America in the Western Balkans is a crucial ingredient for stability, especially in the fight against terrorism and organised crime. We recommend that the Government encourage the USA to maintain its prominent role in the Balkans, notwithstanding the many other challenges Washington faces. We also welcome the European Union's determination to shoulder a greater part of the burden, and conclude that co-operation between the EU and USA is essential for the maintenance of peace in the region; the United Kingdom has a special role to play in bringing US, EU and NATO personnel together at all levels. (Paragraph 22)
4. We conclude that the Russian Federation has strong interests in the Western Balkans, in particular in the region's stability, and that the Government should encourage Moscow to contribute to the stabilisation and development of the region. However, we have concerns that the Russian Federation might approach the problem of Kosovo in an obstructionist manner. We recommend that the Government engage closely with its EU partners to ensure a positive and proactive role for Moscow in the Balkans, and stress the importance of stability and progress in the region to all interested parties, including the Russian Federation. (Paragraph 26)
5. We conclude that Croatia has an important role in guiding other Western Balkan states on the path to the EU, and that such support will help Croatia's accession process as well as helping its neighbours. However, we also conclude that Croatia has yet to comply fully with the Hague Tribunal, and we recommend that the United Kingdom make clear to Croatia that insufficient effort to secure the arrest of Gotovina will retard its EU ambitions. (Paragraph 31)
6. We conclude that many of their neighbours have much to offer the weaker states of the Western Balkans. We recommend that the Government emphasise to pre-accession states such as Bulgaria, Croatia, and Romania that effective and constructive engagement with their neighbours will reap dividends in the future and

win friends in Brussels. We also conclude that regional co-operation is essential to the effective development of the Western Balkans. We recommend that the Government urge neighbouring states such as Albania, Bulgaria, Croatia, Greece, Hungary and Romania to increase regional co-operation, and support infrastructural schemes in the Balkans. (Paragraph 37)

7. We conclude that the Organisation for Security and Co-operation in Europe (OSCE) makes a most valuable contribution to the establishment of democratic values in the Western Balkans. However, we have concerns that the Russian Federation might undermine its work, and we recommend that the Government work closely with its EU and US partners to make clear to Moscow that the OSCE plays an essential role in stabilising the Balkans. (Paragraph 40)
8. We conclude that Serbian democracy is young and fragile and that the international community, particularly the EU and the United Kingdom, must work to promote Serbian political and economic development. (Paragraph 53)
9. We conclude that Serbia must fulfil its obligations to comply with the Hague Tribunal and deliver its war crimes indictees, and we urge the Government to maintain pressure on Serbia to fulfil its international obligations. (Paragraph 60)
10. We conclude that defence reform and membership of NATO's Partnership for Peace are of the greatest importance for Serbia and Montenegro's integration into the Euro-Atlantic framework. We recommend that the Government stress that defence reform is a necessity for both countries and that Serbia cannot enter PfP until it complies with the Hague Tribunal. (Paragraph 66)
11. We conclude that Belgrade's unwillingness to comply with the Hague Tribunal is one of a number of serious obstacles on the path to EU integration. We recommend that the international community offer incentives to Serbia to win support for the EU and to weaken the political stranglehold of the nationalist Radical party. We also recommend that the Government re-examine its visa policy to permit short visits to and educational opportunities in the United Kingdom for more people from Serbia and Montenegro. (Paragraph 71)
12. We conclude that tensions in the Presevo Valley are still high and could precipitate local conflict, but we welcome the success of the Covic plan so far. We also welcome solid engagement by the international community, and recommend that the Government support the work of non-governmental organisations dedicated to reducing ethnic tensions and improving human rights in the Presevo Valley, Vojvodina and other border areas, and if necessary consider providing troops for peacekeeping purposes. (Paragraph 76)
13. We conclude that the United Kingdom, alongside its EU partners, should increase its support for projects such as judicial reform, changes in tax regime, customs reform and other areas of technical assistance which contribute to Serbian development; the Government should also examine the possibility of reduced tariffs on agricultural exports because continued economic weakness is in no one's interests. We also welcome comments from our witnesses concerning the reduced threat of organised crime in Serbia, but stress that much work remains to be done. We recommend that

the Government support initiatives to weaken the hold of organised criminal gangs. (Paragraph 81)

14. We conclude that Serbia's integration into the Euro-Atlantic structures is desirable, but must not occur at the expense of Serbia's legal obligations to the Hague Tribunal. (Paragraph 82)
15. We conclude that independence for Montenegro in 2006 is probable, and that it is unlikely to lead to serious violence or instability. However, we recommend that the Government strive to minimise the risks of conflict. We conclude that the international community, including the United Kingdom, should seek to ensure that the details of the referendum conform to international norms, should play a role in monitoring any referendum in Montenegro to ensure its fairness, and should accept the results of a free and fair poll. We also recommend that the Government work with the local authorities to tackle organised crime and help build administrative capacity in Montenegro, for instance by offering technical support to the government in Podgorica. (Paragraph 94)
16. We conclude that the increasing possibility of Montenegro's independence adds to the case for a Post headed by a United Kingdom-based diplomat in Podgorica. (Paragraph 96)
17. We conclude that continued action to resolve the tensions in Kosovo is essential if the international community is to establish effective state institutions and to reduce the poisonous atmosphere of ethnic hatred in Kosovo. (Paragraph 100)
18. We conclude that reform of UNMIK is necessary to satisfy growing discontent with its performance, most particularly in the economic arena, and we support Ambassador Kai Eide's suggestion of a two stage reform. However, we recommend that the Government urge UNMIK not to rush a transfer of competences if the indigenous capacity for administration is not in place. (Paragraph 105)
19. We conclude that Kai Eide's proposals to transfer competences to and broaden consultation with the Provisional Institutions of Self-Government are sensible and could reduce local resentment of the international community in general and UNMIK in particular. However, we also conclude that the recent events such as the selection of Ramush Haradinaj as Prime Minister and the Serb boycott of elections for the Kosovo Assembly have further polarised the political climate in Kosovo and could damage efforts to transfer responsibilities in a peaceable manner. We recommend that the Government work to strengthen moderate political forces in Kosovo, perhaps by fostering ties with political and civil society organisations in the United Kingdom and throughout Europe. (Paragraph 110)
20. We conclude that decentralisation of government is an excellent way to increase trust in Kosovo's institutions. We recommend that the Government work to support Kai Eide's proposals, and provide support for schemes improving inter-communal relations at a low level such as the Gnjilane/Gjilan-Presevo-Kumanovo-Trgoviste (GPKT) project. We also recommend that the Government along with its EU partners maintain pressure on the Kosovo leadership to devolve government to the lowest level. (Paragraph 114)

21. We conclude that the March riots revealed major deficiencies in the security arena. However, we commend the work of the international community since then to reduce the number of national caveats and the adoption of a system of reserves for KFOR, and we recommend that the Government continue its work to reduce the remaining caveats on troops. We also recommend that the Government encourage its NATO partners to prepare KFOR for any eventuality which may provoke further instability in Kosovo. (Paragraph 119)
22. We conclude that the international community must do more to develop the Kosovo Protection Corps (KPC) into a modern, democratically accountable force with minority representation. We recommend that the Government call on its partners in NATO to turn the KPC into a force complying with NATO standards, and to provide both finance and personnel for training. (Paragraph 122)
23. We conclude that policing is of the utmost importance for Kosovo's stability, for the region and for the EU, but that much work needs to be done before Kosovo can stand alone. The Government and its UN partners must increase their contribution to policing in Kosovo, by working towards a more coherent international policing effort; one means to do so might be for fewer states to focus on policing efforts, on the same line as building capacity in the customs service. We also commend the work of the OSCE police training school to establish a multi-ethnic police force, but stress that much needs doing, such as training local police officers in modern investigative techniques and ensuring Serb participation. (Paragraph 128)
24. We conclude that the trafficking of women and girls both to and through Kosovo is a major problem, and that while the UNMIK initiatives are welcome, they do not go far enough. We recommend that the Government work with the EU, US and UN to establish a unified strategy on trafficking in women and girls, and that it encourage UNMIK and KFOR to treat any links to trafficked women and girls by its personnel with the utmost severity. We also recommend that the Government increase its contribution to schemes for victims of trafficking, such as offering financial support to refugees and NGOs in Kosovo dealing with the problem. (Paragraph 134)
25. We conclude that the state of Kosovo's economy is a source of intense political discontent, and that its problems in part stem from doubts about Kosovo's final status. We also conclude that other serious problems, such as an ineffective judicial system, endemic corruption, a scarcity of skilled professionals and the reduction of remittances from Western Europe retard the growth of Kosovo's economy. We recommend that the Government promote EU and UN schemes to revitalise Kosovo's economy, offer expanded scholarship opportunities to Kosovans, and increase its contribution of personnel to train people in Pristina, in areas such as accounting and the policing of economic crime. (Paragraph 141)
26. We conclude that the international community must work to resolve the issue of Kosovo's status as soon as possible, since deferring the decision will contribute to growing tensions and make the province increasingly unstable and hostile to the international community. (Paragraph 145)

27. We endorse Kai Eide's proposals for combining standards and status, and agree that a re-evaluation of the standards process is essential. However, we recommend that the international community should not let the search for stability divert efforts from establishing minority rights in Kosovo. We recommend that the Government make clear to politicians in Kosovo that the fulfilment of human rights standards is a non-negotiable condition for progress towards status discussions, and that it urge its US and EU partners to do the same. (Paragraph 150)
28. We conclude that the scheme for decentralisation put forward by Belgrade would result in an unacceptable transfer of population and could result in effective partition of Kosovo. We recommend that the Government press on its interlocutors in Serbia that their contributions must take into account the interests of the local population, as well as the views of Pristina and the international community. (Paragraph 155)
29. We conclude that Kai Eide's proposal for increasing the role of the EU while the UN scales back its operations in Kosovo is a good way forward, provided the EU establishes a more cohesive policy towards Kosovo. We also conclude that such a process must include the United States, given its popularity amongst Albanians, and take great consideration of Kosovo Albanian and Serbian political sensibilities. We recommend that the Government urge its partners in Brussels to formulate a long term plan for expanding the EU's role in Kosovo, and in particular to outline how it intends to advance this work when it holds the Presidency of the EU in the latter half of this year. We also conclude that any resolution of the status issue must emerge from a dialogue between Belgrade and Pristina and we recommend that the Government work with its partners to establish a channel of communication between the two parties, perhaps by establishing a EU or UN accredited diplomat as an envoy between the two cities. (Paragraph 159)
30. We conclude that success in Kosovo is crucial to stability in south eastern Europe, and that the international community must tread a delicate path between the claims of the various parties in order to resolve the status issue. We further conclude that it is unrealistic to expect the international community to continue to shoulder the responsibility of governing Kosovo indefinitely and we agree with Kai Eide that Kosovo is on the path to independence. We recommend that the Government acknowledge this reality and work with its international partners to bring about an independent Kosovo with full safeguards and protection of the rights of the Serb minority. (Paragraph 160)
31. We conclude that the hard work of Lord Ashdown in Bosnia and Herzegovina (BiH) is most commendable. However, we also conclude that plans to reduce the role of the High Representative are essential to the establishment of an effective non-dependent state in BiH and we have concerns about the impact of the Bonn Powers on the evolution of democracy in BiH. We recommend that the Government encourage its partners to speed the transfer of competencies to the BiH government at the same time as increasing EU involvement in BiH, in a manner conducive to the long term development of democratic standards. (Paragraph 171)
32. We conclude that the international community should not impose a new constitutional structure from outside, but should nurture the state structures that

could make constitutional reform easier. However, we also conclude that while the Dayton Agreement is a complex document, difficult to reform, some elements of the existing constitutional structure, such as the powers of the High Representative (HR), are more informal and flexible. We recommend that the Government work with its partners to ensure that the more informal elements of BiH's constitution are fully incorporated into the emerging state structures, in a democratic manner. (Paragraph 177)

33. We conclude that nationalist politics is a natural aspect of the democratisation process in Bosnia and Herzegovina. However, we also conclude that the centralisation of decision-making has resulted in a failure to accept responsibility by BiH's politicians. We recommend that the Government and its EU partners do more to counteract nationalism by fostering civil society in BiH and to increase the stake of the Bosnian people in the political process by encouraging the integration of Bosnian politicians into the European mainstream, by fostering exchanges and links with international parliamentary institutions. We also conclude that BiH's politicians must work harder to re-establish trust between the communities. (Paragraph 182)
34. We conclude that the launch of EUFOR is of the greatest importance for BiH and for the credibility of a European security and defence policy. We also conclude that the United Kingdom has a special responsibility to ensure that the transition from SFOR to EUFOR is smooth because of the large number of senior British personnel involved. We recommend that the Government work to clarify the different responsibilities of NATO and EUFOR in BiH, and with military contributors outside the EU. We also recommend that the Government urge its military partners to continue their work to reduce the number of national caveats amongst EUFOR troops. (Paragraph 189)
35. We conclude that the policy of the High Representative to root out the support networks of the war criminals is sensible and a means to ensure thoroughgoing reform of BiH. However, we recommend that the Government seek to encourage co-operative elements in BiH, for instance by targeting development aid to those regions which have fulfilled the requirements of the ICTY and by encouraging the EU and its constituent states to do the same. (Paragraph 197)
36. We conclude that BiH has made real progress on defence reform, although more needs doing; Sarajevo must comply with demands from the ICTY before acceding to PfP. We recommend that the Government continue its efforts alongside its NATO allies to support defence reform in BiH. We also conclude that an effective police service would act as a crucial prop for the Bosnian state and we recommend that the Government provide expertise and financial support to the efforts to establish a national system of policing, and to prepare for potential problems arising from any response to police reform. (Paragraph 204)
37. We conclude that the EU is the ultimate destination for BiH, but that certain obstacles such as the question of compliance with the ICTY and Bosnia's constitutional structure slow progress. We conclude that BiH must enter the EU as a whole, and we recommend that the United Kingdom provide support in certain

technical areas, as defined by “market share” discussions at the EU level, to speed the process of integration. (Paragraph 211)

38. We conclude that Lord Ashdown’s efforts to establish the rule of law in BiH are commendable, although democratic accountability remains a serious concern. We recommend that the Government stress to its EU partners the importance of establishing an effective rule of law throughout BiH, and that it take the lead with them in strengthening the physical infrastructure and personnel to this end, including the training for judges and legal employees. (Paragraph 215)
39. We conclude that the economic development of BiH is central to the region’s future stability and that external powers such as the United Kingdom and the EU can offer much in terms of aid. We recommend that the United Kingdom continue to support the reunification of the economy of Bosnia and Herzegovina through schemes such as the state wide system of VAT. We also recommend that the Government provide training in areas which would strengthen the economy, such as accounting and economic policing, second personnel with relevant technical expertise, and work with its EU partners to implement infrastructural projects which will integrate the BiH economy into the European mainstream. (Paragraph 218)
40. We conclude that the international community must maintain its commitment to BiH, for fear that the good work to date be lost. Engagement by the United Kingdom and the EU with BiH is crucial for the success of the state building effort. We also conclude that the prominent role of British personnel in BiH makes success a particular concern and opportunity for the United Kingdom. However, we retain serious concerns about inter-ethnic relations, and the weakness of both democracy and the economy in Bosnia and Herzegovina. (Paragraph 219)
41. We conclude that the international community must maintain its role in Macedonia, since its interventions to protect the Ohrid Framework Agreement have proved successful in ensuring stability. We recommend that the Government maintain its commitment to peace in Macedonia, continue to support the implementation of the remaining parts of the Ohrid Agreement, such as the flags and symbols issue, and contribute where it can to the final agreed delineation of the border between Macedonia and Kosovo. A lack of engagement by the international community could result in another crisis in Macedonia. (Paragraph 226)
42. We conclude that the recognition of Macedonia’s constitutional name by three of the five permanent members of the UN Security Council should encourage the United Kingdom to follow suit. We recommend that the United Kingdom work in unison with Germany, France and other EU partners to recognise Macedonia’s constitutional name, and encourage the Greek Government by an act of statesmanship to do the same. (Paragraph 230)
43. We conclude that Macedonia’s membership of NATO is desirable but that rigorous standards for entry must apply; Skopje must fulfil all the terms of the Ohrid Framework Agreement. We recommend that the Government provide technical support on defence reform to Macedonia alongside its NATO partners, with a

particular focus on minority representation in Macedonia's military institutions. (Paragraph 234)

44. We conclude that the United Kingdom should support Macedonia's efforts to join the EU, provided the state complies with the necessary criteria. We recommend that the Government offer Macedonia technical support in areas as defined by 'market share' discussion at EU level. (Paragraph 238)
45. We conclude that support for economic development in Macedonia, particularly in the area of legal reform, is essential for its long term stability. We recommend that the United Kingdom support Macedonia in the technical areas necessary to bring foreign direct investment into the state, for instance by funding advice from experts in investment law. (Paragraph 242)
46. We conclude that while Macedonia's stability is not yet fully guaranteed, the continued willingness of its people to avert conflict is commendable. We also conclude that continued engagement is essential to maintain stability and that offering greater access to pre-accession funds might ease Macedonia's movement towards the EU; economic development would lessen the likelihood of future conflict and contribute to regional stability. (Paragraph 243)
47. We conclude that the work of the British Council in the Balkans is essential and we commend the good work of its Belgrade office, for instance by bringing young people from across the region together in conferences. We urge the British Council to expand this work, and to increase educational opportunities in areas necessary for the effective development of the Balkans, such as those relating to good governance. (Paragraph 245)
48. We conclude that the BBC World Service's contribution to broadcasting in the Balkans is most commendable. However, we regret the lack of Bosnian programming; we urge the BBC to expand its coverage to include Bosnia and Herzegovina. We also recommend that the BBC and the Foreign and Commonwealth Office work together with the governments in the region to improve the regulatory framework for the media, for instance by providing technical expertise to help Belgrade simplify the allocation of radio frequencies in Serbia. (Paragraph 247)



1 Introduction

Historical background

1. The Foreign Affairs Committee last reported on the Western Balkans in March 2001, in the wake of the revolution in Belgrade in October 2000 which toppled the Slobodan Milosevic regime.¹ Events since then have included the acceptance of Croatia as a candidate country for the European Union, progress towards the construction of a viable state in Bosnia and Herzegovina, major steps towards the resolution of the crisis in Macedonia and the adoption of the greater part of the Ohrid Framework Agreement, the opening of the trial of Milosevic in the Hague, the assassination of Serbia's Prime Minister Zoran Djindic in March 2003, and the March 2004 riots in Kosovo.

2. As part of our inquiry, we travelled to the region, visiting Sarajevo, Belgrade, Skopje and Pristina, where we met a wide range of politicians, administrators, soldiers, diplomats, economists, academics and journalists. We were fortunate to meet Boris Tadic, President of Serbia, Vojeslav Kostunica, Prime Minister of Serbia, Ibrahim Rugova, President of Kosovo, Bahram Rexhepi, then Prime Minister of Kosovo, and Hari Kostov, then Prime Minister of Macedonia. We held oral evidence sessions on 12 October 2004 with Dr Jonathan Eyal of the Royal United Services Institute, Gabriel Partos of the BBC World Service, Professor James Pettifer of the Conflict Studies Research Centre at the UK Defence Academy, and Dr David Chandler from the Centre for the Study of Democracy, University of Westminster. On 19 October we took evidence from Lord Ashdown of Norton-sub-Hamdon, the international community's High Representative (HR) and European Union (EU) Special Representative (EUSR) in Bosnia and Herzegovina, and on 26 October Dr Othon Anastasakis, of St Antony's College, Oxford, Dr Nicholas Whyte from the International Crisis Group, and the author and Balkans analyst Mr Misha Glenny. On 31 November we heard evidence from the Minister for Europe, Dr Denis MacShane, and Karen Pierce, from the Foreign and Commonwealth Office's (FCO) Eastern Adriatic Department. Our final witness, on 13 January 2005, was Norway's Permanent Representative to NATO, Kai Eide, who wrote a report outlining a potential strategy for Kosovo after the March riots on the request of the UN Secretary General. We also received many written submissions to our inquiry and held a number of informal meetings with the ambassadors from the states of the Western Balkans and other interested parties.

3. We are most grateful to those who gave us oral and written evidence, and to those who gave us information more informally. We would like to express our thanks to the FCO staff in the region for putting together comprehensive programmes in each state and for all their help with the logistics of the programme. We also appreciate the hard work of FCO officials who responded to our requests for information quickly and efficiently.

¹ Foreign Affairs Committee, Fourth Report of Session 2000-2001, Government policy towards the Federal Republic of Yugoslavia and the wider region following the fall of Milosevic, HC 246

Reasons for inquiry

4. The Western Balkans lies on the crossroads between Europe and the Middle East, marking a fault line between Islam and Christianity, and between Orthodox and Catholic Europe. The region plunged into conflict with the collapse of Yugoslavia in 1991, until the interventions by the international community, in Bosnia in 1995, in Kosovo in 1999, and in Macedonia in 2001 brought an uneasy peace to the region. The spectre of instability lingers on, in high unemployment rates, strong nationalist politics and unresolved border and intra-state disputes.

5. The United Kingdom and its EU partners have a strong interest in the stability of the region. The FCO said in a submission to the inquiry: “In its destabilising impact in the region, organised crime in the Western Balkans has a direct impact on UK streets.”² Over 80% of the heroin seized in Western Europe has come through the Western Balkans.³ The United Kingdom also has a major commitment to the region, most notably in Bosnia and Herzegovina where the High Representative, the commander of the incoming EUFOR, and the outgoing deputy commander of NATO’s SFOR are all British citizens.⁴ Additionally, the 1 May 2004 accession to the EU of ten new states has brought the region into sharper focus. Dr Nicholas Whyte, Europe Programme Director at the International Crisis Group, told us “that the Western Balkans are right inside the enlarged European Union, once Bulgaria and Romania join, as they are programmed to do in 2007. Then you have an island of territory completely surrounded by EU member states with which the EU is going to have to come to significant terms sooner rather than later, whose stability is crucial. It now becomes an internal rather than external issue for the European Union.”⁵ In this context, our inquiry sought to establish how the United Kingdom might best contribute to the stability of the Western Balkans, by reducing the likelihood of conflict, promoting economic development and moving towards the eventual accession of the Balkans into the EU and NATO. We chose to focus the inquiry on the stability of the region, looking in particular at Serbia and Montenegro (SaM), Bosnia and Herzegovina (BiH), Kosovo, and Macedonia.

2 Ev 61

3 *Ibid.*

4 We discuss Bosnia and Herzegovina in greater detail below. See section 6.

5 Ev 41

2 External players

The European Union

6. Chief amongst the regional players is the European Union; Brussels is the ultimate destination of the Western Balkan states. The Conclusions to the European Council in March 2003 in Thessaloniki “emphasised that the future of the Western Balkans is within the European Union and pledged the Union’s full support to the endeavours of the countries of the region to consolidate democracy, stability and to promote economic development.”⁶ Similarly, the FCO said in its submission: “The EU’s fundamental aim for the countries of the Western Balkans is EU accession, extending to the region the area of peace, stability and growing prosperity enjoyed by its existing members.”⁷

7. Over 80% of the population supports EU accession in Serbia,⁸ while a submission to our inquiry from the Embassy of Macedonia stated that “EU membership is an idea that unites and inspires everybody in Macedonia—the government, all political parties and all citizens.”⁹ A number of our witnesses agreed that the EU held a central role in the Balkans. Lord Ashdown told us “that, for BiH, Europe not only becomes the instrument to drive the reform process forward; it also becomes the destination.”¹⁰ The small size of the Balkan states also makes their accession more manageable and less contentious than that of Turkey.

8. Concerns exist, however, that the accession of the Balkan states may shift the delicate balance between small and large states in the EU. Responding to this fear, the prominent Balkans commentator and former BBC correspondent in the region, Misha Glenny, said: “On that issue, on the issue of representation in the EU, believe you me you could do a deal with the region very, very quickly, for them to say, ‘Hell’s teeth, we will have one Commissioner every five years; we do not care. What we want is structure and cohesion first.”¹¹

9. One other shadow looming over the road to accession is the memory of the EU’s failure to fulfil its potential during the conflict in Bosnia in the 1990s. Dr Anastasakis, the head of the Programme on South East Europe at the European Studies Centre at St Antony’s College, Oxford, made clear the challenges ahead. He said: “This is the real test area for the European Union because it is engaged in many ways in the Western Balkan region. It is engaged in military terms. It is engaged in reconstruction efforts, in co-operation and reconciliation efforts, and also in transition. This is the major difference with central and eastern European countries, and this is also the major innovation for the European Union.”¹² However, Kai Eide described some policy failures by the EU. He told us: “I do

6 European Union, General Affairs and External Relations Council, *Western Balkans – Council Conclusions*, 16 June 2003

7 Ev 59

8 Ev 131

9 Ev 129

10 Ev 28

11 Ev 55

12 Ev 42

believe that some more imagination needs to be produced and that a more robust and constant EU engagement is required to bring Kosovo forward...The longer we wait with regard to doing something more vigorous the greater the burden will be along the road that we will all have to carry. I would appeal strongly for a more robust, less ad-hocish and less sporadic engagement.”¹³ In short, the EU must not grow complacent about its role in the region.

10. We conclude that the accession of the states of the Western Balkans to the European Union is most desirable and in the interests of all parties, provided that they meet all the criteria for membership. We recommend that the Government continue its work to bring the region into the EU and engage fully with the other member states to ensure their support for the prospective members in the Western Balkans.

The Stability and Association process (SAP)

11. The EU tackles the Western Balkans through its Stability and Association process (SAP). The SAP’s main aim is to equip the Balkan states with the “means to maintain stable democracies; to ensure that the rule of law prevails; and to sustain open, prosperous economies based on European practices and standards.”¹⁴ The process has evolved to include a range of mechanisms facilitating closer integration, such as political co-operation, support for institution building, and trade measures.¹⁵ Once the EU deems the SAP completed, the state in question signs a Stability and Association Agreement (SAA), an accord tailored for each country which paves the way for eventual EU accession. The SAP operates in two main phases; first, the process of moving towards a SAA, which involves instituting a free trade area and adopting reforms that fulfil EU standards; second, the negotiation and implementation of a SAA, with the purpose of achieving a form of union between the state in question and the EU. Effective implementation of a SAA is a prerequisite of progress towards EU accession.¹⁶

12. Some of our witnesses had doubts about the effectiveness of the SAP. Dr Whyte told us: “The SAP process works well where you have a well-functioning state on the other end to work with, and that clearly applies to Croatia and I would argue that most of the time it applies to Macedonia as well. It has run into real problems in Albania, due really to the failure and unwillingness of the Albanian government to undertake the necessary reforms. I think it has had a clearly beneficial effect in Bosnia along with the rest of the international efforts. It has certainly increased the credibility of the Bosnian state. But I think it has shown no tangible results in the case of Serbia, Montenegro and Kosovo because that state is not really a state, it is three different states, which happen to be bunched together internationally, and the SAP has almost had a negative effect rather than a positive effect over the last three or four years there.”¹⁷ Dr Anastasakis added that the SAP needs to adjust “to the specificities and the needs of the particular countries.”¹⁸

13 Ev 110

14 EC DG External Relations, *The European Union and the Western Balkans: Building the future together*

15 *Ibid.*

16 EC DG External Relations, *The Stabilisation and Association process*, http://europa.eu.int/comm/external_relations

17 Ev 42

18 *Ibid.*

13. At present the Western Balkan states receive funding through the EU's Community Assistance for Reconstruction, Development and Stability (CARDS), from a budget which for 2000-2006 is 4.65 billion euro. CARDS has four main aims:

- reconstruction, democratic stabilisation, reconciliation and the return of refugees;
- institutional and legislative development, including harmonisation with European Union norms and approaches, to underpin democracy and the rule of law, human rights, civil society and the media, and the operation of a free market economy;
- sustainable economic and social development, including structural reforms;
- promotion of closer relations and regional cooperation among countries and between them, the EU and the candidate countries of central Europe.¹⁹

14. Commenting on the CARDS system, Dr Whyte told us: "I think there is a lack of an economic development aspect to the SAp, indeed to the EU's whole approach to the region."²⁰ Dr Anastasakis agreed that there "definitely has to be money directed towards developmental aims but there is a problem, I understand, from the regional side in that where the money can be spent on projects is always decided by the European Union. There is very little consultation with local actors, those really involved in that business."²¹

15. However, the European Commission is in the process of changing its administration of the SAp, since the Western Balkans portfolio moved from the Directorate for External Affairs to the Directorate for Enlargement on 1 November 2004. The Commission plans to introduce an Instrument for Pre-Accession Assistance (IPA), which will divide states into accession states, such as Croatia, or pre-accession states, such as Serbia and Albania. The IPA will take a specific approach to each state and may thus meet the above criticisms. Commenting on the symbolism of the change, the memorandum from the United Kingdom's representation to the EU stated that this sends "a further signal of the region's ultimate EU perspective and should allow the lessons of the latest enlargement to be applied more systematically to the Western Balkans."²²

16. We conclude that the Stability and Association Process (SAp) took too constrained an approach to the Western Balkans, and welcome the Instrument for pre-Accession Assistance (IPA). We recommend that the Government set out in its response to this Report how the IPA will work. We also recommend that the Government urge the EU not to take a parsimonious approach towards the Western Balkans at the risk of creating a relatively impoverished region within its borders, and to consult widely with local governmental and non-governmental organisations in the disbursement of pre-accession funds in line with CARDS aims.

19 EC DG External Relations, *The Stabilisation and Association process*, http://europa.eu.int/comm/external_relations

20 Ev 43

21 *Ibid.*

22 Ev 121

The USA

17. The EU's predominance in the Western Balkans is a recent phenomenon, in comparison to the overwhelming US presence over the last decade. The USA played the leading role in ending the war in Bosnia and Herzegovina and in the military action against Yugoslavia in 1999. Since the Kosovo War, Washington has maintained a strong engagement with the region, through its small force in Bosnia and much larger military contingent housed in Camp Bondsteel in Kosovo — “one of the largest American bases in the world ever built since the Vietnam War”.²³ The USA has also taken a strong stance on the question of compliance with the Hague Tribunal, as its decision to withhold \$10 million in aid for Serbia in January 2005 illustrates.²⁴

18. Outlining American policy in the Balkans in 2001, President George Bush said: “Our vision of Europe must also include the Balkans... The burdens—and benefits—of satisfying that yearning will naturally fall most heavily on Europe, itself. That is why I welcome Europe's commitment to play a leading role in the stabilization of Southeastern Europe... But I know that America's role is important, and we will meet our obligations. We went into the Balkans together, and we will come out together.”²⁵ However, his words predate the attacks of 11 September 2001, which shifted the focus of US foreign policy towards the threat of global terrorism.

19. Our witnesses outlined their views of US policy in the Balkans as of November 2004. Dr Whyte told us: “For the United States, [the Balkans] can only ever be a security issue with a certain nod towards economic stabilisation, but that too is in the security context.”²⁶ Dr Anastasakis agreed, and pointed to the likelihood of a decreasing role for the US in the Balkans. He said: “The region is very significant for the United States in terms of terrorism and also as a transit route for terrorist traffic and organised crime. In that sense, I think it is of strategic significance for the United States... [but] the EU is now becoming the major force in terms of a police mission and military mission.”²⁷

20. However, Professor Pettifer, of the UK Defence Academy's Conflict Studies Research Centre, played down the role of the EU and suggested the US role in the Balkans was still paramount, and that within the US establishment, the Pentagon's perspective dominates.²⁸ The USA's willingness to provide troops for the stabilisation of the Balkans and the prospect of its overwhelming power is certainly a crucial factor in the stability of the region, but the EU now leads the military effort in Bosnia and Herzegovina and controls the economic pillar of the international administration in Kosovo. For this reason, stability in the Balkans depends on harmonious co-operation between the two. Dr Anastasakis said that co-operation so far was effective despite a history of US scepticism about EU military

23 Ev 26

24 “Serbia pays high price for losing US aid”, *IWPR*, 21 January 2005

25 US Department of State, *George Bush, Address to faculty of Warsaw University*, 15 June 2001, <http://www.state.gov/p/eur/rt/balkans/>

26 Ev 41

27 *Ibid.*

28 Ev 25

aspirations. He told us: “In the Western Balkan area, the way the United States and the EU have worked together has proved that they can do it without any major problems.”²⁹

21. The importance of co-operation confers responsibility on the United Kingdom, given its role as a close ally of the United States, a member of the European Union, a member of the six nation Contact Group and a military power in the region.³⁰ These ties place the United Kingdom in the crucial position of bridge builder between the EU and USA, the contribution and effectiveness of which will have a major impact on stability in the region. With this in mind, the United Kingdom must encourage co-operation between Paris and Washington despite continued differences over the Iraq conflict.

22. We conclude that the presence of the United States of America in the Western Balkans is a crucial ingredient for stability, especially in the fight against terrorism and organised crime. We recommend that the Government encourage the USA to maintain its prominent role in the Balkans, notwithstanding the many other challenges Washington faces. We also welcome the European Union’s determination to shoulder a greater part of the burden, and conclude that co-operation between the EU and USA is essential for the maintenance of peace in the region; the United Kingdom has a special role to play in bringing US, EU and NATO personnel together at all levels.

The Russian Federation

23. Russian historical links with the Balkans are extensive, and the Russian Federation has played a major role in developments in the Balkans since 1991; for instance, Russia is a member of the Contact Group which brokered an end to the war in 1999 and maintains a strong interest in the region’s stability. However, we heard informally that Moscow views the problems in the region through a ‘Belgrade prism’, because of its historical and cultural links with the Orthodox Serbs, and that the Russians have some difficulties with the notion of Kosovo’s independence because of the potential implications in the secessionist republic of Chechnya. Moscow is also unwilling to support aspects of the stabilisation efforts in the Balkans and has withdrawn its military commitment from the region; currently, the Russian Federation has no plans to reintroduce forces.

24. Misha Glenny outlined his view of Russian interests in the Balkans. He told us: “I do not think Russia has political ambitions in south-eastern Europe. It has considerable economic ambitions in the region...But in political terms Russia’s only interest in the Balkans that I can identify is Kosovo, and that pretty much as a bargaining chip which it uses in a similar but less intense fashion as it does the regime in Transdnistria.”³¹ Commenting on Russia’s position on Kosovo, Kai Eide told us that “there has been more of a reluctance on the Russian side with regard to moving into the process of the future status of Kosovo than there has been among the others. There has been more insistence that all [human rights] standards have to be fully implemented before we can go into that. There

29 Ev 42

30 The Contact Group comprises Italy, France, Germany, the Russian Federation, the United States, and the United Kingdom

31 Ev 49

has been a different approach taken by the Russians than by the other members of the Security Council.”³²

25. The Russian approach to the breakaway Transdniestra region of Moldova has frozen hopes of any resolution to that conflict and we have serious concerns about a similar policy in the Balkans, where speed is of the essence.³³ Such an approach is least acceptable in Kosovo, where the economic pressures of high unemployment and lack of international investment are keenly felt and might precipitate further conflict.

26. We conclude that the Russian Federation has strong interests in the Western Balkans, in particular in the region’s stability, and that the Government should encourage Moscow to contribute to the stabilisation and development of the region. However, we have concerns that the Russian Federation might approach the problem of Kosovo in an obstructionist manner. We recommend that the Government engage closely with its EU partners to ensure a positive and proactive role for Moscow in the Balkans, and stress the importance of stability and progress in the region to all interested parties, including the Russian Federation.

Croatia

27. Croatia, in particular, is a key partner in establishing stability in the Western Balkans. Misha Glenny told us that his assessment is that “there are two regional motors of growth and stability in the entire region, which are Croatia and Serbia, and that the dispute between Serbia and Croatia in the early ‘90s was what provoked war. In order to reintroduce stability you have to guarantee the stability of those two territories.”³⁴

28. Croatia has made positive steps towards internal political transformation and international rapprochement since the war’s close, and is no longer a source of instability in the region; for instance, Lord Ashdown explained how the Croatian Nationalist Party (HDZ) had moved from the aggressive nationalist ideology of the Tudjman years.³⁵ The visit by Croatia’s Prime Minister, Ivo Sanader, to Belgrade in November 2004 is a most welcome signal of rapprochement—the first visit by a Croatian premier since Yugoslavia imploded in 1991—and a demonstration of the depth of reform in Croatia and its commitment to assistance in the region.³⁶

29. Croatia also has much experience of dealing with the EU and implementing the complex reforms necessary for accession to offer its neighbours. We heard informally that many of the states which acceded in May 2004, such as Hungary and Poland, are helping Croatia’s accession process, and that Croatia has offered support to Macedonia’s bid for membership. These efforts are most welcome, and the linguistic and cultural affinity between Croatia and its southern neighbours is a helpful asset for the construction of

32 Ev 111

33 The Russians maintain a large military base in Transdniestra, and although they have not recognised the breakaway region they provide logistical and financial support for what has become a lawless exporter of people, arms and drugs.

34 Ev 50

35 Ev 31

36 “EU focus: Sanader’s Belgrade overture aimed at impressing Brussels”, *Institute for War and Peace Reporting*, 19 November 2004,

stability in the Western Balkans, as is the example set by the internal transformation of the HDZ.

30. However, Croatia has failed to comply fully with the terms of the International Criminal Tribunal for the former Yugoslavia (ICTY). Carle del Ponte told the United Nations Security Council on 23 November 2004: “In the course of this spring, Croatia has apparently stepped up its efforts to locate and arrest Gotovina. However, doubts may be raised concerning the efficiency of these measures, or even their seriousness, as they have not produced any concrete results so far...there are strong indications that Gotovina, whose public image as a national hero is not denied by anyone, has enjoyed, and continues to benefit from a well-organised support network, including within state structures.”³⁷ This sets a bad example for other western Balkan states, which the Minister described as “unacceptable.”³⁸

31. We conclude that Croatia has an important role in guiding other Western Balkan states on the path to the EU, and that such support will help Croatia’s accession process as well as helping its neighbours. However, we also conclude that Croatia has yet to comply fully with the Hague Tribunal, and we recommend that the United Kingdom make clear to Croatia that insufficient effort to secure the arrest of Gotovina will retard its EU ambitions.

The Neighbouring States

32. Other neighbours have a key role to play in the development of the region. Austria has an important economic role in Bosnia and Herzegovina, while Greece is a key investor in Macedonia despite political differences over the use of Macedonia’s constitutional name. Italy has a strong stake in stability and decriminalisation in Montenegro and the Balkan littoral generally, and the planned accession of Romania and Bulgaria should encourage those states to support democratisation in Serbia, alongside current members like Hungary and Slovenia. Albania also has a strong interest in the resolution of the Kosovo problem. The United Kingdom and its EU partners have a role in persuading states with a stake in the region to nurture civil society, to support infrastructural integration, to invest in the economic growth of the region, and above all to play a supportive role in the reconstruction and development of the Western Balkans.

33. Regional co-operation is essential to effective development in the Western Balkans. Dr Eyal, Director of Studies at the Royal United Services Institute (RUSI), told us: “In many respects, the division of the Balkans into a ‘northern’ part, which includes Romania, Bulgaria, Slovenia and Croatia, either members of NATO or the EU or shortly to become members in both organisations, and the ‘western’ Balkans, composed of countries which remain in suspended animation, is an artificial one. The boundaries will have to be cleared up pretty quickly, if Europe is not to end up with a clutch of poor, ‘failed’ states on its eastern boundaries.”³⁹

37 International Criminal Tribunal for the former Yugoslavia, *Address by Carla del Ponte, Prosecutor of the International Criminal Tribunal for the former Yugoslavia, to the United Nations Security Council, 23 November 2004*,

38 Ev 82

39 Ev 4

34. Examining regional efforts at co-operation, the FCO wrote in its memorandum: “Inter-regional co-operation in the Western Balkans requires further development. For example, the countries could work together to create a genuinely free trade area. Currently the Western Balkans, an area of less than a quarter million square kilometres, has 6 bilateral free trade agreements, with another 14 in the pipeline, but no regional agreement. The impact of a single free trade area on the lives of individual citizens would be immense, as would visa free travel. Currently, the countries of the Western Balkans place restrictions on the movement of people. The FCO aims to encourage intra-regional co-operation by funding regional projects from our various budget programmes.”⁴⁰

35. Outlining an example of one successful regional agreement, the FCO wrote: “The Stability Pact for South Eastern Europe was adopted, at the EU’s initiative, at the Cologne European Council in June 1999. The Stability Pact is a mechanism for co-ordinating political reforms and reconstruction in the countries of South East Europe. It complements the SAP and the work of regional bodies such as the South East Europe Co-operation Process (SEECp).”⁴¹ To date, the Stability Pact has funded a number of infrastructural projects such as the rebuilding of the Danube bridge in Novi Sad in the Vojvodina.

36. However, Dr Eyal was gloomy about the prospects of regional co-operation. He wrote: “Economic co-operation between the countries of the region is in its infancy, and it is difficult to foresee the mechanism by which it could be improved. In many respects, the countries of the region are competitors, rather than complementary economic partners.”⁴² Dr Whyte also drew attention to the necessity of improved infrastructure, pointing out that the construction of a new highway to Sarajevo would improve Bosnia’s economic integration with the region.⁴³

37. We conclude that many of their neighbours have much to offer the weaker states of the Western Balkans. We recommend that the Government emphasise to pre-accession states such as Bulgaria, Croatia, and Romania that effective and constructive engagement with their neighbours will reap dividends in the future and win friends in Brussels. We also conclude that regional co-operation is essential to the effective development of the Western Balkans. We recommend that the Government urge neighbouring states such as Albania, Bulgaria, Croatia, Greece, Hungary and Romania to increase regional co-operation, and support infrastructural schemes in the Balkans.

The OSCE

38. One regional body which plays an enormous role in the Western Balkans is the Organisation for Security and Co-operation in Europe (OSCE). The OSCE focuses on the establishment of human rights standards, free media, good governance and democracy throughout the region, although the EU’s growing presence is reducing the importance of the OSCE. The UK delegation to the OSCE told us that among its responsibilities the OSCE “runs the police training school [in Kosovo], and has already trained over 6000

40 Ev 60

41 *Ibid.*

42 Ev 4

43 Ev 43

police men and women. The OSCE also played a major role in establishing the multi-ethnic police force in South Serbia. The missions...have a role in the return and resettlement of refugees and internally displaced persons.”⁴⁴

39. The FCO also told us that the OSCE has a number of advantages in dealing with the region, which include the presence of the Russians at its meetings, its comprehensive vision of security, its expertise in election monitoring, and its extensive field presence. The OSCE also focuses on the question of trafficking in the region.⁴⁵ However, we heard informally that the Russian Federation’s unwillingness to accept the OSCE’s presence in its ‘near abroad’—focusing in particular on the OSCE’s election monitoring missions in the wake of the revolutions in Georgia and Ukraine—has caused some paralysis within the organisation which could limit its effectiveness in the Balkans. For instance, Moscow has blocked the approval of the OSCE’s budget for 2005 as part of a campaign to curtail the organisation’s traditional focus on human rights, democracy and governance; one casualty has been the OSCE border monitoring mission in Georgia which watches the Chechen border. The OSCE’s extensive field presence in the Balkans will suffer from a lack of funds unless diplomats can resolve the current impasse.

40. We conclude that the Organisation for Security and Co-operation in Europe (OSCE) makes a most valuable contribution to the establishment of democratic values in the Western Balkans. However, we have concerns that the Russian Federation might undermine its work, and we recommend that the Government work closely with its EU and US partners to make clear to Moscow that the OSCE plays an essential role in stabilising the Balkans.

44 Ev 122

45 Ev 123

3 Serbia

41. The conflicts of the last decade have all revolved around Serbia; Misha Glenny told us that he feels “very strongly that the key relationship for the European Union in this region now is Serbia.”⁴⁶ Serbia’s regional dominance—as the ‘Piedmont’ around which Yugoslavia was constructed—makes a positive dialogue with a reformed Belgrade the key to bringing stability to the Western Balkans.⁴⁷

Political development

42. However, reform in Serbia has taken place only slowly, despite the promise of political change following the October 2000 revolution against the Milosevic government. Perhaps the most potent symbol of this failure to grasp the nettle of reform is the assassination of Prime Minister Zoran Djindic in March 2003.

43. Gabriel Partos outlined the political paralysis that has plagued Serbia. He wrote in his submission to the Committee: “Since the assassination of Prime Minister Zoran Djindic in March 2003, successive Serbian governments have been lacking a firm sense of direction. The current four-party administration of the moderate nationalist Vojislav Kostunica relies for its majority in parliament on the support of ex-President Slobodan Milosevic’s Socialist MPs. That has been a serious obstacle in the way of establishing a proper level of co-operation with the International Criminal Tribunal for the former Yugoslavia (ICTY) in The Hague... Divisions within the governing coalition add to what many observers see as a drift in policy.”⁴⁸ The FCO went further, and stated in their submission: “This Government is faced with a daunting set of challenges, a small parliamentary majority, lack of public support (the last poll recorded a total of only 20% support for the government), divergent views held by the various parties and little experience.”⁴⁹

44. Stifling efforts at reform are the interlinked networks of organised criminals, hard line military and supporters of the Milosevic regime, which threaten political stability. Touching on the threat of the networks of gangsters, Misha Glenny asked whether “we want to have another situation where a Prime Minister or President of Serbia is pushing through, with the encouragement of Western Europe and the United States, unpopular policies and eventually... is shot as a consequence?”⁵⁰

45. While many people in the west see Serbia as the perpetrator of crimes of ethnic cleansing, the perception of many Serbs that they are victims and the loss of status of their country are major obstacles to progress. Dr Eyal told us that it was important to dispel “the very deep-seated attitude of all Serbs, in all walks of life, that they are the victims of the West and that regardless of what they do, we will never take them seriously.”⁵¹

46 Ev 50

47 Tim Judah, *The Serbs: History, Myth and the Destruction of Yugoslavia*, (London, 2000), see chapter 6 and Misha Glenny, *The Balkans, 1804-1999: Nationalism, War and the Great Powers*, (London, 1999) p 266

48 Ev 1

49 Ev 66

50 Ev 51

51 Ev 6

Commenting on Serbian disaffection, Gabriel Partos said: “I think that there is a much deeper disappointment among Serbs about the fact that the state which used to be respected in Europe, which they regarded as being large and influential, has now been reduced to borders last seen during the nineteenth century.”⁵² On top of the sense of victimhood and the criminal threat, both Gabriel Partos and Misha Glenny commented that two major distractions dominated debate amongst the Serbian political elite—the relationships with Montenegro and with Kosovo.⁵³

Montenegro

46. The question of Montenegro’s independence is perhaps the less emotive issue in Belgrade. A referendum most likely in early 2006 will decide the future of the union between Serbia and Montenegro. This process will occur under the terms of the Belgrade Agreement, which the EU’s High Representative for Foreign Policy, Javier Solana, brokered in March 2002. At present, the two states exist in a state union which replaced Yugoslavia in February 2003, but with a great deal of economic divergence.⁵⁴

47. Describing the current situation, the Embassy of Serbia and Montenegro wrote: “Relations between Serbia and Montenegro have, after a lengthy hiatus, been constructed afresh on new foundations and insofar as important institutions are concerned...have actually started to function. In February 2006 at the latest it is anticipated that a referendum will be conducted whereby the citizens of both member republics will decide whether to continue to live together in a single state ...[but] one can say with confidence that there is no danger of violence erupting over this.”⁵⁵ We heard on our visit that Serbia would like to approach the EU as a member of the state union, but would accept the will of the people as expressed in a referendum.

48. However, the question of the union, if not one liable to plunge into conflict, is a serious and distracting challenge for the political elite. Gabriel Partos told us that it is “likely to re-emerge as one of the key issues on the regional agenda next year. It has the potential to slow down much-needed political, economic and administrative reforms in both republics as attention focuses on whether—or in what shape— the Serbia-Montenegro union should continue.”⁵⁶ We address the question of Montenegro’s independence in Chapter 4 below.

Kosovo

49. Kosovo is a much more emotive issue in Serbia. The riots of March 2004, which left 19 people dead, as many as 1000 injured in Kosovo and forced 4100 to flee their homes, resulted in revenge attacks on mosques in Belgrade and Nis and raised doubts about the international community’s policies in Kosovo. At present, Kosovo is formally an autonomous part of Serbia as is made clear in United Nations Security Council Resolution 1244 which reaffirms “the commitment of all Member States to the sovereignty and

52 Ev 10

53 Ev 7

54 International Crisis Group, *A marriage of inconvenience: Montenegro 2003*, 16 April 2003

55 Ev 131

56 Ev 2

territorial integrity of the Federal Republic of Yugoslavia.”⁵⁷ However, the FCO wrote in their submission: “There has been a growing recognition within the international community that the status question cannot be left indefinitely. The violence this year...further highlights that the uncertainty over Kosovo’s future status is a source of instability in Kosovo, and potentially throughout the region.”⁵⁸

50. The existing policy had followed the “standards before status” approach established by former Special Representative of the Secretary General (SRSG) Michael Steiner, which required Kosovo to meet satisfactory standards of rule of law, multiethnic tolerance and democratic governance, before the assessment of Kosovo’s final status. However, Jonathan Eyal said in his submission: “After the ethnic riots in March this year, it has become increasingly clear that [the standards before status] position is no longer tenable, that the resolution of Kosovo’s legal status must be part and parcel of addressing the question of standards of government inside the territory...Final status negotiations may not begin until well into 2005, but they cannot be postponed for much longer.”⁵⁹ Kai Eide also told us that status negotiations were now essential, and that he could see no option in the long run other than Kosovo’s independence.⁶⁰

51. Belgrade, however, staunchly opposes the possibility of an independent Kosovo. Gabriel Partos wrote in his submission to the inquiry: “Serbs (both in Kosovo and in Serbia at large) want Kosovo to remain within the SaM union, or if that union is dissolved, in Serbia itself. But there is an increasing realisation that, whatever the historical links, Kosovo cannot be kept against the will of the vast majority of its inhabitants. However, very few Serb politicians are prepared to declare that in public for fear that it would undermine their support among the electorate.”⁶¹

52. The Kosovo issue is a major concern for Serbia’s moderate politicians because of the political strength of the hard line nationalist Radical Party led by Vojislav Seselj, who is in The Hague awaiting trial for crimes committed in the war in Bosnia. Misha Glenny told us: “The radicals have two sources for their electoral strength. One is poverty and economic decline and the other is nationalism.”⁶² Nationalism brought the Radicals to a close second in the last presidential elections, and they hold the most seats in the parliament—some 27%.⁶³ Misha Glenny told us: “Going [to Belgrade] now and telling Serbian politicians that they have to support the idea of a final status which is likely to result in independence of Kosovo is turkeys voting for Christmas. It is no good asking Serbian politicians to do that.”⁶⁴ Consequently, moves to discuss Kosovo’s final status which include independence run a serious risk of sparking nationalist anger in Serbia, although this sentiment should reduce over time. In combination with the Montenegro question, which is less emotive, the

57 United Nations Security Council, *UNSCR 1244*, 10 June 1999

58 Ev 63

59 Ev 4

60 Ev 110

61 Ev 3

62 Ev 55

63 Ev 66

64 Ev 51

Kosovo issue threatens to strengthen regressive forces. We examine the situation in Kosovo in greater detail in Chapter 5 below.

Conclusion

53. We conclude that Serbian democracy is young and fragile and that the international community, particularly the EU and the United Kingdom, must work to promote Serbian political and economic development.

Co-operation with the Hague Tribunal

54. The chief stumbling block in relations between Serbia and the West is the International Criminal Tribunal for the former Yugoslavia (ICTY). Co-operation with the ICTY is a prerequisite of Serbia's reintegration into the international community. The FCO submission stated: "The UK attaches particular importance to all countries of the region meeting their international obligations of full co-operation with the ICTY."⁶⁵

55. To date, Belgrade has not complied with the demands of the ICTY. Carla del Ponte told the United Nations Security Council on 30 November 2004:

Prime Minister Kostunica has made it clear that he is not willing to arrest fugitives, but only to try to convince them to surrender...this policy has not produced any result so far, and it is in blatant contradiction with the international obligation of the country, namely Article 29 of the ICTY Statute and numerous Security Council resolutions. The Serbian government has deliberately chosen to ignore its legal obligations.⁶⁶

However, Belgrade protests that it is working towards compliance with the ICTY. The Embassy of Serbia and Montenegro said in its submission: "The Government has undertaken to fulfil...all the demands which the Hague and the International Community have placed upon it, wherever it is physically possible and even at the expense of jeopardising the democratic reforms."⁶⁷ We await results, although the surrender of Vladimir Lazarevic, a general wanted by the ICTY, is a step forward for Serbia.⁶⁸

56. In their assessment of Serbia's co-operation with the ICTY, the FCO said in their submission: "The ICTY continues to be the most difficult issue for SaM. There was some, albeit insufficient, co-operation from the previous DOS government, including a number of arrests and extraditions (most famously Milosevic), but co-operation largely came to a halt in autumn 2003."⁶⁹ The Minister for Europe, Denis Macshane, made clear to us that the United Kingdom remained uncompromising on the issue of co-operation with the ICTY. He said: "We are nine months from the tenth anniversary of Srebrenica...and yet those accused of having some connection or responsibility for those crimes are not being

65 Ev 58

66 International Criminal Tribunal for the former Yugoslavia, *Address by Carla del Ponte, Prosecutor of the International Criminal Tribunal for the former Yugoslavia, to the United Nations Security Council, 23 November 2004*,

67 Ev 132

68 "Wanted Serb general surrenders", *BBC*, 25 January 2005

69 Ev 66

hunted down by the authorities, not being given up for arrest by those supporting them...I find that wholly unacceptable and something the British Government I hope will never easily countenance.”⁷⁰

57. Dr Whyte endorsed the United Kingdom’s approach to the ICTY, saying: “I would say the view that should be taken is the hard line taken by the British Government...inside both NATO and the EU...consisting of full compliance with the internationally mandated tribunal.”⁷¹ He went on to explain the importance of co-operation with the ICTY, saying: “This is a part of the world where nothing is just symbolic, where symbols are of extreme importance.”⁷² The USA has taken a similarly tough approach by withholding financial aid until Serbia and Montenegro comply with the ICTY.⁷³

58. The pressure for compliance with the ICTY is intense, which is a source of concern to some commentators because of the fragility of Serbia’s young democracy. A submission from Rinna Kullaa, from the Department of History at the University of Maryland, assessed the impact of the ICTY on Serbia.

The work of the ICTY is costly to the international community. The actions of the Prosecutor’s Office during the past four years often impeded democratic parties’ attempts to resist the Radicals in Serbia. The Prosecutor’s Office’s statements are often antagonistic and create outrage within the Serbian public...This attitude has been successfully exploited by the Radical Party to increase support for its anti-Western rhetoric. The Radicals have successfully been able to present an imagined connection between Serbian democratic parties, economic hardships and western disfavour.⁷⁴

In Belgrade we also heard that the badly run Milosevic trial permitted the former leader to present himself as a martyr for Serbia.

59. Misha Glenny outlined his views of the problems with the ICTY. He said: “I think that the ICTY has a function but I think that it has become too politicised and I think it has too negative an impact on local politics. If there is some way of reaching a compromise on this issue in terms of devolving the court’s powers into local capitals I think it should certainly be explored.”⁷⁵ The Serbs would undoubtedly support transferral of some trials, although this presents serious difficulties.⁷⁶ Witnesses would be easier to intimidate and corruption in or political pressure on Serbia’s judiciary could raise doubts about the validity of the courts’ decisions. We heard on our visit to The Hague that ICTY officials have serious concerns about transferring trials.

70 Ev 82

71 Ev 44

72 *Ibid.*

73 “Serbia and Montenegro assistance”, *US Department of State Press Statement*, 13 January 2005

74 Ev 137

75 Ev 54

76 Ev 132

60. We conclude that Serbia must fulfil its obligations to comply with the Hague Tribunal and deliver its war crimes indictees, and we urge the Government to maintain pressure on Serbia to fulfil its international obligations.

The road to NATO

61. Serbia's aspiration to membership of NATO's Partnership for Peace (PfP), and its integration into the Euro-Atlantic structures, has stalled because of the question of compliance with the ICTY. For obvious, historical reasons, support for membership of NATO is significantly lower in Serbia—only about 30% according to the submission from the Embassy of Serbia and Montenegro—than the widespread desire for EU accession.⁷⁷

62. The June 2004 NATO summit in Istanbul issued a communiqué on Serbia and Montenegro's progress towards PfP. It said:

Serbia and Montenegro has also shown progress in defence reform, and the government has played a constructive regional role, improving relations with its neighbours. We look forward to further progress in these areas, in particular in relation to the government's engagement on Kosovo-related issues. At the same time, the International Court of Justice cases against several of the Allies still stand.⁷⁸ We call on the government to fulfil its international obligations, in particular to cooperate with ICTY and render all necessary assistance to secure the arrest and transfer to the jurisdiction of the Tribunal of war crimes indictees.⁷⁹

63. Notwithstanding the obstacle of ICTY compliance, defence reform under NATO auspices is a crucial element of Serbia's development. Misha Glenny stressed the importance of the PfP process. He told us: "NATO accession as far as south eastern Europe is concerned and the Western Balkans is a way of engaging with the West and de-politicising their army; ie it has a real impact on how the societies are structured and behave."⁸⁰ Dr Whyte agreed and added that NATO accession "on the ground is of less dramatic effect [than EU accession] but symbolically is of equally dramatic effect."⁸¹ Reform of the sectors with the closest ties to the old regime is of optimum importance; we heard in Belgrade about the continued power of Milosevic's supporters in the defence and intelligence sectors.

64. The United Kingdom plays an integral part in defence reform in Serbia and Montenegro. The UK delegation to NATO described the type of work NATO is doing with Serbia and Montenegro, saying:

NATO initiated a tailored co-operation programme with SaM in 2003 covering defence and security sector reform, civil emergency planning, base conversion and

77 Ev 132

78 Yugoslavia launched a claim in the International Court of Justice (ICJ) that the bombing in 1999 violated its sovereignty; this was a major obstacle to Serbia's entry to NATO. However, the ICJ found in December 2004 that it does not have jurisdiction to rule on the matter in December 2004, see "The international court in decline", *International Herald Tribune*, 13 January 2004.

79 US Mission to NATO, *Istanbul Summit Communiqué*, 26 June 2004,

80 Ev 53

81 Ev 43

social reintegration of redundant officers. Activities under the programme included seminars, expert team missions and SaM officers attending selected PfP activities. This programme has made a valuable contribution to encouraging defence reform and building confidence with the SaM defence establishment. As NATO's designated Contact Point Embassy from 2002 to September 2004, the British Embassy in Belgrade was able to play an active role in helping to develop and implement the NATO programme.⁸²

The Minister also told us that “we have had a British army officer working in the Serb Ministry of Defence, to try and say: ‘Look, this is the way you get closer to Partnership for Peace’ and to encourage a very high level of contact.”⁸³

65. The NATO Parliamentary Assembly has also played a role in engaging Serbia on the issue of defence reform. For instance, the Political Committee's Sub-Committee on Central and Eastern Europe visited Serbia in April 2004 and reported on the discussions held with its counterparts in Belgrade. The discussions ranged over the problem of ICTY compliance and the Chairman of the Sub-Committee made the point that support for Serbia's membership of PfP was “in support of necessary reforms and not because Serbia had filled all the pre-requisites [of membership].”⁸⁴

66. We conclude that defence reform and membership of NATO's Partnership for Peace are of the greatest importance for Serbia and Montenegro's integration into the Euro-Atlantic framework. We recommend that the Government stress that defence reform is a necessity for both countries and that Serbia cannot enter PfP until it complies with the Hague Tribunal.

The road to the EU

67. The question of compliance with the ICTY also impedes Serbia's path to the EU. Commenting on progress towards the EU so far, the FCO said in their submission: “Serbia and Montenegro's integration into the EU is currently on hold due in part to lack of co-operation with the ICTY and failure to complete an Action Plan to harmonise the two republics' economic systems. The European Commission is considering ways to overcome this.”⁸⁵

68. The European Commission assessed Serbia's readiness for a Stabilisation and Association Agreement in March 2004, describing its progress on the SAP as “mixed”.⁸⁶ The feasibility study stated:

Republican institutions showed resilience and stability following the assassination of Serbian Prime Minister Djindjic. The ensuing state of emergency, while of great assistance to the Serbian government in combating the immediate threat posed by

82 Ev 118

83 Ev 82

84 NATO Parliamentary Assembly, *Visit to Serbia and Montenegro by the Sub-Committee on Central and Eastern Europe*, 5-7 April 2004,

85 Ev 60

86 EC DG External Relations, *The Stabilisation and Association process*, http://europa.eu.int/comm/external_relations

organised crime, affected, however, the respect for human rights and for the rule of law. The level of progress in political reforms has varied: steady progress in army reform; further progress in the areas of minority rights and regional co-operation; slower than hoped-for reform of the police and judiciary. Efforts have been made to deal with the legacy of the past but this remains an outstanding challenge. Serbia and Montenegro is still failing to comply with its international obligations concerning co-operation with the International Criminal Tribunal for the former Yugoslavia (ICTY). Economic stability has been preserved. However, the pace of structural reforms has slowed considerably, mainly due to the political disputes that have hampered the functioning of the institutions.⁸⁷

Another feasibility study is due in January 2005, but the decision of Javier Solana to cancel a scheduled visit to Belgrade on 21 January 2005 raised serious doubts about a positive verdict from the EU. However, Dr Anastasakis drew attention to the discrepancies between co-operation with the ICTY and the SAP, saying: “As far as linking feasibility studies [to the ICTY] is concerned, and that is a technical process leading towards the start of the Stabilisation and Association process, whether they are sending a war crime criminal to The Hague or not does not tell us much about how able they are to adopt and implement standards. There is this kind of discrepancy. It is, of course, part of the political conditionality but there are other conditions that have to be looked [at] as well here.”⁸⁸ Compliance with the Copenhagen criteria for EU membership stands as a challenge and an imperative, irrespective of problems with the ICTY. The European Commissioner for Enlargement, Olli Rehn, however, made clear in January 2005 that without compliance with the ICTY, Serbia cannot advance towards the European Union.⁸⁹

69. The EU can offer incentives for compliance with international standards while maintaining pressure for reform—as its success in encouraging reform in Turkey has demonstrated. With this in mind, we asked the Minister what incentives the United Kingdom and the EU offer Serbia in exchange for compliance with the ICTY. He told us:

We are seeking to negotiate agreements, protocols on trade, customs and other sectoral policies particularly to allow Serbia and Montenegro to grow together...The European Union has put in about 10 million euros-worth of EU funds from CARDS funding. We have given them a preferential trading agreement on sugar, which is a bit sensitive in bits of the sugar producing industry elsewhere in Europe. We, as the British Government, are funding different projects. We are helping out the independent media.⁹⁰

Karen Pierce added that “once the irreducible minimum is past—and it is chiefly Karadzic, Mladic and a constructive regional approach—we, as the British Government, would be prepared to fast-track Serbia through some of the EU and NATO mechanisms.”⁹¹

87 EC DG External Affairs, *The Stabilisation and Association Process: Third Annual Report*

88 Ev 44

89 “Has anyone heeded the warning”, *B92*, 26 January 2005

90 Ev 82

91 Ev 83

70. Dr Whyte raised another area in which the United Kingdom and the EU could offer incentives for Serbia to comply with the ICTY. He said: “The mean spiritedness of Western Europe in its approach to the Western Balkans is exemplified best by the restrictive visa regime that exists. The current policy empowers people traffickers and penalises honest travellers. If we want to send a real signal to these people that they are considered as Europeans, we have to allow them to travel here.”⁹² In Belgrade, we heard that people who grew up in Yugoslavia under Tito’s communist dictatorship could travel throughout Europe, but that today their movements are very restricted. This ostracising visa regime is breeding resentment amongst Serbs.

71. We conclude that Belgrade’s unwillingness to comply with the Hague Tribunal is one of a number of serious obstacles on the path to EU integration. We recommend that the international community offer incentives to Serbia to win support for the EU and to weaken the political stranglehold of the nationalist Radical party. We also recommend that the Government re-examine its visa policy to permit short visits to and educational opportunities in the United Kingdom for more people from Serbia and Montenegro.

The Presevo Valley and Vojvodina

72. Serbia faces other problems in its northern autonomous region of Vojvodina and the southern Presevo Valley. Our predecessors reported on the conflict in Presevo in their Report in 2001, welcoming Belgrade’s willingness to settle the Presevo question peacefully and recommending that the Government make clear to the government in Belgrade that it would be responsible for human rights in the valley.⁹³ Since that Report, the conflict in the valley has not presented a major threat to regional stability.

73. The Presevo Valley has strategic importance; it borders Kosovo and Macedonia, and is an important north-south trade route through the mountains. Its population is mixed between Serbs, Macedonians and Albanians. Ethnic tensions between the Serbs and Albanians in the valley erupted in 2001, arising from the reintroduction of the Serbian army to the areas bordering Kosovo—their withdrawal was part of the peace agreement which ended the Kosovo war—and the return of notorious paramilitary units who had previously abused local Albanians; this led to a campaign of bombings against police units followed by Serbian reprisals. The spill-over from Presevo was a major factor in the destabilisation of Macedonia in 2001.⁹⁴

74. However, NATO, the USA and the OSCE persuaded the warring parties to adopt the Covic Plan, which had four chief elements. These were: the elimination of any threat to Serbia’s territorial integrity; the demilitarisation of the region; the institution of a multiethnic society, for instance by incorporating Albanians into the police force and government; and a programme for economic development. The plan appeared to hold the peace until a number of bomb attacks on police stations took place in 2003. Swift action by the USA and KFOR appears to have stamped out that threat, although in Pristina we heard

92 Ev 43

93 Foreign Affairs Committee, Fourth Report of Session 2000-2001, *Government policy towards the Federal Republic of Yugoslavia and the wider region following the fall of Milosevic*, HC 246

94 International Crisis Group, *Southern Serbia’s fragile peace*, 9 December 2003

that low level conflict remains a problem in the Presevo Valley. One way to improve inter-communal relations in the valley is to improve civil society networks, such as organisations which bring mayors or children of different ethnic background together in low level workshops; these efforts could help dispel the prejudices built up by years of nationalist propaganda spread by the state television station.⁹⁵ Unfortunately, tensions are still high in the Presevo Valley; the shooting of an Albanian teenager by Serbian border police on 7 January 2005 for illegally crossing from Macedonia has prompted demands from the Albanian community for the demilitarisation of the border region, and even calls for secession from Serbia.⁹⁶ This crisis has the potential to escalate rapidly into more serious inter-communal violence.

75. Another issue is the situation in the northern region of Vojvodina, which has a mixed population of Serbs, Hungarians, Slovaks and Croats, who have lived together comparatively peacefully. However, a number of attacks by hard line nationalist Serbs on ethnic Hungarians in the summer of 2004 raised tensions between Belgrade and Budapest and drew attention to the limited nature of Serbian civil society.⁹⁷ We heard informally that one way to improve the situation would be to support non-governmental organisations in Serbia which focus on human rights, and encourage Hungarian and Croatian organisations to support their Serbian counterparts. The debate in Hungary on extending Hungarian citizenship to ethnic Hungarians in neighbouring countries is unhelpful in this context, and potentially provocative.

76. We conclude that tensions in the Presevo Valley are still high and could precipitate local conflict, but we welcome the success of the Covic plan so far. We also welcome solid engagement by the international community, and recommend that the Government support the work of non-governmental organisations dedicated to reducing ethnic tensions and improving human rights in the Presevo Valley, Vojvodina and other border areas, and if necessary consider providing troops for peacekeeping purposes.

The economy

77. Serbia's long standing ostracism from the international community has taken a serious toll on its economy. In 2003 its GDP grew by 1.5%, far below the hoped-for 4%, while the trade deficit topped \$4 billion, and the current account deficit has reached \$1.8 billion. The government has also failed to rein in the budget, with the likely consequence of increasing inflation, and it strains under \$13.8 billion in international debt.⁹⁸ Inflation will rise to about 12-13% in 2004.⁹⁹ The CIA World Factbook states:

Milosevic-era mismanagement of the economy, an extended period of economic sanctions, and the damage to Yugoslavia's infrastructure and industry during the NATO airstrikes in 1999 have left the economy only half the size it was in 1990...

95 Ev 51

96 "Albanians to decide this week on co-ordination body", *B92*, 13 January 2005

97 International Crisis Group, *Serbia's U-Turn*, 26 March 2004

98 *Ibid.*

99 "Inflation into double digits", *B92*, 28 October 2004

The complexity of Serbia and Montenegro political relationships, slow progress in privatization, legal uncertainty over property rights, and scarcity of foreign-investment are holding back Serbia and Montenegro's economy. Arrangements with the IMF, especially requirements for fiscal discipline, are an important element in policy formation. Severe unemployment remains a key political economic problem.¹⁰⁰

78. The FCO wrote in their submission: “Despite significant progress, especially in terms of legislation and macro-economic reform, both republics [Serbia and Montenegro] need to continue with in-depth reforms on the rule of law and institution building as well as to deal with a large and unsustainable state-owned sector.”¹⁰¹

79. The Embassy of Serbia and Montenegro naturally presented a more optimistic vision of the Serbian economy, declaring that inflation has now been under control for four years, that GDP was likely to surpass projections, that privatisation had moved forward, and that Serbia had signed an agreement with the IMF, World Bank and European Bank for Reconstruction and Development. The economy’s fundamental problems, they stated, were “a traditionally high deficit in the exchange of trade, a high degree of unemployment (13%) and still a very high percentage of ‘grey economy’”.¹⁰² The FCO agreed that corruption and organised crime were serious problems for Serbia.¹⁰³

80. One major concern for the Serbian economy is the threat posed by organised crime, which plays an important role in the economy given the criminalisation of state structures which took place under Milosevic and the UN sanctions regime. However, we were glad to hear from Gabriel Partos that the problem of crime had lessened in the last year. He told us:

I think that the worst of it is now perhaps behind us because of the very firm action the government took back in the spring/early summer of last year and to the extent that organised crime in many ways dominated Serbia, that situation no longer is the case.¹⁰⁴

81. We conclude that the United Kingdom, alongside its EU partners, should increase its support for projects such as judicial reform, changes in tax regime, customs reform and other areas of technical assistance which contribute to Serbian development; the Government should also examine the possibility of reduced tariffs on agricultural exports because continued economic weakness is in no one’s interests. We also welcome comments from our witnesses concerning the reduced threat of organised crime in Serbia, but stress that much work remains to be done. We recommend that the Government support initiatives to weaken the hold of organised criminal gangs.

100 CIA World Factbook, Serbia and Montenegro, <http://www.cia.gov/cia/publications/factbook/>

101 Ev 66

102 Ev 132

103 Ev 135

104 Ev 6

Conclusion

82. We conclude that Serbia's integration into the Euro-Atlantic structures is desirable, but must not occur at the expense of Serbia's legal obligations to the Hague Tribunal.

4 Montenegro

83. The growing economic divergence between Serbia and Montenegro, and the calls for the dissolution of the state union, will present a serious political challenge over the next two years. The problem presents a series of complex questions, revolving around constitutional reforms and regional stability, but the independence of Montenegro is unlikely to precipitate violence.

State union

84. The unresolved question of the union between Montenegro and Serbia is a major distraction for policy makers in the Balkans. Dr Eyal explained the importance of the state union question in his submission: “The seemingly never ending dispute between [Serbia and Montenegro] has not only precluded a wider political solution in the Balkans as a whole, but has also wasted an opportunity to concentrate on economic reconstruction inside Serbia. Violence between the two entities can be excluded. Nevertheless, a resolution to this problem—in one way or another, even if it involves formal separation—is an urgent necessity in order to break up the current legal logjam.”¹⁰⁵ Commenting on the question of Montenegro’s independence, Kai Eide told us: “This whole question of Serbia and Montenegro adds to the political burden in the political landscape in Belgrade and complicates the situation further there.”¹⁰⁶

85. The existing system—a loose federation between Serbia and Montenegro—is based on the Belgrade Agreement, which the EU High Representative for Foreign Policy, Javier Solana, brokered in March 2002; his efforts were part of an attempt to postpone the separation of the two states until after the Kosovo final status talks of mid 2005.¹⁰⁷ Under the agreement, Yugoslavia ceased to exist in February 2003, and was replaced by the state union of Serbia and Montenegro, but the discussions leading to the constitutional charter revealed strong differences. The Serbian government wanted a union chamber with elected deputies, while the Montenegrin government wanted to appoint delegates. A compromise which permitted the appointment of delegates for two years before their election rested on Serbia’s acceptance of a referendum on independence in Montenegro after the agreement expires in February 2006.¹⁰⁸ Gabriel Partos assessed the effectiveness of the agreement, saying it “has been a success in terms of crisis prevention/postponement. But it has not so far laid the foundations for a stable, long-term union.”¹⁰⁹ Neither side has adopted the terms of the agreement with enthusiasm and the FCO wrote in its submission that “progress on implementing the provisions in the Constitutional Charter has been slow.”¹¹⁰ In effect, the agreement amounted to a truce until the referendum takes place.

105 Ev 4

106 Ev 113

107 Ev 64

108 International Crisis Group, *A marriage of inconvenience: Montenegro 2003*, 16 April 2003,

109 Ev 2

110 Ev 64

86. Part of the problem is that the Belgrade Agreement established an unwieldy vehicle; examples of the complexity of the state union include the division of posts in Serbia and Montenegro's diplomatic corps—so a Montenegrin is ambassador in London, and a Serb in Berlin—and the parallel federal and state government structures. However, the biggest obstacle to the effective functioning of the union is growing economic divergence between the two states. The Embassy of Serbia and Montenegro wrote in its submission: “When speaking of the state of the economy in Serbia and Montenegro, we must keep in mind that the economic systems of the two republics...significantly differ. Amongst other things: there are two central banks; two different currencies are in use; the systems of privatisation are different, so are foreign trade, protection and customs and excise systems, as is general taxation.”¹¹¹

87. The constitutional structure has also impeded reform efforts as well as Serbia and Montenegro's progress towards a SAA. Recognising the logjam, the EU launched a twin track process in September 2004 which will permit the signature of a single SAA with two separate economic annexes for Montenegro and Serbia.¹¹² We asked Dr Whyte about the twin-track process, and he told us: “I think the twin-track approach recognised the reality that the attempts to make Serbia and Montenegro integrate with each other before joining the EU simply was not working.”¹¹³ Dr Anastasakis added that the twin-track approach “shows a genuine attempt by Chris Patten and the Commission to understand what exactly the problem is...I think maybe they recognise that this kind of (Solana) state was a kind of failure...Showing this kind of flexibility will definitely...end the antagonism in trying to approach the standards of the EU.”¹¹⁴

88. However, Dr Whyte added that the EU approach could also contribute to the end of the union because “the Montenegrins now plan to make the best go they can of proving their European credentials within the framework of the new proposed feasibility study, and they hope to be in a position to turn around to their own voters and say, ‘Look, Serbia is holding us back from our European integration’ and that will then be used as an argument for separation.”¹¹⁵

89. The question of Montenegro's independence remains divisive within both Montenegro and Serbia. In Montenegro the Democratic Party of Socialists and Social Democratic coalition government, led by Milo Djukanovic, fiercely advocates separation from Serbia, while the opposition Socialist People's Party, the Serbian People's Party and the People's Party, with 40% of the seats in parliament, staunchly oppose a break with Belgrade.¹¹⁶ Gabriel Partos told us: “At present support in Montenegro for independence and the continuation of the SaM union is almost evenly balanced”.¹¹⁷ In this situation, a referendum on independence has the potential to provoke political instability within Montenegro. Gabriel Partos went on to describe the political processes which may lead to

111 Ev 132

112 “New formula for stalled integration process”, *Institute for War and Peace Reporting*, 17 September 2004

113 Ev 132

114 Ev 48

115 *Ibid.*

116 “Montenegrin rivals both claim EU victory”, *Institute for War and Peace Reporting*, 17 September 2004,

117 Ev 2

independence. He said: “An early indication of [the dissolution of the state union] may come in the elections for the SaM parliament, due in February 2005. A strong showing for Montenegrin Prime Minister Milo Djukanovic’s party and its allies could set in motion moves towards Montenegro’s independence...Djukanovic may also want to use an independence referendum to rally support at a time when he will have been in power as prime minister or president, without interruption, for 15 years.”¹¹⁸

90. In Belgrade, we heard that views within the governing coalition differ, but that Serbia would accept the results of a referendum on independence, provided the result was clear and the poll conformed to appropriate standards. The Embassy of Serbia and Montenegro said that “ultimately, the will of the people (as expressed through a referendum) will prevail and should be respected.”¹¹⁹ Details such as the phraseology of the referendum question, however, could be a source of friction between the two governments, as would a move towards independence ahead of the February 2006 timetable.

91. Montenegro’s independence could have an impact on the region, given the secessionist impulses in some communities in Macedonia, Bosnia and Herzegovina, and Kosovo. For instance, one fear is that the independence of Montenegro could provide a precedent for the secession of Republika Srpska from Bosnia or encourage the Kosovo Albanians’ demands for independence. However, our witnesses played down the potential impact of Montenegro’s independence. Dr Eyal told us: “I suspect...that if Montenegrin independence comes, it will have very little impact on Bosnia where the logic of the behaviour of the various ethnic communities is completely different. It will, however, on Kosovo, because it will be very difficult to say we are not settling the legal status of Kosovo, but we are rushing to settle the legal status of Montenegro.”¹²⁰ Gabriel Partos told us that the impact of independence “will be marginal, minimal.”¹²¹

92. A further question is whether Montenegro has the capacity to function as an effective independent state, given its small size—about 660,000 people—and its problems with organised crime. Misha Glenny told us that Montenegro “is so small that absorbing it actually would not make much difference [for the EU]. It would probably be very easy to do it, although it is still a pretty highly criminalised state.”¹²² The Italian government has particular concerns about crime in Montenegro. Another concern is the impact that such small states could have on the distribution of voting powers within the EU.

93. We asked the Minister if the United Kingdom would accept Montenegro’s independence. He said: “I cannot imagine the British Government...saying that Montenegro cannot have its independence...[but] I do not want to say independence on any terms, declared by any faction which can get a majority vote in a plebiscite. There are a lot of qualifiers to it but there is no one in Britain saying, ‘Under all circumstances, under

118 Ev 2

119 Ev 131

120 Ev 7

121 *Ibid.*

122 Ev 50

all conceivable scenarios, the only future state we will accept is a merged Serbia Montenegro.”¹²³ We welcome this balanced and realistic position.

94. We conclude that independence for Montenegro in 2006 is probable, and that it is unlikely to lead to serious violence or instability. However, we recommend that the Government strive to minimise the risks of conflict. We conclude that the international community, including the United Kingdom, should seek to ensure that the details of the referendum conform to international norms, should play a role in monitoring any referendum in Montenegro to ensure its fairness, and should accept the results of a free and fair poll. We also recommend that the Government work with the local authorities to tackle organised crime and help build administrative capacity in Montenegro, for instance by offering technical support to the government in Podgorica.

The United Kingdom’s representation

95. Another issue we examined was the question of UK representation in Podgorica. In their 2001 Report, our predecessors assessed the necessity of UK representation and concluded that “the need for the FCO to have a permanent post in Montenegro is urgent.”¹²⁴ Currently, the United Kingdom has a locally engaged member of staff in Podgorica and the Ambassador in Belgrade travels frequently to Montenegro. We asked the Minister why no British diplomat worked in Podgorica. He told us: “The Committee’s report in 2001 said that we should have a permanent post in Montenegro and we have established that, I accept not with an English-born diplomat, but this is a serious question of resources.”¹²⁵ We recognise that resources are scarce, but consider that the case for a fully-staffed United Kingdom based Post in Podgorica is strong, given the increasing likelihood of the dissolution of the Union of Serbia and Montenegro. Other states, such as the USA, China, Italy, Russia, Greece, Slovenia and Croatia already have consular representation in Podgorica.

96. We conclude that the increasing possibility of Montenegro’s independence adds to the case for a Post headed by a United Kingdom-based diplomat in Podgorica.

123 Ev 84

124 Foreign Affairs Committee, Fourth Report of Session 2000-2001, *Government policy towards the Federal Republic of Yugoslavia and the wider region following the fall of Milosevic*, HC 246 para 102

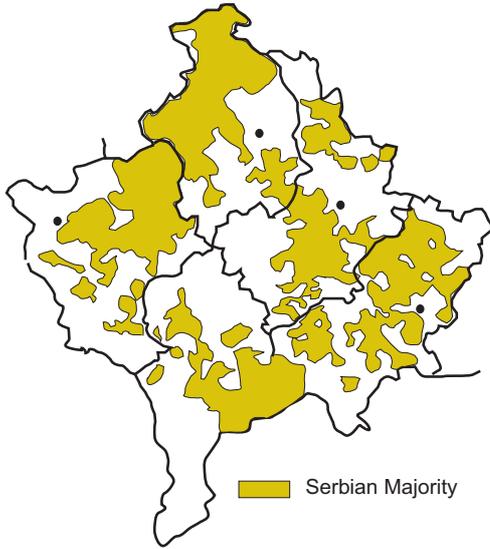
125 Ev 84



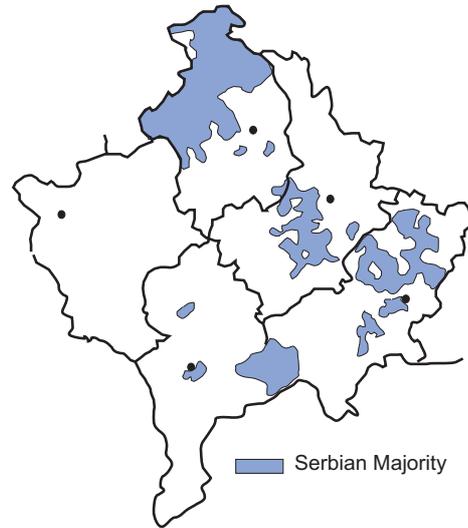
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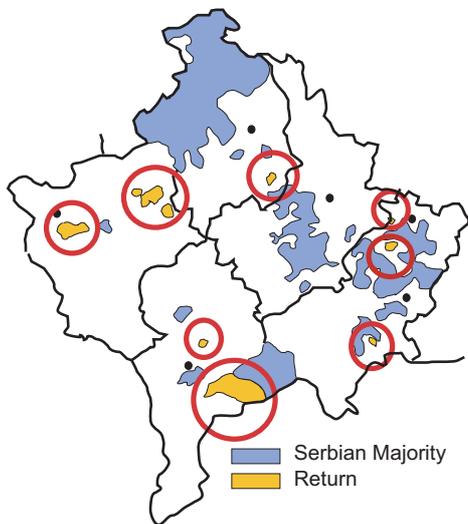
KOSOVO
Serbian Population 1999



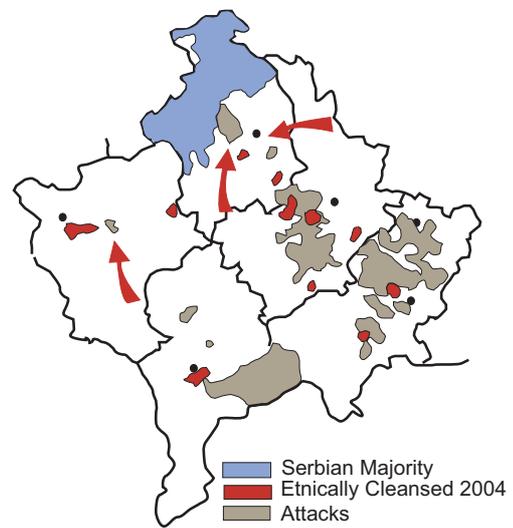
KOSOVO
Serbian Population 2002



KOSOVO
Serbian Population 2003
Return



KOSOVO
Serbian Population March 2004



Source: The Centre for Peace in the Balkans

5 Kosovo

97. The independence of Montenegro could present a precedent for Albanians in Kosovo who demand their independence from Serbia, although Kosovo can as yet only claim *de facto* independence from Belgrade; the international community has governed Kosovo since the end of the 1999 war with Yugoslavia. The FCO said in its submission to the inquiry: “In June 1999, UN Security Council Resolution 1244 (UNSCR 1244) placed Kosovo under interim UN administration, provided by the UN interim Administration in Kosovo (UNMIK), pending a process to determine its future status. UNMIK’s role since then has been to establish a secure environment with the assistance of the NATO Kosovo Force (KFOR) and build self-governing institutions to ensure conditions for a peaceful and normal life for all inhabitants of Kosovo.”¹²⁶ The question of Kosovo’s final status, however, will come under discussion in mid 2005, and Kai Eide, who wrote a report on the question for the UN Secretary General, told us that he could not see any outcome of the final status negotiations other than Kosovo’s independence.¹²⁷

The March riots

98. Kosovo’s profound economic difficulties and bouts of inter-ethnic violence, mainly by Albanians against Serbs, have marred the international administration’s record. Serious riots took place on 17–19 March 2004—leaving 19 dead, over 1000 injured and driving 4100 from their homes—in the wake of unsubstantiated accusations that Serbs had chased Albanian children into a river where they drowned. The FCO stated in its submission: “Violent clashes in Mitrovica (North Kosovo) between Kosovo Albanians and Kosovo Serbs triggered inter-ethnic violence elsewhere in Kosovo...Violence was also directed at UNMIK and, for the first time, KFOR. Our assessment is that the violence was not part of a wide pre-meditated strategy to target minorities or the international presence. Rather, extremists exploited an opportunity to mobilise people in demonstrations over the death of the children to co-ordinate further attacks across Kosovo.”¹²⁸

99. In consequence, international policy towards Kosovo has come under discussion. The report commissioned by the UN Secretary General and written in July 2004 by Kai Eide commented on the damage caused by the riots: “If there is insufficient progress, it will be very hard—if not impossible—to repair the damage caused by the March violence...The international community is today seen by Kosovo Albanians as having gone from opening the way to now standing in the way...It is seen by Kosovo Serbs as having gone from securing the return of so many to being unable to ensure the return of so few.”¹²⁹ Kai Eide’s report set out a programme of action to counteract the combined effects of high rates of unemployment, animosity between the ethnic groups, and a growing hostility towards UNMIK, by restructuring the international administration in two stages and reforming the previous system of ‘standards before status’.

126 Ev 94

127 Ev 110

128 Ev 94

129 “Even in eager Kosovo, nation-building stalls”, *Christian Science Monitor*, 22 September 2004

100. We conclude that continued action to resolve the tensions in Kosovo is essential if the international community is to establish effective state institutions and to reduce the poisonous atmosphere of ethnic hatred in Kosovo.

The structures

Reform of UNMIK

101. UNMIK governs Kosovo through four pillars; they are:

- Pillar I: Police and Justice, under the direct leadership of the United Nations
- Pillar II: Civil Administration, under the direct leadership of the United Nations
- Pillar III: Democratization and Institution Building, led by the Organization for Security and Co-operation in Europe (OSCE)
- Pillar IV: Reconstruction and Economic Development, led by the European Union (EU)¹³⁰

The Special Representative of the Secretary General (SRSG) administers UNMIK. Currently Denmark's Soren Jessen-Petersen, who replaced Harri Holkieri after his resignation for health reasons in May 2004, holds the post. KFOR, a 36,000 strong NATO military force headed by French General Yves de Kerambon, provides security in Kosovo.¹³¹

102. The March 2004 riots raised serious doubts about UNMIK's administrative effectiveness. Misha Glenny described UNMIK as a government which "frankly has been lamentable in its failure, its economic record is simply unspeakable...It has alienated the population,"¹³² while Professor Pettifer wrote that the March riots "highlighted a number of serious failures in the current governance and security structures set up by the international community in 1999."¹³³ We heard in Pristina that allegations of corruption plague UNMIK.

103. In his report to the UN Secretary General, Kai Eide suggested a restructuring of UNMIK. He wrote:

A restructuring of UNMIK is unavoidable, to re-energize this mission, bring its various components more closely together and concentrate on key priorities in a more organized way. Particular attention should at this stage be given to highlighting community issues, reflecting pressing challenges. However, a complete overhaul would at this stage be counterproductive...An immediate streamlining and realigning of UNMIK—maintaining the pillar structure—should be undertaken first, to be followed by preparations for a major restructuring, which would have to take place next year and be prepared in early 2005. With the future status question

¹³⁰ United Nations Mission in Kosovo, <http://www.unmikonline.org/>

¹³¹ "France takes NATO reins in Kosovo", *International Herald Tribune*, 2 September 2004

¹³² Ev 51

¹³³ Ev 14

approaching, the UN should prepare for a gradual reduction of its presence to be accompanied by a parallel increase in the EU and a continuation of the OSCE presences. The pillar structure would then be eliminated.¹³⁴

The Minister endorsed Kai Eide's recommendations. He told us: "I think the recommendations certainly go in the right direction."¹³⁵

104. The process towards transfers of competences is moving forward, according to Professor Pettifer: "This is happening, this has been happening actively for at least 18 months. After all, part of the UN central headquarters moved out of Pristina well over a year ago and these things are being handed over. You are also getting a much more self-confident society. People do not, as they did in the summer of 1999, spend time thinking too much about what UNMIK tells them. UNMIK is rather like the weather; it is there, sometimes it is good, sometimes it is bad, but it is going on in the sky somewhere above us."¹³⁶ The transfer of responsibilities, however, does raise concerns about the capacity of Kosovo's institutions to deliver generally for all its citizens, particularly in the economic sphere given the widespread problem of corruption, and should not take place in a precipitate manner in response to short term security concerns.

105. We conclude that reform of UNMIK is necessary to satisfy growing discontent with its performance, most particularly in the economic arena, and we support Ambassador Kai Eide's suggestion of a two stage reform. However, we recommend that the Government urge UNMIK not to rush a transfer of competences if the indigenous capacity for administration is not in place.

The political arena

106. The Provisional Institutions of Self-Government (PISG) and the SRSG share the responsibility of governing Kosovo. Under the terms of UNSCR 1244 the areas listed under Chapter 8, including foreign policy, security and the protection of minorities, fall to the SRSG, while the areas under Chapter 5, including health, education, environment, and spatial planning, fall to the PISG.¹³⁷ The PISG is a governing coalition forged after the elections on 23 October 2004, which left the Democratic League for Kosovo (LDK), with 45% of the available seats in the Kosovo Assembly—short of the necessary majority.¹³⁸ The LDK joined with the Alliance for the Future of Kosovo (AAK); a coalition government under AAK leader Ramush Haradinaj now holds power.

107. These elections were especially important because of the international community's determination to speed the transfer of responsibilities in Kosovo. Kai Eide argued in his report to the UN Secretary General: "Our demands to the Kosovo leaders and population for taking responsibility for creating a stable and multi-ethnic society will only succeed if they are combined with an increasing degree of ownership of this society." His report states:

134 Kai Eide, *The Situation in Kosovo: Report to the Secretary General of the United Nations*, June 2004

135 Ev 74

136 Ev 24

137 Ev 95

138 "Serbs' boycott leaves shadow over Kosovo polls", *Financial Times*, 25 October 2004,

A plan should therefore be drawn up on the following outline: powers and competencies that are not inherently attributes of sovereignty could be gradually transferred with guarantees for proper implementation, if they have not already been transferred; regarding powers and competencies that are not attributes of sovereignty, but—under the circumstances—have been placed under the authority of the SRSG, a concept of “shared powers and competencies” could be introduced; and powers and competencies that are clearly attributes of sovereignty, for as long as resolution 1244 (1999) remains the legal framework for Kosovo, should remain within the sole power of the SRSG, but with a meaningful process of consultation, co-operation and co-ordination institutionalised between the SRSG and the PISG.¹³⁹

108. However, two controversial questions cast shadows over the legitimacy of any transfer of power or process of consultation. Firstly, the increasingly hard line taken by elements of the Albanian political elite has resulted in the election of a man under investigation by the ICTY. An indictment of Haradinaj for war crimes by the ICTY raises the serious prospect of civil unrest in western Kosovo, and could contribute to the burgeoning sense of disillusion with the international community and lead towards instability in Southern Serbia and Northern Macedonia. Kai Eide commented on the situation. He told us: “I think it is very unfortunate that we are in a situation where week after week, month after month, we are talking about whether this person will be indicted or not...Of course it prolongs an atmosphere of political uncertainty in a situation where we need something completely different.”¹⁴⁰ The government in Belgrade has made clear it will not deal with Prime Minister Haradinaj, because he is also under investigation by the War Crimes Panel of the District Court in Belgrade. The Serbian government issued a statement saying: “We can ask with full justification what kind of message [Haradinaj’s] election is sending to the Serbs in Kosovo and Metohija, to the Republic of Serbia and the State Union, the region and the rest of world, and in particular what kind of message is being sent to the international administration in Kosovo and Metohija?”¹⁴¹

109. The second problem is that Kosovo’s Serb population boycotted the October 2004 elections. Responding to calls by Vojislav Kostunica, Serbia’s Prime Minister, not to vote, less than 1% of Kosovo’s Serb population took part in the elections—only 82 people out of a population of about 130,000.¹⁴² Dr Whyte told us that the boycott means “that local Serbs have effectively given the mandate to Belgrade to negotiate on their behalf rather than to their own locally-elected officials.”¹⁴³ He went on: “I would say we have now got a situation where the Kosovo Albanians have supported a very firm and robust line and where the Kosovo Serbs have clearly placed their faith in Belgrade rather than in their local representatives.”¹⁴⁴ Kai Eide also told us: “I think it is very hard for the Kosovo Serbs to [re-enter the political structures] without feeling that they have Belgrade behind them...the only way of protecting the interests of the Kosovo Serbs and their own interests in the processes that will follow is to re-engage.”¹⁴⁵ In consequence, the political climate is not

139 Kai Eide, *The Situation in Kosovo: Report to the Secretary General of the United Nations*, June 2004

140 Ev 114

141 Ev 134

142 “Kosovo Serbs hail boycott as triumph”, *Institute for War and Peace Reporting*, 29 October 2004

143 Ev 46

144 Ev 45

very conducive to an effective transfer of competences, despite the clear need to pass responsibilities on.

110. We conclude that Kai Eide's proposals to transfer competences to and broaden consultation with the Provisional Institutions of Self-Government are sensible and could reduce local resentment of the international community in general and UNMIK in particular. However, we also conclude that the recent events such as the selection of Ramush Haradinaj as Prime Minister and the Serb boycott of elections for the Kosovo Assembly have further polarised the political climate in Kosovo and could damage efforts to transfer responsibilities in a peaceable manner. We recommend that the Government work to strengthen moderate political forces in Kosovo, perhaps by fostering ties with political and civil society organisations in the United Kingdom and throughout Europe.

111. One means to ensure acceptance of the transfer of powers is to strengthen local government. Kai Eide's report stated: "The violent events of March have demonstrated the urgent need to give the Serb minority greater authority over local administration in areas with a more concentrated Serb population. A political and institutional framework must be established, aimed at guaranteeing their continued presence in Kosovo. This process of decentralization is also closely linked to the return process."¹⁴⁶

112. Misha Glenny endorsed Kai Eide's proposals and told us that Serbs played a major role in local government. He said: "They serve on the municipalities as deputy mayors...They will come out and vote for these local councils because they feel they have a stake."¹⁴⁷ In this context, projects such as the Gnjilane/Gjilan-Presevo-Kumanovo-Trgoviste (GPKT) project, managed by the East West Institute, which brings local representatives or schoolchildren together across ethnic and political boundaries in particular districts of Southern Serbia, Kosovo and Macedonia, contribute greatly to inter-communal understanding.¹⁴⁸

113. However, political differences amongst the Albanians still present an obstacle to decentralisation of government. Kai Eide told us: "I think that within the Albanian leadership there are different views. I do not think that everybody is equally convinced that we have to move forward, for instance, on the decentralisation and the development of local government which gives Serbs what they need to have in order to have a sustained presence in Kosovo. I am not sure that that is a view deeply held and we can only see to it that this happens if we keep the pressure on. What worries me of course...is that this pressure will slowly disappear."¹⁴⁹

114. We conclude that decentralisation of government is an excellent way to increase trust in Kosovo's institutions. We recommend that the Government work to support Kai Eide's proposals, and provide support for schemes improving inter-communal

145 Ev 108

146 Kai Eide, *The Situation in Kosovo: Report to the Secretary General of the United Nations*, June 2004

147 Ev 51

148 The GPKT project operates in Kosovo, Southern Serbia and Macedonia, and is run by the East West Institute based in Brussels, see www.ewi.info

149 Ev 114

relations at a low level such as the Gnjilane/Gjilan-Presevo-Kumanovo-Trgoviste (GPKT) project. We also recommend that the Government along with its EU partners maintain pressure on the Kosovo leadership to devolve government to the lowest level.

Security

115. The question of decentralised government ties directly to the security of Kosovo's minority Serbs. The riots of 17–19 March 2004 revealed the vulnerability of the Serb community, as well as broader weaknesses in the security situation in Kosovo. According to the International Crisis Group, the riots “opened up giddy new possibilities [for the Albanian population]. The level of hostility to UNMIK so unnerves its staff—particularly with the UN’s Baghdad experience in mind—that the possibility of a final push to tip the mission into closing down and evacuating has become imaginable. UNMIK and KFOR are now operating in something akin to hostile territory.”¹⁵⁰ However, the atmosphere has improved since March 2004.

Kosovo Force (KFOR)

116. The International Crisis Group report also stated that KFOR nearly lost control of Kosovo in March.¹⁵¹ The Minister described the problems KFOR faced, telling us that “KFOR troops were not adequately prepared at that time for riot controls. We had examples of some contingents having to open with heavy machine gun fire because they had no experience, no training, and no planning for riot control.”¹⁵² However, the international community has made great efforts to improve the security situation in Kosovo since the March riots. Kai Eide’s report stated:

KFOR has launched a process of improving its performance, while postponing a planned restructuring of its forces. Most important in that respect is KFOR’s efforts aimed at improving the flexibility of its forces and at enhancing its ability to carry out riot control operations. Furthermore, KFOR has resumed protection of religious and cultural sites and established Mobile Observation Teams to maintain closer contacts with the population. Closer liaison between and co-ordination between UNMIK Police and KFOR has been established and intelligence gathering has been improved. KFOR and UNMIK Police, including the Kosovo Police Service (KPS), have also undertaken joint exercises.¹⁵³

117. We heard in Pristina that many of the national caveats—constraints on the operation of forces such as orders that forbade troops to act in a crowd control capacity without permission from the capital of the relevant state—no longer limited the deployment of troops. The Minister told us: “KFOR’s modus operandi has changed; the ‘caveats’...that a lot of the military contingents there used to have, have now been lifted so KFOR soldiers

150 International Crisis Group, *Collapse in Kosovo*, 22 April 2004

151 *Ibid.*

152 Ev 73

153 Kai Eide, *The Situation in Kosovo: Report to the Secretary General of the United Nations*, June 2004

can operate.”¹⁵⁴ Ms Pierce added that KFOR also now has a “dedicated tactical reserve” where previously the commander had to request additional troops in the event of a crisis.¹⁵⁵

118. Kai Eide also endorsed the security improvements since March. He told us: “I think we have gone through a comprehensive process of identifying where the shortfalls were. They had to do with national caveats put on national contingents. I have been positively surprised to see how much of that has been removed and the fact that today I think we are better equipped to handle that kind of situation, not only with regard to national caveats but also in the way we operate on the ground with mobile observation teams patrolling constantly, trying to get in closer touch with the community, which is what you really need.”¹⁵⁶ He added that plans to reduce KFOR’s numbers were on hold. The March riots, therefore, have led to reforms which should enhance KFOR’s effectiveness, although the force must still prepare for any eventuality.

119. We conclude that the March riots revealed major deficiencies in the security arena. However, we commend the work of the international community since then to reduce the number of national caveats and the adoption of a system of reserves for KFOR, and we recommend that the Government continue its work to reduce the remaining caveats on troops. We also recommend that the Government encourage its NATO partners to prepare KFOR for any eventuality which may provoke further instability in Kosovo.

The Kosovo Protection Corps (KPC)

120. Another security question is the role of the Kosovo Protection Corps (KPC). The KPC is a civil emergency force of 3,000 active members and 2,000 reservists, and includes former members of the Kosovo Liberation Army (KLA), which emerged from the peace negotiations brokered in Kumanovo in 1999. However, we heard in Pristina that the KPC lacks coherence, that its men have little to do and that it answers only to the SRSG, not the PISG. The ethnic make up of the KPC is also a major concern. Biljana Radonjic, Assistant Director of Civilitas Research, wrote that “minority participation in Kosovo Protection Corps (KPC), a civilian emergency organisation, should be larger than ten per cent.”¹⁵⁷ Currently, minorities comprise 4% of the KPC.¹⁵⁸ If the KPC is to emerge as the nascent army of a new republic in the event of negotiations on Kosovo’s final status, then the arguments for the establishment of a multi-ethnic and well-trained army are strong.

121. We asked the Minister about the KPC. He told us: “We want to see it become more professional; we certainly want to see it develop its ethnic base. Mr Petersen [the SRSG] adopts this point of view and so does the Commander of KFOR. Some of our other partners there do not, and one of the difficulties I have...is that this is not a British-led or British-controlled operation; we have to get agreement in New York, we obviously have to get it from our partners in Europe and we have to bear in mind the position in Belgrade.”¹⁵⁹

154 Ev 73

155 Ev 75

156 Ev 112

157 Ev 95

158 *Ibid.*

159 Ev 81

122. We conclude that the international community must do more to develop the Kosovo Protection Corps (KPC) into a modern, democratically accountable force with minority representation. We recommend that the Government call on its partners in NATO to turn the KPC into a force complying with NATO standards, and to provide both finance and personnel for training.

The Kosovo Police Service (KPS)

123. The Kosovo Police Service (KPS) is another crucial element in the maintenance of security. We heard in Pristina that the UNMIK police consists of 6500 local and 3500 international officers, run from 17 police stations across Kosovo. The FCO told us: “UNMIK’s ultimate aim is to train the Kosovo Police Service to a level where they can replace UNMIK in their current duties and meet European and international policing standards.”¹⁶⁰ However, the March riots provided a series of lessons for UNMIK police. A report by the International Crisis Group claimed that while the locally recruited Kosovo Police Service (KPS) acquitted itself well despite a lack of orders, the international contingent’s multinational make up lessened its effectiveness.¹⁶¹ Kai Eide told us: “The differences in culture [amongst the national contingents], in the way of performing on the ground, are significant. That also makes it very difficult to train and supervise and monitor and teach the local police on the ground in a uniform way how to proceed.”¹⁶² A more coherent approach, perhaps by handing responsibility for policing to one or a few states, could improve delivery on the ground.

124. Chief amongst the lessons learnt from March, according to Kai Eide’s report to the UN Secretary General, was that there “is an urgent need to train and equip KPS to carry out civil disturbance operations. Plans have existed for nearly 3 years for the training of a limited KPS contingent. Equipment has also been promised for this purpose...A multi-ethnic and well-trained KPS will be in a better position to conduct riot control and combat violence than international police officers. Training and equipping such units must therefore receive immediate attention.”¹⁶³

125. Professor Pettifer appraised the work of UNMIK police. He told us: “The facts are that the murder rate in Pristina is actually lower than that of Stockholm and the crime rate as a whole is not bad on things like muggings, rapes, all the serious crimes. This is a real achievement for UNMIK police. The problem is that of political assassinations, which remain frequent.”¹⁶⁴ We also heard in Pristina that the local police lack investigative capabilities and that training officers in the relevant skills would take time, although Kai Eide’s report praised the Kosovo Police Service School run by the OSCE as a genuine contribution to Kosovo’s governmental capacity.¹⁶⁵

160 Ev 96

161 International Crisis Group, *Collapse in Kosovo*, 22 April 2004

162 Ev 112

163 Kai Eide, *The Situation in Kosovo: Report to the Secretary General of the United Nations*, June 2004

164 Ev 25

165 Kai Eide, *The Situation in Kosovo: Report to the Secretary General of the United Nations*, June 2004

126. The role of minorities—particularly Serbs—is a particularly delicate issue for the KPS. Bilijana Radonjic of Civilitas Research wrote: “Kosovo...requires an element of positive discrimination for minority representation in the Kosovo Police Services (KPS) to be fair. The participation of non-Albanian minorities in KPS should be about 20 per cent, which is twice their current share of the population, but also slightly larger [than] 15 per cent—a representation target set by the UNMIK.”¹⁶⁶ We heard in Pristina that 8% of the police are Serbs and 15% are women; minorities comprise 15.5% of the force in total, pointing to the KPS as a multi-ethnic success. Kai Eide told us: “I believe it is developing as a rather efficient multi-ethnic police force...[In 2000] at the final ceremony of one of the police school classes there was booing from the parents and friends every time a Serb policeman’s name was listed by the director of the school. I think we have moved beyond that.”¹⁶⁷

127. The FCO told us that the United Kingdom has about 100 police deployed in Kosovo, mainly in an executive policing function. However, the United Kingdom has withdrawn its contingent from the Police Service of Northern Ireland (PSNI). We asked the Minister why the United Kingdom had reduced its contribution to policing in Kosovo. He told us: “The invitation, the request [for police in Kosovo] was sent out to all Police Forces...But we are in the hands of Chief Constables; I cannot oblige them ... The plain fact is that there were not officers for the funding.”¹⁶⁸ Karen Pierce added that the Chief Constables wanted to help in principle, but “it is more a manpower issue rather than a funding one, which is why we do have retired officers in those places.”¹⁶⁹

128. We conclude that policing is of the utmost importance for Kosovo’s stability, for the region and for the EU, but that much work needs to be done before Kosovo can stand alone. The Government and its UN partners must increase their contribution to policing in Kosovo, by working towards a more coherent international policing effort; one means to do so might be for fewer states to focus on policing efforts, on the same line as building capacity in the customs service. We also commend the work of the OSCE police training school to establish a multi-ethnic police force, but stress that much needs doing, such as training local police officers in modern investigative techniques and ensuring Serb participation.

Human trafficking

129. The effectiveness of the police is especially important given the problem of human trafficking in Kosovo. The FCO wrote in its submission on the subject: “In the past five years, Kosovo has become a major destination and transit country for trafficked women and girls forced into prostitution. The majority of these victims are trafficked from elsewhere in South East Europe, particularly Moldova and Romania. Passage into Kosovo is achieved primarily from Serbia as well as from Macedonia.”¹⁷⁰

166 Ev 140

167 Ev 112

168 Ev 79

169 *Ibid.*

170 Ev 92

130. The International Organisation for Migration (IOM) wrote in a report in July 2004: “Trafficking in women and girls is now the third source of income after arms and drugs for the Kosovar-Albanian mafia network... Hundreds of young local Kosovar women and girls are bought and sold, some directly by their families, and managed by criminal organisations specialising in this type of crime.”¹⁷¹ The IOM said in its report that numbers tracked in Kosovo had declined, but argued that the declining figures were because of changes in the structure of trafficking rather than improving conditions.¹⁷²

131. As part of an effort to tackle the problem, UNMIK established a Trafficking and Prostitution Investigation Unit (TPIU) in 2000, comprising 26 international and 21 Kosovan officers, which operates under the UNMIK Police Headquarters; its responsibilities overlap with the Kosovo Organised Crime Bureau (KOCB), the Central Intelligence Unit (CIU) and the UNMIK Border Police. TPIU manages prosecutions and works in conjunction with the Victims Advocacy and Assistance Unit (VAAU) in the Department of Justice, which provides interpretation, and psychological, medical and shelter support for victims.¹⁷³ The TPIU conducted 2047 raids in 2003 but charged only 60 people with trafficking. The United Kingdom has provided the CIU with many of its personnel, who are trained intelligence specialists, and has invested £0.5 million in surveillance equipment for the KOCB.¹⁷⁴

132. However, TPIU’s efforts are not proving very successful according to Amnesty International. The latter’s memorandum said that “even after women and girls have escaped their traffickers or have been ‘rescued’ by police, many are subsequently vulnerable to violations by law-enforcement, criminal justice and immigration agencies”, and that international peacekeepers contributed to the demand for prostitution.¹⁷⁵

Impunity for traffickers and a failure to protect the rights of trafficked women in Kosovo has been, in part, allowed to continue because of the failure of the international community and the Kosovo Authorities [PISG] to work effectively with each other—or the relevant international and domestic NGOs—to coordinate responses, often appearing to compete with each other for resources and control.¹⁷⁶

133. We asked the Minister about the problem. He told us that “trafficking of women through Kosovo, through the Western Balkans generally, is one of the focal points of our work with our hosts in Bulgaria, Romania, Moldova, Ukraine and generally in South East Europe.”¹⁷⁷

134. We conclude that the trafficking of women and girls both to and through Kosovo is a major problem, and that while the UNMIK initiatives are welcome, they do not go far enough. We recommend that the Government work with the EU, US and UN to

171 International Organisation for Migration, *Changing patterns and trends of trafficking in persons in the Balkan region*, July 2004, p 52

172 *Ibid.* p 53

173 Ev 92

174 *Ibid.*

175 Ev 147

176 *Ibid.*

177 Ev 77

establish a unified strategy on trafficking in women and girls, and that it encourage UNMIK and KFOR to treat any links to trafficked women and girls by its personnel with the utmost severity. We also recommend that the Government increase its contribution to schemes for victims of trafficking, such as offering financial support to refugees and NGOs in Kosovo dealing with the problem.

The economy

135. The overriding problem in Kosovo is the state of the economy. A report by the Economic Strategy and Project Identification Group says that the Kosovo economy suffers from severe structural problems. “Massive international support to Kosovo has had an effect similar to what the discovery of oil might have had. Without raising the productivity of the work force, producing goods competitive at home or abroad or changing the nature of a backward rural economy, Kosovo could afford massive imports... This situation could not last.”¹⁷⁸ An IMF report in March 2004 also pointed to the growing stagnation of employment and the prospects of yet further hardship; 36,000 young people come onto the labour market each year, while the reduction of emigration to the EU is shrinking the value of remittances. Unemployment lingers at about 60%.¹⁷⁹

136. Kai Eide’s report described economic prospects as bleak and made the point that Kosovo had always received subsidies from the more prosperous republics. He also told us: “If you go back to the 1980s... there was also 40 or 50 per cent unemployment in Kosovo while there was in Slovenia almost full employment, where Kosovo survived on resources being transferred from Slovenia and Croatia. So the outlook is not particularly encouraging.”¹⁸⁰ We heard in Pristina that the problems facing the economy are manifold. They include endemic corruption in the publicly owned enterprises (POEs), slow movement on the privatisation process by the UN authorities in New York for fear of legal challenges, and a corrupt and undeveloped judicial system. Professor Pettifer told us that “economic crime is all pervasive, for three reasons. It is partly because of very high unemployment. Secondly it is because of where Kosovo lies: as a central point on the transnational route, particularly of heroin, from the East to Europe... Thirdly, there is a very anti-authoritarian political culture in the Kosovo-Albanian world which was built of years of resistance to regimes like that of Milosevic; co-operation with the police does not come easily.”¹⁸¹

137. The stalled privatisation process is one hindrance for the economy. Commenting on the problems of privatisation, Kai Eide’s report says:

While privatisation is widely considered as the centrepiece of UNMIK’s economic strategy, it still remains only a part of the economic development and certainly not a panacea... However, privatization has become a symbolic issue and a sign of unfulfilled promises by UNMIK.¹⁸²

178 Economic Strategy and Project Identification Group, *Towards a Kosovo Development Plan*, August 2004

179 *Ibid.*

180 Ev 114

181 Ev 25

182 Kai Eide, *The Situation in Kosovo: Report to the Secretary General of the United Nations*, June 2004

Another issue is the question of remittances which previously played a central role in Kosovo's economy. Misha Glenny told us that a "reason why the economic growth is negative [in Kosovo] is that there is further pressure from refugees from Western Europe being sent back to Kosovo because they no longer want to be maintained by the host country, and that means a reduction in remittances, which are very, very important for the Kosovo economy."¹⁸³ Dr Whyte also criticised the EU's visa regime.¹⁸⁴

138. When asked about the return of Kosovans from the United Kingdom, the Minister told us that we "need to have more Kosovans in the [diaspora], those who fled into exile because of the brutality of the Milosevic years, going home, and that is certainly the active view of other European countries."¹⁸⁵ However, the return of refugees, whether voluntary or involuntary, is undoubtedly reducing the remittances on which Kosovo relies. A scheme which allows Kosovans to work for limited periods in the United Kingdom whilst avoiding the possibility of permanent settlement might maintain remittance flows and secure sources of scarce labour, particularly in areas of seasonal work; it would also be of benefit to Kosovo to have available trained manpower from returning migrants. We heard earlier of a Home Office scheme on these lines presenting opportunities for people to work on short term limited contracts so as to prevent the establishment of a right of settlement.

139. The international community can also help to develop Kosovo's economy with efforts such as the training of police skilled in dealing with fraud and economic crime, training qualified accountants, and reforming civil law and the judicial system. The United Kingdom and the EU could also support development by prioritising access for people from Kosovo to scholarships. The success of the Kosovo customs system, which we heard in Pristina brings in about 70% of central government revenue, underlines how effective expert contributions—in this case by the United Kingdom—can reap rewards.

140. However, Kai Eide's report made clear that the fundamental issue facing Kosovo's economy is the question of final status. It stated: "A solution to the question of final status will change the economic prospects and create opportunities for a more comprehensive economic development strategy."¹⁸⁶ Until the resolution of the final status issue, Kosovo's economy will not profit much from development assistance or from any foreign direct investment.

141. We conclude that the state of Kosovo's economy is a source of intense political discontent, and that its problems in part stem from doubts about Kosovo's final status. We also conclude that other serious problems, such as an ineffective judicial system, endemic corruption, a scarcity of skilled professionals and the reduction of remittances from Western Europe retard the growth of Kosovo's economy. We recommend that the Government promote EU and UN schemes to revitalise Kosovo's economy, offer expanded scholarship opportunities to Kosovans, and increase its contribution of personnel to train people in Pristina, in areas such as accounting and the policing of economic crime.

183 Ev 51

184 Ev 43

185 Ev 78

186 Kai Eide, *The Situation in Kosovo: Report to the Secretary General of the United Nations*, June 2004

Resolving the problem

142. At the heart of the tensions which led to the March riots is the question of Kosovo's final status. The FCO wrote in its submission: "The violence this year...highlights that the uncertainty over Kosovo's future status is a source of instability in Kosovo, and potentially throughout the region."¹⁸⁷

143. Assessing the necessity of movement on final status, Kai Eide stated in his report:

Seen from an internal Kosovo perspective, the longer we wait, the more would the frustration in the Kosovo majority population increase. The economic situation would deteriorate further. The lack of a political perspective—clear future—would be felt even more intensely than today...If the international community cannot now convince Kosovo Albanians to do their utmost to deliver and give Serbs the reassurances they need, then we may face two unpleasant options: either to be drawn into status discussions without having created more stable conditions for the minorities or postponing status discussions while seeing a constant increase in tension between the majority and minority populations. None of these would serve the interests of Kosovo or of the international community.¹⁸⁸

He went on to argue that the UN should launch a process to resolve the status issue, first by exploring the perspectives of states with an interest in the process, and then by more concrete steps aimed at negotiations on final status.

144. Professor Pettifer underlined the urgency of the status question. He told us: "The events of the last year have shown that Kosovo is now irreversibly on the path to independence, but there is little sense that the international community has a policy to bring this about. The danger of the current situation is that the time of initial decision is not far away, in 2005, and an unenviable series of political options exists. Anything short of full independence is unacceptable to the vast majority of Kosovo Albanians, and if it was openly refused there is a real possibility, perhaps likelihood, that Kosovo would become rapidly ungovernable...The *de facto* policy followed recently has been to allow the transfer of competencies without antagonising Belgrade unduly, but there are limits to this policy in terms of the status issue. At some point soon the [international community] is going to have to face the decision."¹⁸⁹ Kai Eide agreed that Kosovo was on the path to independence, although within the strategy outlined in his report, and told us that "it is unthinkable that Belgrade will in future have authority over Kosovo and [I believe] that Kosovo will be governed, I did not say by Pristina but from Pristina, with the EU in the lead international role."¹⁹⁰

145. We conclude that the international community must work to resolve the issue of Kosovo's status as soon as possible, since deferring the decision will contribute to growing tensions and make the province increasingly unstable and hostile to the international community.

187 Ev 94

188 Kai Eide, *The Situation in Kosovo: Report to the Secretary General of the United Nations*, June 2004

189 Ev 15

190 Ev 108

Standards before status

146. However, movement towards status discussions marks a significant departure from the system of ‘standards before status’, which was the centrepiece of UNMIK’s policy before the March riots. Originally established by SRSG Michael Steiner to provide security for minorities before any decisions on Kosovo’s final status, ‘standards before status’ required Kosovo to meet satisfactory standards of rule of law, multiethnic tolerance and democratic governance, before any assessment of Kosovo’s final status.¹⁹¹ In his report Kai Eide outlined how the policy should change:

A standards-base policy must focus on a set of priorities reflecting the most urgent requirements. To promote short-term progress, these priorities should be realistic and achievable as well as visible, leading to concrete results on the ground and a better climate between the majority and the minorities. After the March events, the initial focus must be placed clearly on return and reconstruction, decentralization/local government, security and standards directly supporting such priorities.¹⁹²

147. A full evaluation of Kosovo’s democratic standards will take place to determine the readiness of Kosovo for status talks starting in mid-2005.¹⁹³ Gabriel Partos told us: “If the assessment is positive, talks on Kosovo’s status might, according to the tentative timetable, begin in early 2006.”¹⁹⁴ He went on to describe the prospects for the standards review: “Unless there is a recurrence of the serious inter-ethnic violence of March this year, the expectation is that the mid-2005 review is likely to be broadly positive. One reason is that conditions have improved considerably: there are democratically-elected multi-ethnic authorities in place which have been taking on an increasing range of competencies from [UNMIK]. However, much still needs to be done to improve security for the Serb minority, most importantly to create conditions that would favour the return of Serb refugees.”¹⁹⁵

148. Doubts about moving away from ‘standards before status’ are strong, however. Biljana Radonjic said in her submission: “If the UN strategy is to buy time—start the talks and then string them out while progress is made to improve the situation on the ground—this is not the way to achieve that. The approach is both unrealistic and potentially dangerous. For a start, opening talks will be read as a sign that independence is inevitable, even if Kosovo fails to reach democratic standards. This could inflame those in the region who seek violent solutions and lead to further hostility in Kosovo, and to renewed combating in Southern Serbia and Macedonia. Also, there will be little room to draw the discussions out indefinitely. Unless rapid progress is made, the frustrations will grow again among the Kosovo Albanians. This raises the prospect of further violence and regional instability.”¹⁹⁶ The Embassy of Serbia and Montenegro said that independence for Kosovo before the implementation of standards would lead to an ethnically Albanian Kosovo and destabilise

191 “Even in eager Kosovo, nation-building stalls and briefing from FCO”, *Christian Science Monitor*, 22 September 2004

192 Kai Eide, *The Situation in Kosovo: Report to the Secretary General of the United Nations*, June 2004

193 Ev 132

194 Ev 2

195 *Ibid.*

196 Ev 139

the region,¹⁹⁷ and Dr Anastasakis asked whether the international community “is really geared towards creating multi-ethnic, multicultural societies...It seems to me that the way things are going is not creating a multicultural or multiethnic society but rather trying to divide them.”¹⁹⁸ We recognise the potential problem of creating an unstoppable dynamic towards independence whilst perhaps reducing the emphasis on standards but in reality the options are limited.

149. Kai Eide played down suggestions of abandoning standards. He said that the implementation of effective standards was crucial to the situation of minorities in Kosovo, but that his reasons for advocating a change in policy were that the “process, which is so crucial, was developing into a bureaucratic process and not a political process”.¹⁹⁹ Denis Macshane also told us that “what we are seeking to do is to maintain the emphasis on standards. We want all people living in Kosovo to do so without fear.”²⁰⁰ At heart, then, the question is not one of reducing the standards applicable to Kosovo, since a positive assessment of standards progress is essential for Kosovo to move towards status discussions. Gabriel Partos told us: “I think it is a more a question of focusing on those standards, streamlining them and I think this is something that UNMIK is now trying to do, make it more comprehensible to people who have not necessarily got the political sophistication to go through 140 pages of standards on this or that area and so on, but just need to have some headline notions of what needs to be on the ground.”²⁰¹ The unwieldy length of the standards document was also a deterrent to effective implementation, as Kai Eide demonstrated to us during the evidence session.

150. We endorse Kai Eide’s proposals for combining standards and status, and agree that a re-evaluation of the standards process is essential. However, we recommend that the international community should not let the search for stability divert efforts from establishing minority rights in Kosovo. We recommend that the Government make clear to politicians in Kosovo that the fulfilment of human rights standards is a non-negotiable condition for progress towards status discussions, and that it urge its US and EU partners to do the same.

Belgrade’s decentralisation plan

151. Different parties have different visions of Kosovo’s final status, as the scheme for the decentralisation of parts of Kosovo put forward by the Kostunica government in Belgrade illustrates. The European Stability Initiative assessed the plan:

[The “proper territorial organisation of the province”] would be accomplished by creating five autonomous Serb enclaves within Kosovo, co-ordinated through a joint regional assembly and executive council. The enclaves would assume broad governance responsibilities, including security (policing), education, health care,

197 Ev 131

198 Ev 45

199 Ev 109

200 Ev 75

201 Ev 9

social policy, natural and mineral resources, forestry, agriculture and the management and privatisation of social property within their territory.²⁰²

The Embassy of Serbia and Montenegro stated in its submission that its plan is for “the safeguarding of institutional guarantees and of local self governing bodies for the non-Albanian populations, without any mention of a division of Kosovo or territorial autonomy for the Serbs.”²⁰³

152. However, the European Stability Initiative differed in its judgement: “Though they do not say so directly, what the authors of the plan appear to have in mind is that Serbian laws would apply in the enclaves, administered by local outlets of central institutions. Although the plan uses the language of decentralisation, in fact it would place Belgrade at the centre of a highly centralised system of government.”²⁰⁴ Such a scheme raises the prospects of parallel governmental structures in Serb majority areas which answer to Belgrade, and ignites fears of partition. This would present a serious risk for the Kosovo Serb community, since the majority live south of the Ibar river.

153. We asked the Minister about the Serb plan. He told us: “I have said that we welcome any proposal from Belgrade that moves us forward, but I have equally said to colleagues in Belgrade that we do not need West Bank type settlements in Kosovo—we cannot have people in Kosovo owing a single allegiance to Belgrade, paying taxes under the control of agents in Belgrade.”²⁰⁵ Kai Eide also welcomed the Serb proposals but adhered to his strategy, saying: “There are many good things to say about the Serb plans...and certain aspects of it also I do not find difficult to accept, but I do believe that the process which is under way now...is the right way to go.”²⁰⁶

154. However, the implications of the scheme could be severe. Professor Pettifer outlined the threat the partition of Kosovo may pose in a region full of states with secessionist minorities, saying that the Albanians might reopen conflict in Macedonia and the Presevo valley issue in the event of a partition.²⁰⁷ Misha Glenny went further and told us that the scheme was impracticable: “I cannot see how the idea of partition or the idea of creation of enclaves is going to work, and the reason for this is...you have to start this operation by moving up to 40,000, 45,000 Serbs physically from disparate parts of Kosovo into these enclaves... We went there in order to support multi-cultural solutions in Kosovo and south eastern Europe, and we will be presiding over the transfer of population out of the territory where they live into another territory.”²⁰⁸

155. We conclude that the scheme for decentralisation put forward by Belgrade would result in an unacceptable transfer of population and could result in effective partition of Kosovo. We recommend that the Government press on its interlocutors in Serbia

202 European Stability Initiative, *The Lausanne Principle*, 7 June 2004, at <http://www.esiweb.org/>

203 Ev 131

204 European Stability Initiative, *The Lausanne Principle*, 7 June 2004, at <http://www.esiweb.org/>

205 Ev 77

206 Ev 111

207 Ev 14

208 Ev 52

that their contributions must take into account the interests of the local population, as well as the views of Pristina and the international community.

An expanded EU role?

156. Kai Eide's report outlined the longer terms prospects for Kosovo. His report stated:

As we approach the end of resolution 1244 (1999), the UN will gradually reduce its presence and its tasks, culminating with a handover at one stage of its authority to new and permanent institutions established under the political settlement. Residual responsibilities will have to be assumed by regional organisations. To that end, the EU will have to strengthen and widen its presence significantly...With the end of resolution 1244 (1999), Kosovo will probably be governed from Pristina, with the EU assuming the lead role. The establishment of a High Representative's Office in Pristina should be encouraged. With this in mind, the EU should now start reshaping its policy towards Kosovo.²⁰⁹

The growing magnetism of the EU in the region makes such a policy appear entirely logical, especially if Serbia moves forward on the path towards EU integration. Kai Eide went further in outlining the process. He told us that "there will have to be a transition period where Kosovo is not given full powers as a nation state from the very outset but that the international community will have to decide about the duration of a transition period, and during that transition period, of course, certain powers would have to be vested in the international community."²¹⁰

157. Yet we heard in Pristina that UNMIK officials have concerns about 'changing horse in mid-stream' and raised doubts about the popularity of the EU in Kosovo. Professor Pettifer also cast doubt about the ability of the EU to take the a lead role in the Balkans. "The United States is the only outside power the ethnic Albanians and Bosnia Muslims trust and without US leadership in the region stability cannot be assured. Despite years of painstaking effort, the European Union has yet to throw off the heritage of past political failure and psychological dependence on a model of the Balkans based on centralism with inscribed predominance for Serbia."²¹¹ Kai Eide also told us that the EU policy in Kosovo had proven somewhat sporadic to date.²¹² However, Brussels will retain an increasingly crucial role in the process because of geography and the process of enlargement, while closer policy co-ordination within the EU would address Kai Eide's concerns.

158. Any progress is entirely dependent on an effective dialogue between Belgrade and Pristina, which is currently at a risible level.²¹³ Misha Glenny commented on the parlous state of dialogue, and then described one scheme to improve it by appointing an envoy mandated solely to Pristina and Belgrade, "so that there is some form of communication. At the moment there is nothing."²¹⁴ The Minister told us that he urged his counterparts in

209 Kai Eide, *The Situation in Kosovo: Report to the Secretary General of the United Nations*, June 2004

210 Ev 109

211 Ev 16

212 Ev 110

213 Ev 51

214 *Ibid.*

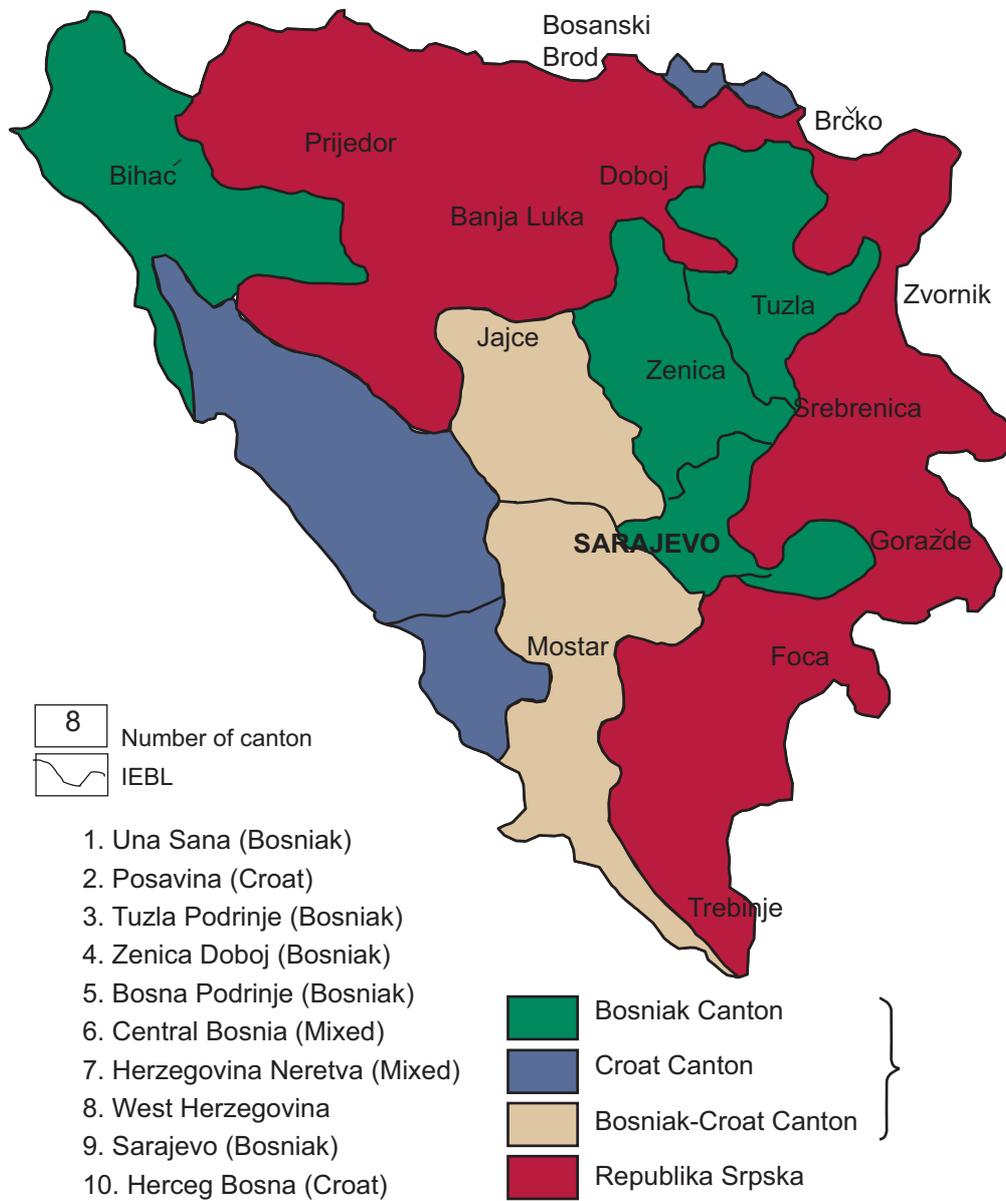
the region to talk, but that Belgrade often put forward proposals without consultation in Pristina. Without dialogue, progress on status will be difficult; it is surely in their mutual interest.

159. We conclude that Kai Eide's proposal for increasing the role of the EU while the UN scales back its operations in Kosovo is a good way forward, provided the EU establishes a more cohesive policy towards Kosovo. We also conclude that such a process must include the United States, given its popularity amongst Albanians, and take great consideration of Kosovo Albanian and Serbian political sensibilities. We recommend that the Government urge its partners in Brussels to formulate a long term plan for expanding the EU's role in Kosovo, and in particular to outline how it intends to advance this work when it holds the Presidency of the EU in the latter half of this year. We also conclude that any resolution of the status issue must emerge from a dialogue between Belgrade and Pristina and we recommend that the Government work with its partners to establish a channel of communication between the two parties, perhaps by establishing a EU or UN accredited diplomat as an envoy between the two cities.

Conclusion

160. We conclude that success in Kosovo is crucial to stability in south eastern Europe, and that the international community must tread a delicate path between the claims of the various parties in order to resolve the status issue. We further conclude that it is unrealistic to expect the international community to continue to shoulder the responsibility of governing Kosovo indefinitely and we agree with Kai Eide that Kosovo is on the path to independence. We recommend that the Government acknowledge this reality and work with its international partners to bring about an independent Kosovo with full safeguards and protection of the rights of the Serb minority.

The Federation of BiH



Source: Office of the High Representative and EU Special Representative

6 Bosnia and Herzegovina

161. The international administration in Bosnia and Herzegovina (BiH) is now five years older than that in Kosovo, but has proved more successful than its younger neighbour. Its recent efforts have strengthened state institutions in Bosnia, and have brought Sarajevo further towards the EU, although the question of compliance with the Hague Tribunal threatens to undermine these positive efforts. For instance, the establishment of a state level Ministry of Defence and system of VAT are two major steps on the path to effective statehood. However, effective democracy in Bosnia has not matured at the same pace, partly because of the centralised nature of the international administration.

The Office of the High Representative (OHR)

162. Bosnia and Herzegovina is an international protectorate governed by the Office of the High Representative (OHR). The current High Representative (HR), Lord Ashdown, has made great efforts to strengthen the institutions of the Bosnian state and to fulfil the terms of his mandate, according to the 1995 Dayton Peace Agreement. These are to:

- Monitor the implementation of the peace settlement;
- Maintain close contact with the parties to the Dayton Agreement, to promote their full compliance with all civilian aspects of the Agreement;
- Co-ordinate the activities of the civilian organisations and agencies in Bosnia and Herzegovina to ensure the efficient implementation of the civilian aspects of the peace settlement;
- Facilitate, as the High Representative judges necessary, the resolution of any difficulties arising in connection with civilian implementation;
- Participate in meetings of donor organisations;
- Report periodically on progress to the United Nations, European Union, United States, Russian Federation and other interested governments, parties and organisations;
- Provide guidance to the United Nations International Police Task Force (IPTF).²¹⁵

163. The Peace Implementation Council (PIC), which comprises 55 countries and agencies that support the peace process in many different ways—by assisting it financially, providing troops for NATO’s Stabilisation Force (SFOR), or directly running operations in Bosnia and Herzegovina—delegates powers to the HR; its meetings take place infrequently, leaving the HR a great deal of discretion to govern freely, given that the UN Security Council granted the HR use of the “Bonn Powers” in 1997. These give the High Representative the right to remove from office public officials who violate legal commitments and the Dayton Peace Agreement, and to impose laws if Bosnia and Herzegovina’s legislative bodies fail to do so.²¹⁶ Lord Ashdown is also the EU’s Special Representative (EUSR) in Bosnia. In this capacity he acts for the Council of the EU in BiH

²¹⁵ Office of the High Representative, <http://www.ohr.int/>

²¹⁶ *Ibid.*

and controls the EU Police Mission. “The EUSR is tasked with maintaining an overview of the whole range of activities in the field of the Rule of Law and in this context with providing advice to the Secretary General of the Council of the EU and High Representative for the Common Foreign and Security Policy (SG/HR) and to the European Commission, as necessary.”²¹⁷

164. The OHR under Lord Ashdown has sought to establish a more effective central state in BiH, in line with the priorities in the OHR Mission Implementation Plan (MIP) 2004. Targets for reform include building up the rule of law in BiH, economic reform, contributing to a sense of responsibility in public office, the rationalisation of government and central control of the defence and intelligence sectors. These efforts mark an increasing impatience on the part of the international community to see BiH stand as a state in its own right.²¹⁸

165. Giving evidence to our inquiry, Lord Ashdown outlined his vision for the OHR, saying that “shortly after I became High Representative I established a thing called a Mission Action Plan which identified the tasks I need to do and, as they were completed, closed down those portions of OHR in order to pass them across to the Bosnian authorities. We have been following an aggressive programme of reduction, of down sizing, 25 per cent this year.”²¹⁹ However, Lord Ashdown went on to warn against an overly rapid reduction in the HR’s role. He said: “I do not think anybody is talking, nor should they, of an ending so one day it is there; the next day it is gone...I think you are talking about a transition process. The road ahead of us is after Dayton and before Brussels. That is the watershed we are now approaching.”²²⁰

166. However, the sheer scale of the Bonn powers has raised concerns about the HR’s impact on BiH. For instance, the dismissal of 60 Serbian officials for obstructing the work of ICTY in June 2004 raised questions about the effective development of democracy in BiH. Dr David Chandler, Senior Lecturer in International Relations at the Centre for the Study of Democracy, University of Westminster, told us that the post of HR is problematic: “For every other country the EU is very keen to have democracy, human rights and rule of law, but in Bosnia there is a Special Representative with the power to sack elected officials, to take away people’s bank accounts, to dismiss them without any court of appeal and to impose legislation. You can see there is a slight element of double standards there.”²²¹

167. Misha Glenny also raised concerns about the culture of political dependency in BiH. He told us: “Lord Ashdown has said that his aim is to try to divest himself as soon as he can of the Bonn powers and get out of Bosnia and Herzegovina. I think that is a very laudable aim. I think he is to some extent caught in the straitjacket of the office and the way the office was established and how it has developed, and the *ad hominem* attacks I do not think

217 European Union Special Representative, <http://www.eusrbih.org/>

218 International Crisis Group, *Bosnia’s nationalist governments: Paddy Ashdown and the paradoxes of state building*, 22 July 2003, and “Ashdown in Media storm”, *Institute of War and Peace Reporting*, 11 March 2003

219 Ev 28

220 Ev 29

221 Ev 64

are valuable in any respect at all...[but] I am concerned when he used these powers to dismiss either elected officials or civil servants without any requirement to explain why.”²²²

168. The Government supports the retention of the Bonn Powers for the moment. Ms Pierce told us: “In our view, the removal powers are likely to be necessary for quite a while, not least because that is a guarantee, if you like, that Bosnia can keep making progress forward. Notwithstanding that, there may be some circumstances about to arise in which the only way to get certain legislation through parliament might be imposition, particularly in respect of some of the economic legislation, but Lord Ashdown would use it sparingly and we would support that split between removals and imposition.”²²³ The use of the powers, however, is very controversial in BiH; for instance, their application to obstructive officials prompted the resignation of the Bosnian Serb Prime Minister in December 2004.²²⁴

169. Other concerns include the transferral of powers from the OHR to the EUSR. Lord Ashdown described how he sees the OHR’s role changing over the next few years as BiH moves towards the EU and NATO. He told us: “The High Representative then becomes less—capital letters—High Representative; small letters eusr and more—capital letters—EUSR; small letters high representative. You may want to keep both hats in this process of transition but it becomes a far more European led process.”²²⁵

170. Dr Chandler raised concerns about passing the OHR’s powers onto a EUSR. He wrote in his submission: “There can be little doubt that there has been a transition from the *ad hoc*, unaccountable, and largely unfocused, rule of the Peace Implementation Council. Yet this has not been one towards Bosnian ownership. Even the EU recognises that ‘BiH ‘ownership’ of reform remains limited’ with international initiative, input and pressure guiding the process of transition...The BiH public have been excluded from the transition process and while there is general support for EU membership there has been little public discussion of the costs and benefits involved.”²²⁶ He went on: “The strengthening of executive power through the new institution of the DEI [Directorate for European Integration] has been an integral part of the transition to more direct EU involvement, which has necessitated the ‘rebranding’ of the ‘anomalous’ Bonn powers of the High Representative.”²²⁷

171. We conclude that the hard work of Lord Ashdown in Bosnia and Herzegovina (BiH) is most commendable. However, we also conclude that plans to reduce the role of the High Representative are essential to the establishment of an effective non-dependent state in BiH and we have concerns about the impact of the Bonn Powers on the evolution of democracy in BiH. We recommend that the Government encourage its partners to speed the transfer of competencies to the BiH government at the same time

222 Ev 53

223 Ev 85

224 “Ashdown sackings anger Bosnian Serbs”, *Financial Times*, 20 December 2004

225 Ev 29

226 Ev 18

227 *Ibid.*

as increasing EU involvement in BiH, in a manner conducive to the long term development of democratic standards.

Bosnia's constitution

172. The peculiar elements of the state of Bosnia and Herzegovina emerged from the Dayton Peace Agreement; Annex 4 of the Agreement set out the constitution, which is probably unparalleled in its complexity but reflected the realities on the ground in 1995. At the highest level the state has a three person rotating presidency, which represents the three ethnic groups in BiH, and a bicameral parliament which elects a Council of Ministers (CoM). A recent change to the Constitution has introduced the post of Chairman of the CoM. Below the state-level are the two entities—the majority Serb Republika Srpska (RS) and the Croat and Bosniak (Muslim speakers of Serbo-Croat) Federation of Bosnia-Herzegovina (FBiH). The district of Brcko is an internationally administered region subject to the Bosnian state. Republika Srpska's government then falls to local municipalities, but the Federation separates into ten almost ethnically homogeneous cantons populated by either Bosniaks or Croats before municipal government. The entities have different characters; Republika Srpska essentially carries out similar activities to an independent state, such as gathering taxes and administering hospitals. The Federation of Bosnia and Herzegovina, however, is a weak entity and many of its cantons govern without consulting Federation authorities. The Federation has a budget of KM 1.25 billion (300 million Euro approx) which is spent on two main tasks: financing the federation army and veterans' benefits. The cantons carry out most governmental work.²²⁸

173. However, the demands of state building have underlined the necessity of constitutional reform in Bosnia. Dr Eyal described the logic behind the shift from Dayton. He wrote in his submission: "In theory, the Dayton Accords concluded in 1995 govern the administration of Bosnia and the country's future. In practice, all the activities of the international community have been to move away from the Dayton agenda, which was based on the assumption that, before uniting the country, an effective separation must be accomplished. The last few years have been spent, naturally, on reunifying the entities and providing Bosnia with functioning central institutions, while safeguarding the rights of its various communities."²²⁹

174. The question of constitutional reform is disputed. Local politicians differ markedly over proposed constitutional changes while the international community is reluctant to tamper with Dayton.²³⁰ Lord Ashdown told us: "The answer to your question, 'Does the constitution have to be reformed?' is self-evidently yes. It must be. You have a state in which there are far too many layers of government. You have a state which, depending on whether you are talking about the Federation or Republika Srpska, spends somewhere between 70 per cent, some argue, and around 50 per cent of the total taxpayers' money governing itself and only 30 per cent on its people...[But] let us very clearly say that if this constitution has to be changed it can only be changed by the people of BiH. It cannot be

228 European Stability Initiative, *Making federalism work*, 8 January 2004,

229 Ev 4

230 OHR Mission Implementation Plan 2004, <http://www.ohr.int/>

changed by the international community.”²³¹ However, some constitutional changes have already taken place. Lord Ashdown described how the OHR amended Dayton to put the power to control the armed forces at the state level, to create a state wide VAT system and to create a state-wide governance and disciplinary body for the judiciary.²³²

175. The constitutional system in BiH stretches beyond the formal arena. Dr Chandler argued that constitutional reform in BiH has also taken place on an informal level. He told us:

A lot of people have argued that Dayton is so cumbersome that it is difficult to transform things, but in fact Dayton was a hugely flexible agreement. The only people who signed up to it were the neighbouring countries and the Bosnian government. Everyone else involved, the international institutions and international agencies, all wrote their own mandate and they are not bound by Dayton...No one imagined that the role of the Office of the High Representative would be transformed. No one imagined that ten years after Dayton was signed there would be a continual extension of mandates of international institutions. Dayton has been extremely flexible and even though there are 15 to 20 prime ministers and all this government, that is in a fictional world.²³³

176. We asked the Minister about constitutional reform in BiH. He told us: “Dayton was very complicated but let us also acknowledge that under Dayton Bosnia Herzegovina has been able to come to an increasing *modus vivendi* where, certainly under Lord Ashdown’s leadership, we have seen a lot of progress. The killings are not happening, there is greater integration between the communities—much more with the Bosnia Croat community I accept than with the Serb community—and if there is political will in Bosnia Herzegovina right through the three communities then I think quite swift strides can be made.”²³⁴ As a reflection of the reality on the ground and as a tool to prevent conflict, then, the Dayton Agreement has proven effective. However, its constitutional structure is clumsy and could limit the future development of the Bosnian state, although movement towards the EU could precipitate some changes in the constitutional order.

177. We conclude that the international community should not impose a new constitutional structure from outside, but should nurture the state structures that could make constitutional reform easier. However, we also conclude that while the Dayton Agreement is a complex document, difficult to reform, some elements of the existing constitutional structure, such as the powers of the High Representative (HR), are more informal and flexible. We recommend that the Government work with its partners to ensure that the more informal elements of BiH’s constitution are fully incorporated into the emerging state structures, in a democratic manner.

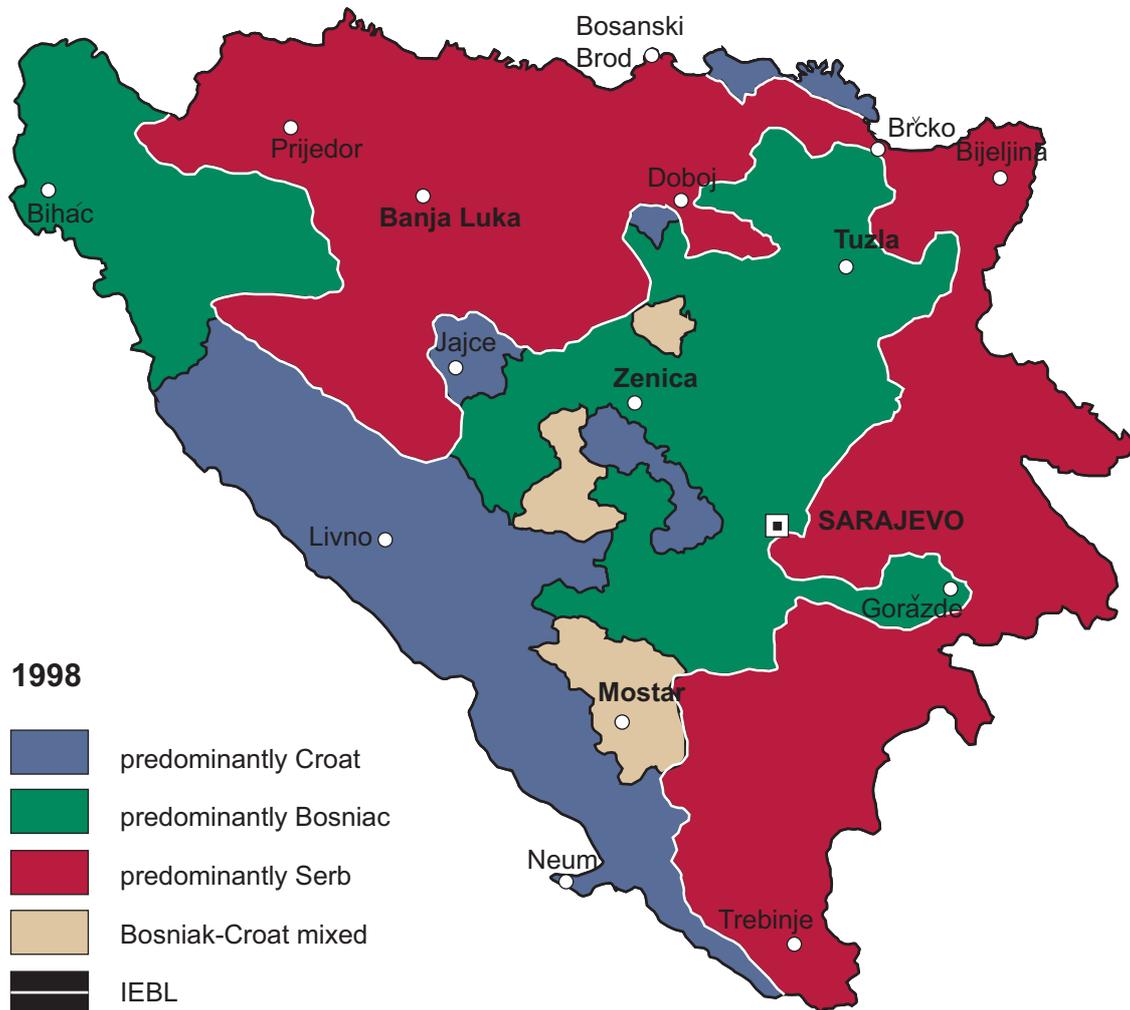
231 Ev 30

232 Ev 30

233 Ev 16

234 Ev 86

Ethnic composition in 1998



Source: Office of the High Representative and EU Special Representative

The political framework

178. Like the rest of the Balkans, Bosnian politics have lately seen a nationalist upsurge—most overtly in the elections of October 2003 but also in the local elections of 3 October 2004. These elections resulted in gains by nationalist politicians, although in Republika Srpska the more hard line Serbian Democratic Party (SDS), previously headed by war crimes indictee and former Bosnian Serb president, Radovan Karadzic, lost place to the Union of Independent Social Democrats.²³⁵

179. To date, Lord Ashdown has made clear his willingness to work with nationalist politicians in BiH, and some nationalists have proven happier than expected to support reform.²³⁶ He told us: “My job is to work with those the ballot box elects. This is not called favouring the nationalist, it is called democracy...My rule of thumb with the Balkans has not been to judge a party by its name or its label but to judge a party by what it does. If they do good things, I work with them. If they seek to obstruct that progress, then I seek to provide them with reasons for not doing so.”²³⁷ He pointed to the range of reforms which the nationalist parties had pushed through, including the establishment of a state-wide system of VAT and a state-wide body for the judiciary.

180. However, Misha Glenny raised doubts about the health of the political system in BiH. He told us: “The lack of incentive for Bosnian politicians to act with any accountability or responsibility remains very high, in my opinion...As long as so much power is concentrated in the centre they are not having to address the concerns of their electorate, and this is a key problem in Bosnia.”²³⁸ Lord Ashdown conceded that dependency was a problem, when he told us: “I think the use of these [Bonn] powers which take a lot of oxygen from the system creates a degree of dependence.”²³⁹ We heard in Sarajevo that many politicians in BiH are unwilling to take difficult decisions and prefer the OHR to carry out controversial tasks.

181. An additional political problem is the poor standard of inter-communal relations. For instance, the reconstruction of the bridge at Mostar has done little to end the segregation of the Croat and Bosniak communities in the city, and the number of refugees who have returned to Republika Srpska is very low. While admissions of guilt by the Serb authorities, such as that made by Bosnian serb president Dragan Cavic in June 2004, are a most welcome contribution to a new communal spirit, greater efforts to reforge inter-communal trust and understanding are essential for BiH’s future.²⁴⁰

182. We conclude that nationalist politics is a natural aspect of the democratisation process in Bosnia and Herzegovina. However, we also conclude that the centralisation of decision-making has resulted in a failure to accept responsibility by BiH’s politicians.

235 “Bosnia nationalists lead poll”, *BBC*, 3 October 2004,

236 International Crisis Group, *Bosnia’s nationalist governments: Paddy Ashdown and the paradoxes of state building*, 22 July 2003

237 Ev 31

238 Ev 54

239 Ev 29

240 “Serb leader’s Srebrenica regret”, *BBC*, 23 June 2004

We recommend that the Government and its EU partners do more to counteract nationalism by fostering civil society in BiH and to increase the stake of the Bosnian people in the political process by encouraging the integration of Bosnian politicians into the European mainstream, by fostering exchanges and links with international parliamentary institutions. We also conclude that BiH's politicians must work harder to re-establish trust between the communities.

EUFOR

183. The European Union's EUFOR took over from NATO's SFOR on 2 December 2004, and will now provide security for BiH.²⁴¹ This marks a significant change in the US attitude to the European Security and Defence Policy (ESDP), and a significant challenge for the EU. Per Norheim-Martinsen, from the Centre of International Studies at the University of Cambridge, wrote: "The symbolic value of the take over is striking. It was the events that followed the break-up of the former Yugoslavia which so painfully revealed the shortcomings in Europe's military capabilities. Now, EUFOR will provide the first real test case for the European Security and Defence Policy (ESDP)."²⁴² We agree; this is a far more difficult operation than that in Macedonia. Officials in Brussels see the operation in Bosnia as crucial for the development of a European military capability and point to the package of EU development assistance combined with military strength as a 'carrot and stick' option unavailable to NATO. However, Per Norheim Martinsen added the proviso that the venture was bold, "since another European failure in the Balkans would probably bury the EU's military aspirations for good."²⁴³ The grave doubts retained by the Bosniaks about Europe's will to act militarily, given their memories of the 1992-1995 UNPROFOR mission, still overshadow the operation.²⁴⁴

184. EUFOR consists of 7,000 troops, initially commanded by the United Kingdom's General David Leakey. The International Crisis Group said in a recent paper:

Things have changed in Bosnia and Herzegovina since 1995; the main security challenges now are weapons smuggling, the apprehension of war criminals, extremist religious groups, and border security, rather than the separation of combatants which was the main achievement of the NATO mission. The mandate of EUFOR should reflect that new reality. There need to be clear channels of communication with the other EU operations in Bosnia, in particular the EU Police Mission, and overlap must be avoided with the role of the NATO in-country headquarters or any separate US forces remaining on the basis of a bilateral agreement with BiH.²⁴⁵

Lord Ashdown described EUFOR's mandate. He told us: "There will be a slightly expanded mandate...so that EUFOR can get more easily involved in the whole business of organised crime. The mandate change...is so that EUFOR might look much more like KFOR... its

²⁴¹ International Crisis Group, *EUFORIA: Changing Bosnia's security arrangements*, 29 June 2004,

²⁴² Ev 161

²⁴³ *Ibid.*

²⁴⁴ International Crisis Group, *EUFORIA: Changing Bosnia's security arrangements*, 29 June 2004,

²⁴⁵ *Ibid.*

gendarmierie element will be raised and it will have a capacity to get involved in tackling organised crime.”²⁴⁶

185. Continued peace in BiH is essential for the development of the Western Balkans as a whole. We asked Lord Ashdown about the potential problems during the transition. He told us that people in BiH “will watch [the transition] with considerable care but I think increasingly, as they have seen the two operations work together, visibly work together, when delegations come out from NATO and delegations from the EU are integrated into it, I think they have been considerably reassured.”²⁴⁷ However, Per Norheim Martinsen pointed out that “other actors, most importantly NATO and the OSCE, will retain a strong presence, leaving Lord Ashdown with the unforgiving task of coordinating all activities.”²⁴⁸

186. The division of labour between EUFOR and NATO is a source of some uncertainty, since UN Security Council Resolution 1575 leaves the separation of powers to the two organisations; we heard informally that areas of overlap with NATO include defence reform and the question of reserves. However, the number of British personnel involved at the highest level—since the United Kingdom provides the Deputy Commander of SFOR/NATO, the Commander of EUFOR and the High Representative—should improve co-ordination. Dr Whyte told us: “I think people are bending over backwards to try and prevent any such conflict and this is why the two officers in charge of it are British. This is an attempt to finesse the differences between the EU and NATO.”²⁴⁹

187. Lord Ashdown told us: “The question is how this all [locks] together at the top level as between General Leakey, the British Commander designate, and General Schook, the remaining SFOR Commander/NATO Commander for the NATO office in BiH. There has to be very close liaison but I am very confident that that has happened. These two guys get on very well together; they have worked extremely closely together, including with me, so I am pretty confident that this changeover, difficult and important though it is, is going to go well.”²⁵⁰ Following separate meetings with General Schook and General Leakey we share their confidence—in part because had EUFOR not taken on the commitment at the current level of 7000 troops, SFOR had plans to halve the number—but good personal relations must lay the basis for effective protocols of understanding which would survive a change of personnel.

188. Other concerns include the number of national caveats and the structure of command within the EU, although we heard in Sarajevo that many of the caveats had been removed thanks to the hard work of Generals Schook and Leakey. Dr Whyte also told us that “the EU force will not just be an EU force; it will include at least...11 eleven other countries...I am a bit concerned about the lines of command and control...when you have Moroccan or Canadian or Turkish soldiers under EU command in an operation that is run by the Political and Security Committee in Brussels on which there are no Canadian, Moroccan

246 Ev 36

247 *Ibid.*

248 Ev 161

249 Ev 47

250 Ev 36

or Turkish representatives, but there are indeed representatives of Denmark and Luxembourg, two countries which will not be participating.”²⁵¹

189. We conclude that the launch of EUFOR is of the greatest importance for BiH and for the credibility of a European security and defence policy. We also conclude that the United Kingdom has a special responsibility to ensure that the transition from SFOR to EUFOR is smooth because of the large number of senior British personnel involved. We recommend that the Government work to clarify the different responsibilities of NATO and EUFOR in BiH, and with military contributors outside the EU. We also recommend that the Government urge its military partners to continue their work to reduce the number of national caveats amongst EUFOR troops.

The Hague Tribunal

190. The ICTY is a major issue in BiH, since Radovan Karadzic, the former Bosnian Serb president, Ante Gotovina, a Croatian general, and Ratko Mladic, the Serb general, may at times be in hiding in the state. BiH’s efforts to join the EU and NATO have stalled because of non-compliance with the Hague Tribunal.

191. Gabriel Partos told us “that General Mladic and Mr Karadzic are symbols of the utmost importance and for any kind of progress towards NATO or EU membership, or indeed the reforms which are bringing the different entities of Bosnia into a genuinely functioning state to succeed, it is essential that those symbols of the war in Bosnia, of the divisions and the ethnic cleansing are dealt with through the mechanisms of international justice.”²⁵²

192. Locating the war criminals is not easy for the international community since they flit between Bosnia, Croatia, Montenegro and Serbia, and substantial elements within BiH support them. Lord Ashdown described the lack of co-operation on the ICTY from Banja Luka, saying: “If somebody wants to understand why SFOR has not arrested Karadzic and Mladic, one of the reasons is that [Republika Srbska] has provided zero cooperation...Twenty war criminals have been arrested on the territory of [Republika Srbska], all of them by SFOR troops, none of them by [Republika Srbska] authorities.”²⁵³ He went on to describe the difficulty of apprehending war criminals. He told us: “These guys are wandering over the wildest mountain vastnesses in south eastern Europe. I do not know whether Karadzic is there but let us presume he might be somewhere between the Zelegora and Dornberg, which is wildly mountainous. Tito hid 7,000 partisans from six German divisions. They did not catch them in that area. This is not an easy military task.”²⁵⁴ However, the military dimension is perhaps less important than encouraging local authorities to co-operate with the ICTY. Misha Glenny told us: “It is very difficult to see how to do that. Karadzic is very effectively hidden; nobody knows where he is; they have

251 Ev 47

252 Ev 12

253 Ev 37

254 Ev 35

come close to getting him a few times. I cannot see any way to incentivise the local population; there are already huge rewards on these people's heads."²⁵⁵

193. Lord Ashdown has started to act in a more robust manner to tackle the indictees' support networks. For instance, on 1 July 2004 he sacked 60 prominent politicians in the Serbian Democrat Party (SDS) in the Republika Srbska for not co-operating with the ICTY, and increased his pressure for compliance with the removal of 9 Bosnian Serb officials in December 2004. He described his approach: "We were following the policy in which you shook the tree and you hoped the fruit would fall. Now we are beginning to attack the tree, its branches and its network. I am using my political powers to work against those who are supporting the war criminal support networks, freezing bank accounts, European visa bans, removals from time to time. We are not just going after the individuals. We are going after the whole support structure."²⁵⁶ The Minister expressed support for Lord Ashdown's policies, and made clear that the entire of Bosnia and Herzegovina must fulfil the demands of the international community.²⁵⁷ The policy appears to have produced results, with the delivery of the former commander of the Foca concentration camp, Savo Todovic, by the government of Republika Srbska.²⁵⁸

194. Some commentators, though, have concerns about such a robust policy. Dr Eyal told us that "it is a very tight, very difficult job to try on the one hand to encourage the country and, at the same time, not to hold them up to blackmail by Republika Srbska."²⁵⁹ He added that the answer to the question lay in Belgrade. "I think that Bosnia, quite frankly, is a bystander to the process...[but] what we are engaged in is a very careful balancing act of reassuring the Serbs of Bosnia that they are not completely detached from Serbia...Any other policy will make the management of Bosnia's internal politics ten times worse."²⁶⁰ The reaction of the Bosnian Serbs to Lord Ashdown's latest use of the removal powers—the resignation of Bosnian Prime Minister Dragan Mikerevic—demonstrates the political problems associated with the ICTY.²⁶¹ However, the answer to charges of authoritarianism on the part of the HR lies in part with local politicians who have declined to deliver.

195. One means to find a compromise might be the establishment of war crimes trials in Bosnia. Bosnia's Deputy Chief Prosecutor, John McNair, recently said in September 2004 that plans to transfer some more sensitive cases from The Hague to Sarajevo would take effect in January 2005; Bosnia's lower courts have already tackled some minor cases.²⁶² However, we heard informally on a visit to The Hague last year that ICTY officials harbour serious concerns for the safety of witnesses and the impartiality of trials.

196. Lord Ashdown described the work to transfer war crimes trials to the ground. He told us: "Bosnia and Herzegovina cannot be a stable state and a functional state unless it has the

255 Ev 54

256 Ev 35

257 Ev 81

258 "Bosnia Serbs arrest camp commander and war crimes suspect", *Irish Times*, 17 January 2005

259 Ev 12

260 *Ibid.*

261 "Ashdown sackings anger Bosnian Serbs," *Financial Times*, 20 December 2004

262 "Bosnia court soon to start war crimes trials", *Reuters*, 29 September 2004

capacity to try its own war criminals. I give you a view; I do not think that will ever include the capacity to try somebody like Karadzic or Mladic, not in the foreseeable future. That is a job that will have to rest with the Hague for a bit.”²⁶³ He added that building the capacity is slow—for instance, BiH is still constructing a prison for war criminals.

197. We conclude that the policy of the High Representative to root out the support networks of the war criminals is sensible and a means to ensure thoroughgoing reform of BiH. However, we recommend that the Government seek to encourage co-operative elements in BiH, for instance by targeting development aid to those regions which have fulfilled the requirements of the ICTY and by encouraging the EU and its constituent states to do the same.

NATO, defence and police reform

198. Bosnia also seeks admission to NATO’s Partnership for Peace (PfP) programme. However, at the June 2004 Istanbul summit, the existing members issued a communiqué saying:

We welcome Bosnia and Herzegovina’s significant progress in defence reform, a key condition for PfP membership. We urge continued progress towards achieving a single military force. We have agreed to designate a Contact Point Embassy in Sarajevo to increase understanding of NATO. We are concerned that Bosnia and Herzegovina, particularly obstructionist elements in the Republika Srpska entity, has failed to live up to its obligation to cooperate fully with ICTY, including the arrest and transfer to the jurisdiction of the Tribunal of war crimes indictees, a fundamental requirement for the country to join PfP. We also look for systemic changes necessary to develop effective security and law enforcement structures.²⁶⁴

199. The United Kingdom delegation wrote: “Since 1996 NATO has conducted a Security Co-operation Programme with BiH to promote cooperation between the armed forces of the entities in BiH, contribute to stability in BiH and the region, and to assist in preparing BiH for eventual accession into Euro-Atlantic structures. The Programme has become a significant contributor to security sector reform in BiH and has contributed to the work of the Defence Reform Commission, through activities such as workshops and expert visits to BiH, and BiH participation in selected PfP activities, mainly NATO courses. The NATO headquarters which will be established in Sarajevo when SFOR completes its mission, will play a key role in implementing the cooperation programme.”²⁶⁵

200. The OHR has worked hard towards defence and intelligence sector reform, which is one of its four top priorities. The key aims set out in its Mission Implementation Plan include establishing state level command structures; introducing BiH parliamentary oversight of the armed forces; and pursuing a state level security policy.²⁶⁶ Lord Ashdown described progress on defence reform: “By the end of this year [2004], the BiH state will have ticked all the boxes, in all probability, for defence reform. It will have met all the

263 Ev 34

264 North Atlantic Treaty Organisation, *Istanbul Summit Communiqué*, 29 June 2004

265 Ev 67

266 OHR Mission Implementation Plan 2004, <http://www.ohr.int/>

NATO PfP criteria, leaving aside co-operation with the ICTY...The area we have to pay attention to is when NATO takes over the lead of the defence reform process there must be no slowing down on the impetus for that...On the intelligence side, it is not easy to combine two Communist style intelligence services who spend more time spying on their people than spying on outside forces into a single, state-wide European standard intelligence structure accountable to parliament.”²⁶⁷

201. Other security aspects include efforts to reform the police system. At present, the EU offers limited support for police reform in BiH. The FCO wrote in its submission: “The EU Police Mission to Bosnia (EUPM) took over from the UN’s International Police Task Force at the beginning of 2003. It consists of around 474 police officers and 66 international civilians from EU member states and third country contributors. The UK currently contributes 56 officers and 11 civilians. The mission’s aim is to establish sustainable policing arrangements under BiH ownership in accordance with best European and international practice...It has 4 strategic objectives; police independence and accountability; the fight against organised crime and corruption; financial viability and sustainability, and institution and capacity building at management level.”²⁶⁸

203. However, Lord Ashdown’s initiatives for policing might go further, for instance by uniting the police service of Bosnia and Herzegovina at the national level. Dr Whyte told us: “One specific security issue that we are facing in Bosnia in the next few months is the question of police reform. You may be aware that Lord Ashdown has set up a special commission to look at this. I would not be surprised, in fact I would welcome it, if his recommendation turns out to be a kind of nationalising of the Bosnian police, removing security responsibilities from the entities...One does find other countries where the main police force is national rather than local, particularly if, as there is in Bosnia, there is a problem with local competence, local corruption of the police force that happened to be on the ground. I think that could be a very interesting development and that could well be the crisis point where we see the EU’s courage put to the test.”²⁶⁹

204. We conclude that BiH has made real progress on defence reform, although more needs doing; Sarajevo must comply with demands from the ICTY before acceding to PfP. We recommend that the Government continue its efforts alongside its NATO allies to support defence reform in BiH. We also conclude that an effective police service would act as a crucial prop for the Bosnian state and we recommend that the Government provide expertise and financial support to the efforts to establish a national system of policing, and to prepare for potential problems arising from any response to police reform.

EU accession

205. Bosnia has aspirations to join the EU. Dr Anastasakis told us: “I think it is time for the EU to act in a much more broad way [in BiH] and deal not just with reconstruction or reconciliation, because I would say this has evolved in quiet a satisfactory way, but also

267 Ev 34

268 Ev 65

269 Ev 48

with development issues, which are particularly acute in that part of the Western Balkans.”²⁷⁰ The Embassy of Bosnia and Herzegovina emphasised Sarajevo’s determination to join the EU, and the EU will provide a strong incentive for improvements in local governance.²⁷¹

206. BiH underwent a Feasibility Study in November 2003 as part of the SAP to assess its readiness for a SAA, but failed to fulfil the necessary criteria. The Feasibility Study stated: “BiH has not yet assumed full responsibility for government. It still needs to show through its own efforts that the High Representative’s ‘Bonn Powers’ are no longer needed, particularly in areas to be covered by an SAA.”²⁷²

207. The report outlined 16 priority areas of action, which were mainly economic. They were:

- Compliance with the ICTY
- More effective governance
- More effective public administration
- Full functioning of the Directorate for European Integration
- Effective human rights provisions
- Effective judiciary
- Tackling crime, especially organised crime
- Management of migration
- Customs and tax reform
- Introduction of budget legislation
- Budget practice, such as accurate recording of information
- Improving statistics
- Establishment of a consistent trade policy
- Restructuring of the electricity market
- Harmonising economic practices across BiH
- Legislation on public broadcasting²⁷³

208. We asked Lord Ashdown about progress towards the EU. He pointed us to a statement by the PIC on 22 September 2004, in which it “said that Bosnia and Herzegovina had made real progress on the 16 conditions. My Bonn powers have been used on none of these...The [European] Commission made it clear...that BiH had to do this themselves and I could not do it for them. It is also the Commission’s view...that provided this progress continues there is no reason why negotiations for an SAA should not be commenced in the early months of about the spring of next year.”²⁷⁴ He pointed to the lack of a unified public broadcasting system as one particular problem for BiH’s path towards EU accession.

270 Ev 47

271 Ev 128

272 European Commission, *Report from the Commission to the Council on the preparedness of Bosnia and Herzegovina to negotiate a SAA with the EU*, 18 November 2004,

273 *Ibid.*

274 Ev 33

209. Ultimately, two major obstacles stand in the way of BiH's path to the EU. Firstly, non-compliance with the ICTY prevents any progress along that path.²⁷⁵ Secondly, the existing constitutional structure may not fit into the EU. The Minister told us: "I do not think the present constitution is as EU friendly or compatible as one should wish."²⁷⁶ However, the constitution may not prevent BiH entering into some form of relationship with the EU, since the EU is able to accommodate a highly decentralised state such as Belgium.

210. The Minister made clear to us that BiH must enter the EU in entirety, and that the ICTY will remain a pressing issue even if only one of the entities refuses to comply with its terms. He told us: "I do not want to give any indication that there is any thought by the British Government of a kind of repartition of Bosnia-Herzegovina by separating the country into those that are EU compliant and those that are not. It is a state as a whole and the state must also accept its responsibilities."²⁷⁷

211. We conclude that the EU is the ultimate destination for BiH, but that certain obstacles such as the question of compliance with the ICTY and Bosnia's constitutional structure slow progress. We conclude that BiH must enter the EU as a whole, and we recommend that the United Kingdom provide support in certain technical areas, as defined by "market share" discussions at the EU level, to speed the process of integration.

Rule of law and the economy

212. The OHR's Mission Implementation Plan 2004 outlined the establishment of the rule of law as one of its four priorities in 2004, saying: "The rule of law and equality before the law are prerequisites to the establishment of a viable democratic state. Without the rule of law, Bosnia and Herzegovina cannot survive as a state, let alone integrate into Europe."²⁷⁸ Its key priorities focus on: the establishment of new civil and criminal codes; the development of an independent prosecution service; the establishment of state level judicial institutions, such as a BiH State Court and Office of the Prosecutor; a restructuring of the court system; the domestic prosecution of war crimes; progress against corruption; removing obstructionist elements from key institutions; and reshaping the BiH criminal law enforcement institutions, by establishing the State Information and Protection Agency (SIPA).²⁷⁹

213. The International Crisis Group said in a paper in 2002 on the rule of law in BiH:

The law does not yet rule in Bosnia & Herzegovina. What prevail instead are nationally defined politics, inconsistency in the application of law, corrupt and incompetent courts, a fragmented judicial space, half-baked or half-implemented

²⁷⁵ European Commission, *Report from the EC to the Council on the preparedness of Bosnia and Herzegovina to negotiate a Stabilisation and Association Agreement with the EU*, 18 November 2003

²⁷⁶ Ev 86

²⁷⁷ Ev 87

²⁷⁸ OHR Mission Implementation Plan 2004, <http://www.ohr.int/>

²⁷⁹ *Ibid.*

reforms, and sheer negligence. Bosnia is, in short, a land where respect for and confidence in the law and its defenders is weak.²⁸⁰

The EU also raised the rule of law in its November 2003 Feasibility Study of Bosnia and the SAP, saying: “Under a SAA the contracting parties [BiH and the EU] would attach particular importance to the consolidation of the rule of law and the reinforcement of institutions at all levels in the areas of administration in general and law enforcement and the machinery of justice in particular.”²⁸¹

214. We asked Lord Ashdown about his efforts to strengthen the rule of law in BiH. He made two points: “The first is that corruption, crime and criminality follows war like a dark shadow...It is hardly surprising that, in a war in which 250,000 were killed and half the population driven from their homes, criminality should be there. So, second point; this therefore needs to be priority number one when you move in after war. The very first thing you need to do is tackle the rule of law issue...If necessary, creating martial law. If you do not make it priority number one, everything else will be subverted by the process. You want to hold elections, the criminals will get elected. You want to have investment into the country, no will provide it...we took seven years to make rule of law priority number one, so it is hardly surprising that corruption is endemic in the system.”²⁸² Lord Ashdown added that the OHR has removed large numbers of corrupt judges, changed the law, and set about tackling the problems of corruption and human trafficking. He then told us: “I am sure you can introduce proper rule of law functions without affecting democracy.”²⁸³

215. We conclude that Lord Ashdown’s efforts to establish the rule of law in BiH are commendable, although democratic accountability remains a serious concern. We recommend that the Government stress to its EU partners the importance of establishing an effective rule of law throughout BiH, and that it take the lead with them in strengthening the physical infrastructure and personnel to this end, including the training for judges and legal employees.

216. Another serious challenge is the state of BiH’s economy. The devastation wrought by the war, which destroyed nearly half of all capital stock and left industry operating at 10% of capacity in 1996, and the social ownership system of Yugoslav communism, which makes privatisations very complex, have left Bosnia “grindingly poor”.²⁸⁴ By 2000, BiH’s GDP was only 66% of its pre-war level, and much industry was loss making, indebted and increasingly illiquid, while agricultural plots were small and often unprofitable. Tax increases from the various levels of government placing a great burden on a weak economy have compounded the problem.²⁸⁵

217. The OHR’s Mission Implementation plan emphasises that the revitalisation and harmonisation of BiH’s economy is a priority, since differences between the economies of

280 International Crisis Group, *Courting disaster: the misrule of rule in Bosnia and Herzegovina*, 25 March 2002

281 European Commission, *Report from the EC to the Council on the preparedness of Bosnia and Herzegovina to negotiate a Stabilisation and Association Agreement with the EU*, 18 November 2003

282 Ev 37

283 Ev 38

284 Ev 34

285 European Stability Initiative, *Governance and Democracy in Bosnia: Post-Industrial Society and the Authoritarian Temptation*, 2004

the Federation and RS are stark—both have separate tax codes, regulations and businesses.²⁸⁶ The OHR Mission Implementation Plan says: “BiH must consolidate the establishment of a single domestic market, do away with needless bureaucratic barriers, tackle its internal debt, and put a business-friendly tax regime in place if its citizens are eventually to prosper. More immediately, the country needs to undertake the rapid fiscal, trade, budgetary, and statistical reforms required by the European Union’s Stabilisation and Association Process (SAp).”²⁸⁷ Lord Ashdown’s initiatives include a Bulldozer committee comprising officials and prominent local businessmen, which will reduce obstacles to business in BiH, efforts to unify customs collection, and the implementation of a state-wide system of VAT, which would provide a secure revenue stream for the state institutions and strengthen their capacity to consolidate their position in relation to the entities and other levels of government.²⁸⁸ Without such reforms foreign direct investment will inevitably not come to Bosnia.

218. We conclude that the economic development of BiH is central to the region’s future stability and that external powers such as the United Kingdom and the EU can offer much in terms of aid. We recommend that the United Kingdom continue to support the reunification of the economy of Bosnia and Herzegovina through schemes such as the state wide system of VAT. We also recommend that the Government provide training in areas which would strengthen the economy, such as accounting and economic policing, second personnel with relevant technical expertise, and work with its EU partners to implement infrastructural projects which will integrate the BiH economy into the European mainstream.

Conclusion

219. We conclude that the international community must maintain its commitment to BiH, for fear that the good work to date be lost. Engagement by the United Kingdom and the EU with BiH is crucial for the success of the state building effort. We also conclude that the prominent role of British personnel in BiH makes success a particular concern and opportunity for the United Kingdom. However, we retain serious concerns about inter-ethnic relations, and the weakness of both democracy and the economy in Bosnia and Herzegovina.

286 EC DG External Relations, http://europa.eu.int/comm/external_relations/

287 OHR Mission Implementation Plan 2004, <http://www.ohr.int/>

288 *Ibid.*

7 Macedonia

220. Unlike the neighbouring republics, Macedonia has not descended into civil war since its independence from Yugoslavia in 1991, although it came perilously close to widespread conflict in 2001 prevented by a peace deal brokered at Ohrid. The successful implementation of the Ohrid Agreement so far—notwithstanding recent efforts to derail the accord—means that Macedonia’s priorities have now come to focus on issues such as reforming the judiciary, advancing towards the EU and NATO, and economic development rather than conflict resolution.

The Ohrid Agreement

221. A spate of ethnic conflict shook the Macedonian state in 2001 following the war in Kosovo, but the international community managed to broker an end to hostilities, and Macedonian and Albanian leaders signed an accord at Ohrid in August 2001. The main elements of the Ohrid Framework Agreement are:

- A greater acceptance of Albanian as an official language in government
- An increase in the proportion of Albanians in public jobs, such as policing
- A greater majority necessary to pass items of cultural relevance in parliament
- A change to the Constitution’s preamble
- A mention of religions other than the Macedonian church in the Constitution
- A reference to Macedonia’s cultural heritage rather than Macedonian people in the Constitution
- A change in proportions on the Council of Interethnic Relations
- A deadline for ratification of the Agreement and a law on decentralisation of government²⁸⁹

222. NATO and the EU played an important role in the implementation of the Agreement, NATO by monitoring the contended border areas and the EU by establishing a police mission in Skopje, the capital. The Agreement’s implementation, although controversial, proceeded under the guidance of one of its key architects, Macedonia’s President Boris Trajkovski. However, President Trajkovski died in an airplane crash in February 2004, precipitating a presidential election in Macedonia. The election passed off without instability.

223. The most complex and almost the final aspect of the Ohrid Agreement was the question of laws on decentralised government in Macedonia which had important implications for relations between Macedonians and ethnic Albanians. The legislation has three main aspects: territorial division, the funding of municipalities and the status of the capital Skopje. The laws would reduce the number of municipalities in Macedonia from 123 to 80, and by 2008 to 76. The new municipalities have responsibility for culture, primary and secondary education, health, urban planning and local policing. Nine are within Skopje, and the capital also has an overall council. The laws also provide for a second official language where ethnic Albanians (or another minority, such as Turks,

²⁸⁹ International Crisis Group, *Macedonia: War on hold*, 15 August 2001,

Roma or Serbs) constitute more than 20% of the population; Albanian has become an official language in 25 of the 80 proposed municipalities. Finally, the laws introduced a new regime for fiscal decentralisation, by transferring 13 billion denar (210 million euro) to the local governments as well as permitting them to retain taxes raised locally. The municipalities are now able to raise short and long term loans from domestic or foreign banks under state supervision, and receive 1% of the VAT revenues.²⁹⁰

224. Opposition to the Ohrid Agreement provoked a successful campaign for a referendum on the decentralisation laws and a political crisis in mid 2004, although international interventions helped to avert the crisis. In particular, a commitment by the USA to accept Macedonia's constitutional name may have been instrumental in persuading Macedonians to boycott the referendum which took place in November 2004. Only 26% participated and so turnout did not reach the required 50%. At present, the implementation of the Agreement is on track, although the reforms of flags and symbols are as yet incomplete.

225. Dr Whyte told us before the failure of the referendum: "One lesson which comes out of this is that when you are writing peace agreements, look out for loopholes that can be exploited by other people, and that is what has happened in this case. It was not foreseen that a referendum could actually overrun minority guarantees that were inserted into the Ohrid peace agreements, but that is nevertheless what happened."²⁹¹ Commenting after the referendum had failed, the Minister took a more optimistic line. He told us: "We want to see full implementation of the Ohrid Framework Agreement. That referendum process, as we know, was designed to derail it, but is an example of how Ohrid has not fully embedded itself in the hearts and minds of all Macedonia's political class...[But] I am cautiously optimistic about Macedonia."²⁹²

226. We conclude that the international community must maintain its role in Macedonia, since its interventions to protect the Ohrid Framework Agreement have proved successful in ensuring stability. We recommend that the Government maintain its commitment to peace in Macedonia, continue to support the implementation of the remaining parts of the Ohrid Agreement, such as the flags and symbols issue, and contribute where it can to the final agreed delineation of the border between Macedonia and Kosovo. A lack of engagement by the international community could result in another crisis in Macedonia.

The name issue

227. The USA's decision to recognise Macedonia by its constitutional name, the Republic of Macedonia, probably played a significant role in persuading Macedonians not to vote in the referendum. However, Greece objects to the use of Macedonia and insists that international fora such as the UN, NATO and EU use the designation: 'the Former Yugoslav Republic of Macedonia (FYROM)'. The USA's decision follows a recognition of Macedonia's constitutional name by China and Russia, so that three of the five permanent

²⁹⁰ International Crisis Group, *Macedonia: Make or Break*, 3 August 2004,

²⁹¹ Ev 46

²⁹² Ev 88

members of the UN Security Council now accept the name. The United Kingdom and France are the exceptions. We heard in Skopje that the question of Macedonia's name was more than a theological debate in international relations, since it casts doubts on the state's legitimacy and security, given longstanding claims on Macedonian territory by its neighbours.

228. The Macedonian Embassy wrote: "The talks [about the name issue] between the representatives of the two governments are going on in New York under the auspices of the UN. Despite this issue, Macedonia and Greece have excellent bilateral relations particularly in the economic field. The position of the Government is using the constitutional name by all countries and international community, and the right of Greece to use a name which will be acceptable for both countries."²⁹³ The Embassy also wrote that it appreciates the United Kingdom's use of Macedonia's constitutional name in bilateral dealings.

229. We asked the Minister why the United Kingdom continued to bow to Greece's intransigence on the issue. He told us: "In...international fora Greece can say: 'The only terms under which we will accept the participation or presence of Macedonia is if it is under the title of FYROM'...There were discussions under...UN auspices between Athens [and] Skopje [in] New York on trying to find a way out of this problem, but there are profound passions in Greece and I would not underestimate them. I think it is too easy to sit here in London, click your fingers and say: 'This position should be accepted' or 'That position should be accepted'. As far as I am concerned, and certainly, when I write a letter, I talk about Macedonia or the Republic of Macedonia, but at international gatherings where the Greek government is represented, and was there before Macedonia arrived, Macedonia sits with its partners as FYROM."²⁹⁴

230. We conclude that the recognition of Macedonia's constitutional name by three of the five permanent members of the UN Security Council should encourage the United Kingdom to follow suit. We recommend that the United Kingdom work in unison with Germany, France and other EU partners to recognise Macedonia's constitutional name, and encourage the Greek Government by an act of statesmanship to do the same.

NATO

231. Macedonia is a member of NATO's Partnership for Peace (PfP), and is progressing towards full membership of NATO, in close co-ordination with Albanian and Croatia, as part of the 'Adriatic 3'. The Istanbul Communiqué issued after the June 2004 summit said:

We welcome the progress made by Albania, Croatia and the former Yugoslav Republic of Macedonia in implementing their Annual National Programs under the Membership Action Plan (MAP), and encourage them to continue pursuing the reforms necessary to progress towards NATO membership...NATO will continue to assess each country's candidacy individually, based on the progress made towards

293 Ev 130

294 Ev 88

reform goals pursued through the Membership Action Plan, which will remain the vehicle to keep the readiness of each aspirant for membership under review.²⁹⁵

232. The Embassy of Macedonia told us: “The Republic of Macedonia has clear and strong commitment to be a part of the North Atlantic Alliance and together with all member states of the Alliance to advance and guarantee its own stability. There is overall political and civic consensus in the country concerning this strategic goal...[In just two years] Macedonia has achieved what for many seemed impossible; from consumers of the Euro-Atlantic military security, Macedonia has begun to contribute to the advancement of the regional and global security. Today, the Republic of Macedonia is a part of the global anti-terrorist coalition. Macedonian soldiers, together with the coalition forces, take an active part in securing the peace in Iraq and Afghanistan.”²⁹⁶

233. The United Kingdom delegation to NATO described defence reform activities in Macedonia: “NATO has played a key role in fostering security in Macedonia since the inter-ethnic conflict of 2001, and the subsequent deployment of NATO forces in Macedonia until the end of 2002...NATO continues actively to work for stability in Macedonia, including through a NATO Headquarters in Skopje. The functions of this headquarters include advising on defence reform aspects of the MAP, advice on border security reform, support to KFOR and co-ordination with the EU presence in the country. A British brigadier is the commander of NATO HQ Skopje and is double hatted as the NATO senior military representative to Macedonia.”²⁹⁷ The FCO said that Macedonia has made substantial progress on defence reform, but that full implementation of the Ohrid Framework Agreement was a concern.

234. We conclude that Macedonia’s membership of NATO is desirable but that rigorous standards for entry must apply; Skopje must fulfil all the terms of the Ohrid Framework Agreement. We recommend that the Government provide technical support on defence reform to Macedonia alongside its NATO partners, with a particular focus on minority representation in Macedonia’s military institutions.

EU accession

235. Macedonia also submitted an application for EU membership on 22 March 2004. The Council of Ministers asked the European Commission to prepare an opinion on the application. The Commission then sent a comprehensive questionnaire to Macedonia with more than 3000 questions on issues including the political system, economy, legislation, administration and social affairs.²⁹⁸

236. The Macedonian government wrote: “At the moment, Macedonia is preparing replies to an impressive number of questions on political, economic and technical issues, which will allow the Commission to formulate its opinion if the country is ready to undertake the rights and obligations of membership. In this regard, the support of the United Kingdom will be very important in the efficient implementation of the procedure and in the process

295 North Atlantic Treaty Organisation, *Istanbul Summit Communiqué*, 29 June 2004

296 Ev 129

297 Ev 130

298 International Crisis Group, *Macedonia: Make or Break*, 3 August 2004,

of answering the Questionnaire, as well as in the entire process until the final integration in the EU. This support will have an immense significance especially during the British EU-Presidency...when the European Commission will be finalising the Opinion.”²⁹⁹

237. The Minister outlined the United Kingdom’s position on Macedonian entry to the EU. He told us: “The British Government is financially supporting the European Integration Office of the Macedonian Government...Obviously, Macedonia’s very positive ambition to aim for the EU is something that Britain supports and welcomes...but of course, full compliance with the Copenhagen criteria is necessary for Macedonia as for any other country...We want to see more progress on the SAA...and in particular in opening up the economy, judicial reform, corruption and organised crime.”³⁰⁰ However, a number of questions remain unresolved and may slow Macedonia’s path towards the EU. For instance, an unresolved border issue with Kosovo—although only a small sliver of disputed territory—could retard Macedonia’s accession efforts.³⁰¹

238. We conclude that the United Kingdom should support Macedonia’s efforts to join the EU, provided the state complies with the necessary criteria. We recommend that the Government offer Macedonia technical support in areas as defined by ‘market share’ discussion at EU level.

The economy and rule of law

239. The FCO said in its submission that “the principal challenge in Macedonia is the economy. Inflation, government expenditure and external debt are increasingly under control, helped by an IMF programme, but official unemployment stands at 35%. Although this is mitigated by the large grey economy, urgent action is required to create jobs.”³⁰²

240. Industrial decline and the long-standing dominance of Macedonians in public jobs were at the heart of the political crisis in Macedonia last summer. The Ohrid Agreement mandates the increase in numbers of Albanians in public jobs, at the same time as pressure from the International Financial Institutions (IFIs) and long term industrial decline is reducing funding. Consequently, the reforms have led to intense resentment between the ethnic groups. The impact of job cuts has fallen disproportionately on Macedonians; they hold the bulk of public sector jobs, are mainly urban and traditionally had privileged access to secondary and tertiary education. Albanians, who strongly resent their lack of access to education, fill a predominantly entrepreneurial private sector and rural role; they also rely heavily on remittances from their large expatriate community, funds which are not available to the Macedonian population and often make them wealthier than their Slavic neighbours. Privatisations in Macedonia have contributed to the problem, since many sell-offs were insider deals to local workers and managers because the low quality of industrial plant did not attract foreign investors. The owners now are unable to carry out the cut-backs or invest the capital necessary to curtail industrial decline and modernise the plant,

299 Ev 129

300 Ev 88

301 Ev 102

302 Ev 67

or have already shut down loss making businesses. Unemployment lingers between 30-40% in many parts of Macedonia.³⁰³

241. Key to effective development is the rule of law. We heard in Skopje that reform of Macedonia's judiciary was crucial to a successful bid for EU entry; corruption was a serious problem and the Macedonian government was changing the system of selection of judges. The FCO wrote in its submission: "A properly functioning judicial system is necessary to stimulate the economy, especially for FDI. It should also help to confront organised crime, which, as elsewhere in the region, is a major problem in Macedonia. But further high-level political commitment is required to make progress. This applies equally to tackling the commonplace allegations of corruption. To this end, the UK funds a small project enabling a team of 5 experts to monitor the judicial process in corruption related cases in order to develop recommendations for legal and institutional reforms."³⁰⁴

242. We conclude that support for economic development in Macedonia, particularly in the area of legal reform, is essential for its long term stability. We recommend that the United Kingdom support Macedonia in the technical areas necessary to bring foreign direct investment into the state, for instance by funding advice from experts in investment law.

Conclusion

243. We conclude that while Macedonia's stability is not yet fully guaranteed, the continued willingness of its people to avert conflict is commendable. We also conclude that continued engagement is essential to maintain stability and that offering greater access to pre-accession funds might ease Macedonia's movement towards the EU; economic development would lessen the likelihood of future conflict and contribute to regional stability.

303 European Stability Initiative, *Ahmeti's Village: The Political Economy of Interethnic Relations in Macedonia*, 1 October 2002, and International Crisis Group, *Macedonia: Make or Break*, 3 August 2004

304 Ev 68

8 The British Council and the BBC World Service

244. A crucial means to export the values espoused by the United Kingdom in the region is through the British Council and the BBC World Service. For instance, the British Council in Serbia and Montenegro offers access to a library and support for educational opportunities in the United Kingdom. Over the last year, the British Council has also opened a new office in Podgorica, which will support the reform effort in Montenegro, while the Belgrade office has received awards from the Serbian Ministry of Culture for its contributions to education. The British Council in Serbia also supports co-operation between the National and Royal National Theatres in the United Kingdom and directors and writers in Serbia, works closely with the Serbian media, and has organised conferences which bring together young people from throughout the region, as part of broader efforts to ensure the stability of and improve civil society in the Western Balkans.³⁰⁵ Commenting on the work of the British Council, the Minister said: “The British Council is extremely active in Belgrade and I pay tribute to their work.”³⁰⁶

245. We conclude that the work of the British Council in the Balkans is essential and we commend the good work of its Belgrade office, for instance by bringing young people from across the region together in conferences. We urge the British Council to expand this work, and to increase educational opportunities in areas necessary for the effective development of the Balkans, such as those relating to good governance.

246. The BBC World Service played a key role in the dissemination of balanced information during the conflicts of the 1990s, when local media output often consisted of little more than government propaganda.³⁰⁷ Since the fall of Milosevic, the quality of media in the region has improved, although the World Service continues to set the highest standards of journalism for emulation in the Western Balkans. Currently, the BBC provides programming for broadcast on Serbian radio station B92, in Kosovo via Pristina 98.6 FM, in Croatia via Otvotreni, and in Macedonia with the National Radio.³⁰⁸ However, the BBC has never broadcast in Bosnia and we heard in Sarajevo that politicians would appreciate BBC programming. Competitors in the region include Detusche Welle and Radio Free Europe, although its Balkan language output is scant. We also heard that regulatory frameworks for media in the Balkans were imperfect, and that problems with the media today include the allocation of frequencies for broadcast and the regulation of media ownership.

247. We conclude that the BBC World Service’s contribution to broadcasting in the Balkans is most commendable. However, we regret the lack of Bosnian programming; we urge the BBC to expand its coverage to include Bosnia and Herzegovina. We also recommend that the BBC and the Foreign and Commonwealth Office work together with the governments in the region to improve the regulatory framework for the media,

305 Ev 98

306 Ev 83

307 Ev 141

308 *Ibid.*

for instance by providing technical expertise to help Belgrade simplify the allocation of radio frequencies in Serbia.

9 Parliamentary engagement with the region

248. We are pleased that as Members of the Foreign Affairs Committee we have in recent years been able to visit Podgorica, Pristina, Belgrade, Skopje and other important cities in the region. It is disappointing, however, that this privilege is not available to all Members of Parliament. Under the present rules of the House of Commons, Members are able to make a total of three visits each year to capital cities, or to cities in which multinational institutions are based, in European Union or EFTA states. We consider that this facility should be extended to include some of the 'hotspots' of Europe such as the cities listed above, plus the capitals of Moldova, Russia and other OSCE countries and we intend to pursue this matter with the House authorities.

10 Conclusion

249. The United Kingdom and the EU have a powerful interest in the maintenance of stability in the Western Balkans and in the integration of the region into the Euro-Atlantic structures. They cannot ignore the Balkans, since the 2007 accession of Romania and Bulgaria will leave the region surrounded by EU territory. The international community must not allow the Western Balkans to become a resentful ghetto which exports drugs and people, crime and instability, to its neighbours. The scale of the task is not overwhelming; the states in the region are manageably small, and their entry is likely to cause less divisive argument within the EU than the accession of Turkey. The EU can make a huge difference in resolving the longstanding problems in the Balkans with its military presence and pre-accession funds; the political stability and economic development it can offer are in the interests of every state in the region, of Europe as a whole and of the United Kingdom in particular. Stability will depend, at the last resort, on positive engagement by the international community and the offer, subject to the usual conditions, of a clear path to full integration into the Euro-Atlantic institutions.

Formal minutes

Tuesday 1 February 2005

Members present:

Donald Anderson, in the Chair

Mr David Chidgey	Andrew Mackinlay
Mr Fabian Hamilton	Mr John Maples
Mr Eric Illsley	Sir John Stanley
Mr Andrew Mackay	

The Committee deliberated.

Draft Report (The Western Balkans), proposed by the Chairman, brought up and read.

Ordered, That the Chairman's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 30 read and agreed to.

Paragraph 31 read, amended and agreed to.

Paragraphs 32 to 52 read and agreed to.

Paragraph 53 read, amended and agreed to.

Paragraphs 54 to 59 read and agreed to.

Paragraph 60 read, amended and agreed to.

Paragraphs 61 to 65 read and agreed to.

Paragraph 66 read, amended and agreed to.

Paragraphs 67 to 70 read and agreed to.

Paragraph 71 read, amended and agreed to.

Paragraphs 72 to 81 read and agreed to.

Paragraph 82 read, amended and agreed to.

Paragraphs 83 to 95 read and agreed to.

Paragraph 96 read, amended and agreed to.

Paragraphs 97 to 118 read and agreed to.

Paragraph 119 read, amended and agreed to.

Paragraphs 120 and 121 read and agreed to.

Paragraph 122 read, amended and agreed to.

Paragraphs 123 to 127 read and agreed to.

Paragraph 128 read, amended and agreed to.

Paragraph 129 read and agreed to.

Paragraph 130 read, amended and agreed to.

Paragraphs 131 to 133 read and agreed to.

Paragraph 134 read, amended and agreed to.

Paragraphs 135 to 140 read and agreed to.

Paragraph 141 read, amended and agreed to.

Paragraphs 142 to 159 read and agreed to.

Paragraph 160 read, amended and agreed to.

Paragraphs 161 to 188 read and agreed to.

Paragraph 189 read, amended and agreed to.

Paragraphs 190 to 196 read and agreed to.

Paragraph 197 read, amended and agreed to.

Paragraphs 198 to 225 read and agreed to.

Paragraph 226 read, amended and agreed to.

Paragraphs 227 to 247 read and agreed to.

A paragraph—(*Andrew Mackinlay*)—brought up, read the first and second time and inserted (now paragraph 248).

Paragraph 248 (now paragraph 249) read and agreed to.

Resolved, That the Report, as amended, be the Third Report of the Committee to the House.

Ordered, That the Chairman do make the Report to the House.

Ordered, That the provisions of Standing Order No.134 (Select committees (reports)) be applied to the Report.

Several Papers were ordered to be appended to the Minutes of Evidence.

Ordered, That the appendices to the Minutes of Evidence taken before the Committee be reported to the House.—(*The Chairman.*)

[Adjourned till Tuesday 22 February at 2.30pm.]

Witnesses

Tuesday 12 October 2004

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Mr Gabriel Partos, Balkans Analyst, BBC World Service; **Dr Jonathan Eyal**, Director of Studies, Royal United Services Institute Ev 4

Professor James Pettifer, Conflict Studies Research Centre, UK Defence Academy and **Dr David Chandler**, Centre for Study of Democracy, University of Westminster Ev 19

Tuesday 19 October 2004

Rt Hon Lord Ashdown of Norton-sub Hamdon KBE, High Representative of the International Community in Bosnia and Herzegovina and EU Special Representative Ev 28

Tuesday 26 October 2004

Dr Othon Anastasakis, Director, South East European Studies Programme, St Antony's College, University of Oxford; **Dr Nicholas Whyte**, Head, Europe Programme, International Crisis Group Ev 41

Mr Misha Glenny, former Central and South Eastern Europe Correspondent, BBC World Service Ev 49

Tuesday 30 November 2004

Mr Denis MacShane MP, Minister of State, **Ms Karen Pierce**, Head of Eastern Adriatic Department, Foreign and Commonwealth Office Ev 73

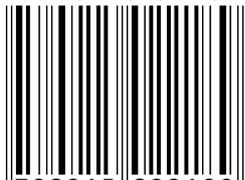
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HE Kai Eide, Norwegian Permanent Representative to NATO Ev 108

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The reference to the Government response to the report is printed in brackets after the HC printing number