

MONTENEGRO: A BALANCING ACT

September 1999

Summary

- ⚡ The Interior Ministry appears confident that it can keep the situation in Montenegro under control for the time being despite the organising of demonstrations, local council gatherings and parallel security forces by Milosevic-supporters in Serb-dominated areas in the North.
- ⚡ The government's confident security assessment is based on three main factors: (i) the fact that Milosevic did not use the opportunity of the Kosovo crisis to attack the Montenegrin government, (ii) expectations for Western assistance as symbolised by nearby KFOR and SFOR troops, and (iii) an assessment that the Yugoslav Army is internally divided.
- ⚡ The most pressing issue for the government is coping with the attempts at economic destabilisation from Belgrade at a time when Western assistance remains scarce.
- ⚡ If the main obstacle for becoming a recipient of Western assistance is seen to be belonging to a joint state with Serbia, there will be increasing calls for separation.
- ⚡ The government has not spoken openly about the possibility of moving towards independence and has indicated its willingness to bide its time for a few more months within the present Federal arrangement with Serbia but will then be forced to hold a referendum on Montenegro's status.
- ⚡ International actors and donors must use this time to show concrete support for Montenegro and offer it a perspective of trade preferences. Ways of providing soft security guarantees through an increased international presence must also be explored.

Security situation

Much of the security calculation by the government seems to be based on the fact that Milosevic did not use the opportunity provided by the Kosovo crisis to create a conflict in Montenegro. The government feels that it has already survived its greatest test. Several interlocutors also made references to the presence of NATO troops in nearby Kosovo and Bosnia-Herzegovina, as well as to an assurance (presumably by the US) that Milosevic has been told what would happen to him and his family if stirred up trouble in Montenegro.

One minister asserted that there were parts of the VJ that were not behind Milosevic's policies but had access to weapons. Generals Perisic and Ojdanic are still thought to have enough followers within the ranks of the Yugoslav Army (VJ) that the Montenegrins calculate that the army would not support a military intervention in Montenegro. In this context, it should be noted, though, that the commander of the Podgorica corps of the VJ, who was appointed during the Kosovo crisis, is from the hard-line wing of the SPS.

Bulatovic's SNP is attempting to organise party-controlled security structures in Serb majority cities in the Northern part of Montenegro (Plevlja, Mojkovac, Andrijevisa, Kolasi, Pluzine, Zabljuk), but the MUP (Interior Ministry) seems confident that it can prevent the formation of a parallel police force. One police official claims that Montenegro has sufficient forces to keep the situation under control even in that Milosevic attempts to stir up armed conflict through social unrest. The regular police force has good cooperation with Djukanovic's security police. The plan would be to leave as little space for movement as possible, constraining the VJ to their barracks. The perceived strength the forces is an important part of stability. In this context, he would welcome contacts with European police, as well as technical assistance.

While the government tended to downplay the possibility of Belgrade's use of military means to destabilise Montenegro, opposition politicians spoke about the precarious security situation with candour. One viewed the tendency in the Serb-majority areas in the North of Montenegro to set up its own protection forces and organise gatherings and familial/tribal council meetings opposing the government as following the same pattern of destabilisation that had already been seen in Croatia and Bosnia-Herzegovina with their "autonomous Serb areas". Belgrade had already launched a strong media campaign against Montenegro and was organising paramilitary units locally. He viewed potential support from the international community with skepticism, pointing to late measures in Vukovar, Srebrenica, Mostar and Kosovo.

Part of the preparation on the Montenegrin side is the boosting of the police forces. The police are prepared to serve as a people's defence front in the event of a crisis with levels up at 16,000 officers from a regular level of 2,500. Among them are 1,500 military police recruited to serve the government, according to Rakcevic. These special police forces could be seen on the roads securing bridges and tunnels, for example.

It is also worth noting that the military industry of Montenegro is concentrated in the North in the municipalities of Plevlja (electronics, radar), Barane (explosives, detonators), Bijelo Polje (hydraulics) and Mojkovac (metal works, flight equipment). If this region were to separate from the rest of Montenegro, all of the defence industry would be lost.

Economic situation

The greatest challenge to Montenegro is the attempt by Belgrade to undermine its economy. In the past, the majority of Montenegro's industrial output has been sold in Serbia. The combination of internal economic pressure from Belgrade and external pressure brought about by the sanctions against the FRY has largely crippled Montenegro's economy. The Ministry for Social Welfare estimates that 200,000 of Montenegro's 650,000 inhabitants live below the social minimum. Among these are 75,000 unemployed.

The slowness and scarcity of economic assistance from the West has been used by Belgrade and Momir Bulatovic's SNP to good propaganda effect. According to Belgrade, Montenegro through Djukanovic's "tourist diplomacy" has sold itself to the West without getting anything in return. The financial support given to Montenegro by the international community is

claimed to be less than Milosevic's support to the SNP. Conversely, if the main obstacle for becoming a recipient of Western assistance is seen to be belonging to a joint state with Serbia (e.g. World Bank policy), there will be increasing calls for separation.

During the Kosovo crisis, the Yugoslav Army closed down the borders to prevent goods from crossing into Montenegro. As part of the latest attempt to undermine Montenegro's economy, Yugoslav customs officials have formally discharged Montenegrin customs officials from the Federal services and refuse to pay officials in the port of Bar or on Montenegrin border crossings out of the Federal budget. The Montenegrin government is considering paying its officials directly out of the customs revenues, but the underlying issue at stake is the Federal debt to the Montenegrin budget in the form of non-payment of pensions and other transfers from the Federal budget.

The EU provided tranches of some 3 MECU disbursed and 5 MECU in process so far to support the government in providing for refugees and social welfare. The US has so far made available economic assistance worth some \$20 million, and USAID has promised to spend \$42 million by the end of the year - again primarily on salaries and pensions, rather than economic development. One Minister pointed to 2 MECU of Dutch assistance in repaying a loan that the Montenegrins had received from the Croatians for water supplies across the border to Herceg Novi. He called for similar payment support by other Western countries towards paying for electricity and gas. Paying the supplier directly would also avoid any suspicions of corruption

It was pointed out that the legal conditions for investment exist, and foreigners can buy property in Montenegro. Some of the privatised industries include Podgorica's aluminium factory and the Niksic beer factory which was considered to brew the best beer in the former Yugoslavia

Federation / confederation / independence?

The government avoids speaking openly about the possibility of moving towards independence even though most conversations about the political options for Montenegro end with the conclusion that a referendum of independence is the only alternative if the approach to redefine relations between the Federal units fails. This is not seen as an ultimatum and no firm time line has been set, but internal pressure for change is growing. A constant refrain on the part of members of the governing coalition is that the younger generation is unwilling to allow its future to be held hostage by association with an undemocratic and isolated Serbia in a commonwealth over whose fate it has no influence. The international community is also accused of trying to resolve the problem of Kosovo on Montenegro's back by preaching the territorial integrity of the FRY.

Several interlocutors called attention to the fact that Milosevic had unilaterally stripped the Montenegrin government of powers on the Federal level, including by installing an illegitimate representative of Montenegro as Federal Prime Minister (Momir Bulatovic), but pointed out that there was a systemic problem in relations with Serbia that would not change even if Milosevic were to go.

The options available are essentially (i) a Federation in which the functions of the central level government have been decreased—along the lines of the proposal for the redefinition of relations which was handed to Belgrade on 5 August, (ii) a confederation of sovereign states and (iii) full-fledged independence.

The platform on the redefinition of relations which includes a provision for a separate defence and foreign policy as well as a separate currency is, however, unlikely to be accepted by Belgrade, not least because of the demand for parity between republics whose population ratio is 95 to 5, and must be seen as a temporary political tool to buy time. The Djukanovic government seems to want to wait and see whether the Serbian opposition will be successful in destabilising Milosevic's regime. At the same time, at least some of Djukanovic's advisors seem to be calculating that Milosevic's present weakness may leave open a possibility for agreement.

The government assesses that support for independence is constantly strengthening. One Minister even suggested that if President Djukanovic were to speak out for independence, popular support would further surge. Especially the younger generation is keen on integration with Europe, perceiving that Montenegro can only benefit from an open economy and contacts with the West to support its tourism and small and medium sized enterprises.

Political system

After a rift in 1997 within the ruling communist party, the parties in the government coalition along with the Liberal Party and two Albanian parties united forces around Djukanovic's DPS faction to prevent Momir Bulatovic's SNP from taking power. The view from the government coalition is that Milosevic's and Bulatovic's politics have consistently ignored the Montenegrin people and put the republic under political and economic pressure.

Members of the government coalition, which consists of President Milo Djukanovic's Democratic Party of Socialists (DPS), the social-democrats (SDP) and Narodna Stranka (People's Party) stressed the democratic development of Montenegro under Djukanovic's leadership. They pointed to good relations with minorities and to the participation in government of four Muslims in an ethnic breakdown of the population where according to the 1991 census 62% are Montenegrins, 14% Muslims, 10% Serbs, 7% Albanians, 2% Croats and 5% Yugoslavs and others.

The Liberals, by contrast, levelled criticisms against Djukanovic for war-profiteering and pointed to a deficiency in democratic thinking as illustrated by his secret police and control of the media, though they welcomed Djukanovic's transformation from Milosevic ally to opponent and supported his European orientation and keeping Montenegro open to refugees. In one opposition politician's analysis Djukanovic needs a crisis to remain in power just as much as Milosevic does. He pointed to the fact that the platform on redefinition of relations had not been discussed in the Montenegrin parliament but was merely used as a tool by the ruling DPS. In the Liberals' view the planned referendum should be about support for independence rather than support for the redefinition of Federal relations. He further cautioned that donor's should maintain control over the money that they direct to Montenegro to keep it from ending up in the government's pockets. They should also be careful that their money does not wind up with Milosevic.

Members of Bulatovic's SNP party leadership took a similar view to that of the Liberals in criticising the government for creating a crisis which they perceived as a personal struggle on Djukanovic's part against Milosevic and Bulatovic. They saw the platform on the redefinition of Federal relations as buying time and deepening the crisis in Federal relations. With one million Montenegrins living in Serbia (as opposed to 650,000 in Montenegro) the crisis could lead to a civil war. There was already antagonism between the government and municipal administrations dominated by the SNP, with allegations that the government had closed the taps on funding to such administrations and violated their rights of self-government. The SNP

further chided Djukanovic's government for thinking that it would be able to continue its economic relations with Serbia even if it became independent.

On the basis of these opposition views it seems clear that the Djukanovic government is not the beacon of democracy and transparency that it makes itself out to be. At the same time, however, the government's brave anti-Milosevic stance deserves the full support of the West.

Suggested next steps

1. Increased international presence

- ⚡ NATO to ask for the use of the port of Bar for supplying its operation in Kosovo.
- ⚡ Encourage the recreation of SFOR and KFOR troops in Montenegro. An ideal spot is the sanatorium of Igalo, only 25 km from Dubrovnik across the border from Croatia, where the troops could be offered physio-therapy and sports programmes. The use of the Igalo facilities should also be encouraged for the holding of seminars by the OSCE, UN, USAID, NATO Partnership for Peace and others.
- ⚡ Setting up a small joint office of donors to control the use of funds would serve both the purpose of accountability and establishing an international presence. With respect to the lifting of the oil embargo for Montenegro, the presence of international monitors to control the movements of oil would also serve such a dual purpose.

2. Economic aid and development

- ⚡ Create legal framework for the World Bank and other international financial institutions to become active in Montenegro without pushing it towards independence from the FRY.
- ⚡ The EU must be pushed to act immediately to exempt Montenegro from FRY sanctions, including sanctions on oil, air traffic and financial transactions with European banks, but also to include Montenegro in PHARE and extend preferential trade status.
- ⚡ Support the establishment of a currency board for Montenegro, pegging a new Montenegrin Mark to the German Mark. The government is being advised on this by Dr. Steve Hancke from Johns Hopkins University.
- ⚡ Organise an international donor conference for Montenegro. The World Bank and ECHO, among others, should be encouraged to receive Montenegro without delay - even in the absence of immediate possibilities for offering support.
- ⚡ Work to allow Montenegrin firms to compete for international tender in reconstruction projects in Kosovo and the region.
- ⚡ Repayment of loans for electricity and gas on behalf of the Montenegrin government.

3. Political activities

- €# Work to convince the government to postpone referendum on status of Montenegro without prejudicing the result. In a time of crisis a referendum will only deepen divisions, as in the recent example of Bosnia-Herzegovina. Prepare to send international monitors to Montenegro in the event of a referendum.
- €# Discredit political forces working to destabilise the situation in Montenegro. Federal Prime Minister Momir Bulatovic has been intimately involved in Belgrade's policies of inciting conflict throughout the former Yugoslavia, but has not yet joined the list of war crimes indictees that already includes other members of Milosevic's close inner circle.
- €# Fund an increase in satellite emissions of alternative programmes to the rest of the FRY from Montenegro beyond the current three hours daily. This will bring revenues to the Montenegrin media, as well as allow the citizens of Serbia to hear alternative views.
- €# Establish contacts between the Montenegrin police and their European counterparts (Interpol, Europol) to facilitate direct communications on cross-border crime and to provide technical support. Similarly, contacts between Montenegrin customs officials and CAFAO should be created for the modernisation of border crossings.

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For any questions or comments please contact:

[Gerald Knaus, Director,](#)
[Kristof Bender, Montenegro Analyst](#)