SUB-COMMITTEE ON
FUTURE SECURITY AND DEFENCE CAPABILITIES

NATO’S ONGOING ROLE IN BALKAN SECURITY

DRAFT REPORT

VAHIT ERDEM (TURKEY)
SUB-COMMITTEE CHAIRMAN AND ACTING RAPPORTEUR*

* Until this document has been approved by the Defence and Security Committee, it represents only the views of the Rapporteur.

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* Turkey recognises the Republic of Macedonia with its constitutional name
I. INTRODUCTION

1. Despite the lack of open hostilities in the Balkan region, NATO still has an important role to play in ensuring the stability of the area. That role will have two main aspects in the coming years. First, working with other international organizations and the local population to prevent widespread ethnic violence in Kosovo and reach a final status for the area. Second, to work with the governments and militaries of the region that want either to join NATO or to establish a closer relationship with the Alliance.

2. In a world dominated by headlines focused on the Middle East and elsewhere, it may seem surprising that the Sub-Committee on Future Security and Defence Capabilities decided to focus on NATO’s role in the Balkans. But in fact the Balkans are quite literally central to the future security of Europe. Our visit to Bosnia in 2004, and the Rose-Roth Seminar in the FYR of Macedonia that same year, revealed a number of unresolved issues that could seriously undermine our mutual security in Europe. Kosovo remains a potentially explosive region. Organized crime flourishes across the Balkans. Weak governing structures and law enforcement could be exploited by terrorist groups seeking bases close to European population centres. Although the region appears relatively tranquil at the moment, its numerous problems need to be addressed or they could pose significant threats to European security in the near future.

3. The potential for the region to become a “backdoor” for terrorists into the rest of Europe should not be overstated, but neither can it be ignored. At least two NATO member national intelligence agencies have identified networks of militant groups in Kosovo and Bosnia with ties to groups operating along the Afghanistan-Pakistan border and in Chechnya. Thus far we have not experienced terrorist activity in the rest of Europe that can be traced to the Balkan region, but the instability and weak governing structures in much of the region offer opportunities for terrorist groups to establish a foothold.

4. In addition, the Balkan region is in many ways the testing ground for the relationship between NATO and the European Union. This relationship is likely to strongly influence the future of the transatlantic Alliance. If that relationship flourishes and is based on complementarity, transparency and pragmatic co-operation, the transatlantic Alliance will likely remain a vital component of our mutual security. If that relationship flounders, it will likely begin to chip away at some of the founding ideals of the Alliance.

5. The Balkans region is where theory becomes reality in the NATO-EU relationship. The EU has taken over from NATO in Bosnia, and the vast majority of troops and commanders in KFOR are now from EU member countries. The EU is also represented by other non-military capabilities such as the police missions, the developmental assistance programmes and the aid and advice given in justice and civil affairs. Most of the countries in the region want to be a part of both the EU and NATO. It is important that we demonstrate that there is a high degree of complementarity between the two to encourage positive developments in the Balkans.

6. In general there is a high level of co-operation on the ground, as the Sub-Committee found during its visit to Bosnia in 2004. But as we move forward from straightforward peacekeeping to more complex issues, it will be important to maintain this co-operation. Whatever the discussion in Brussels is regarding NATO and the EU, the place where the relationship is most put to the test is the Balkans. A smoothly functioning relationship there will have positive ramifications at the more political level.

7. This report will examine the mission in Kosovo and consider NATO’s role as we move toward a final status for the region. It will also look at the FYR of Macedonia’s progress in meeting the milestones for eventual membership in NATO. We also consider the progress of Serbia and Montenegro in moving toward closer partnership with NATO. The Sub-Committee visited all of...
those countries in 2005 and this report is based primarily on the findings of those visits. This report, however, was finalized before the visit to Serbia and Montenegro, so that section of the report is based on documents issued by the United Nations, non-governmental organizations, and government publications. In particular, your Rapporteur acknowledges the very comprehensive report on the Western Balkans by the United Kingdom Parliament Select Committee on Foreign Affairs. A Secretariat report on the visit to Serbia and Montenegro will be made available to members at the Annual Session in November. This report does not give as much attention to the ongoing role of NATO in Bosnia, as this was covered in some depth in the Sub-Committee’s 2004 report. It should be noted, however, that NATO continues to play a smaller, but significant role there in assisting in defence reform and the apprehension of war crimes suspects even after the operation was handed over to the European Union in 2004. This report also does not cover developments in Albania or Croatia, in order to focus on the countries that the Sub-Committee was able to visit in 2005.

II. KOSOVO

8. The 1999 military campaign to end the ethnic violence in Kosovo left it a ward of the international community. The UN Security Council placed Kosovo under UN administration in the form of the UN Interim Administration in Kosovo (UNMIK) until the final status of the region could be resolved. NATO is the guarantor of security in Kosovo through the Kosovo Force (KFOR). Other international organizations such as the OSCE and the EU play important roles as well.

9. UNMIK is organized under a four pillar structure in which Pillar I (police and justice) and Pillar II (civil administration) are under direct UN control, and Pillar III (democratisation and institution building) and Pillar IV (reconstruction and economic development) are led by the OSCE and the EU respectively.

10. NATO has a separate but closely related mission to provide security while the UN and others attempt to ready the region for its political future. KFOR is currently commanded by Italian General Giuseppe Valotto and stands at 17,500 troops from across the NATO Alliance and partner countries. Reserve forces can also be brought in from Bosnia if necessary, such as during the March 2004 ethnic riots.

11. The March 2004 riots revealed substantial weaknesses in the system put in place in 1999 and many observers seriously question the effectiveness of UNMIK in the current environment. Economic development and reconstruction efforts have been generally unsuccessful, the local population is said to be alienated from the UN administration, and UNMIK is dogged by allegations of corruption. As a result, the current Special Representative of the Secretary General, Mr Jessen-Petersen, has undertaken a series of reforms and actions that have greatly helped to reduce this perception and improve the effectiveness of the UN mission in Kosovo.

12. However, the continuing difficulties have led to an internal review by the UN of how to improve UNMIK’s functioning. In his report to the Secretary General, Ambassador Kai Eide suggested a two phase restructuring of UNMIK. First the administrative structure should be streamlined while keeping the four pillar system. After this there could be a major restructuring with a gradual reduction of the role of the UN and an increase in the role of the OSCE and the EU.

13. No matter what reorganization occurs, the purpose is not to be a permanent administration for Kosovo. Rather, the goal is to build institutions and the political and economic framework so that a workable final status for Kosovo can be put into place. The Provisional Institutions of Self-Government (PISG), set up under the terms of the same UN Security Council resolution that created UNMIK, are gradually taking responsibility for some functions of governance although
foreign affairs, security and minority rights remain under UN control. The plan is that eventually the local leaders will be able to assume responsibility for maintaining a stable and multi-ethnic society.

14. In October 2004, elections for the Kosovo Assembly put the ethnic Albanian leader Ramush Haradinaj in the position of Prime Minister. But the elections were boycotted by the Serb minority, which raises serious questions as to how the Assembly can represent the whole of the population and if Serbs see any future in Kosovo. In addition, Mr Haradinaj is under indictment by the International Criminal Tribunal for the former Yugoslavia (ICTY) for war crimes committed when he was a leader of the Kosovo Liberation Army in the late 1990s. He surrendered himself to the Tribunal in The Hague in March 2005 after resigning as Prime Minister. Regardless, his popularity among ethnic Albanians cannot inspire much confidence among the Serbian minority.

15. Kosovo has been held in a state of suspended animation for the last five years. A large majority of the ethnic Albanian population favours an independent Kosovo, but the Serbian minority and the government of Serbia and Montenegro is opposed to losing what is considered to be the heart of historic Serbia. As a result, Kosovo is suspended between being an independent state, a part of Serbia and Montenegro, and a de facto protectorate of the UN. It has some institutions of self-government, but the UN controls much of the actual administration. It is still formally a part of Serbia and Montenegro, but Belgrade has no control over Kosovo. Clearly such a situation cannot last indefinitely, and the problem is arriving at a final status that the entire population and neighbouring states can accept.

16. For some time the catchphrase has been “standards before status”, meaning that certain standards for the protection of minorities, rule of law and civil administration should be in place before the final status issue can be broached. Yet many within the UN and academic community believe that the original standards are over-ambitious, and that these should be recalibrated to fit current realities. The rights of minorities must be protected but it may be time to consider a more realistic set of standards to move the process forward.

17. One point should be stressed: time is running out in Kosovo. The population is frustrated with the current situation and the UN administration is reportedly broadly unpopular. The economy is in dire condition, unable to create jobs and relying on remittances from Kosovars living abroad. Final status will not solve the regional economic difficulties, but it is a necessary if not sufficient condition for improving the situation. Negotiations on the final status are expected to start in 2005 and progress toward a resolution in 2006. It is critical that we set Kosovo on a path toward stability in the coming year.

18. The March 2004 riots showed just how precarious the situation in Kosovo is. KFOR was able to contain the unrest, but not without some difficulty. The violence revealed that KFOR was not well prepared to deal with this sort of contingency. Many troops lacked the training and equipment for riot control.

19. To their credit, KFOR commanders have learned from this incident and KFOR has since worked to improve its capabilities. The emphasis is on improving riot control and building more flexibility into the force. KFOR is also working to build better connections with the local population and the UN police presence.

20. The issue of national caveats - restrictions placed on the use of forces by national governments - mostly appears to have been resolved. Those caveats placed restrictions on the use of national contingents for crowd control without approval from the national capital, and were a significant burden on KFOR commanders who could ill-afford the hours of waiting that it took to get approval from national capitals. The removal of most caveats since then has helped to make KFOR a more flexible force capable of immediate response. KFOR also now features a dedicated tactical reserve that can be drawn on in the event of another crisis. Previously, KFOR
commanders had to request and wait for additional troops to be supplied, wasting precious hours or even days.

21. Ultimately, however, responsibility for security will progressively be handed over to local forces. Two security forces have been created: the Kosovo Police Service (KPS) and the Kosovo Protection Corps (KPC). The KPS is composed of 6,500 Kosovar and 3,500 international officers and the ultimate goal is to build a local police force capable of replacing the international police, while maintaining international policing standards. According to a report by the International Crisis Group, the KPS performed well during the March riots although they were limited by their training and lack of equipment. Ambassador Eide's report to the Secretary General also notes that it is necessary to train the KPS to cope with civil disturbances and provide them with riot control equipment. Some reports find that the international officers are often limited by the language barriers between them and the local officers, and recommend limiting participation in the mission to a few countries to minimize these problems.

22. The KPC is a civil emergency force composed of 3,000 active and 2,000 reserve members. Essentially the KPC was created as a way to incorporate former members of the Kosovo Liberation Army into a legitimate structure under the control of the UN special representative. As a result, it is a relatively incoherent entity that is not connected to the PISG. It is overwhelmingly composed of ethnic Albanians, and minorities make up only 4% of the total force. This clearly poses problems, particularly if Kosovo should become an independent country in the future. The report by the UK Parliament Select Committee on Foreign Affairs notes these problems and recommends that the international community do more to develop the KPC into a “modern, democratically accountable force with minority representation”.

23. The fundamental difficulty in Kosovo is striking a balance between the demands of the ethnic Albanian community for total independence and the rights of the Serbian minority to live in peace in Kosovo. It is a difficult balance to achieve. If the process toward a final status moves too slowly, ethnic Albanians may conclude that the UN is simply stalling. But the Serbian minority and the international community will not tolerate a process that fails to guarantee standards that protect minority interests.

24. The Sub-Committee visited Kosovo in March 2005 and met with UN officials, the President and Prime Minister of Kosovo, the Commander of NATO forces in Kosovo (KFOR), and numerous representatives of citizen’s groups and non-governmental organizations. The delegation concluded that although KFOR together with its partners from non-NATO members have done an impressive job in keeping the peace, Kosovo has a high potential for instability because the underlying problems continue to fester.

25. The UN continues to develop the KPS as well as provide an international police presence. 26 police stations around Kosovo are under the full control of the KPS and UN officials are confident that the KPS will take on additional responsibilities in the coming year. The ultimate goal is to construct a KPS of approximately 7,300 officers who reflect the ethnic mix of the country. Currently the participation of ethnic minorities in the KPS is roughly proportional to their percentage in the general population (14%), but UN authorities hope to push the percentage of minorities even higher. UN officials were very pleased with the progress of the KPS both in quantity and quality and described it as increasingly professional and capable of functioning without the heavy presence of international police officers. In fact, the international presence is slated to fall significantly over the next year as the KPS increases in size.

26. KFOR Commander General de Kermabon and his staff briefed the Sub-Committee on the overall security situation in Kosovo. He described the situation as calm but potentially volatile. KFOR is adapting itself to improve its ability to prevent violence such as the March 2004 riots. As noted earlier, many caveats have been removed and General de Kermabon emphasized the
importance of eliminating the barriers that prevented troops from one sector in Kosovo from responding to an emergency in another sector, and of establishing rapidly deployable reserves that can be called on at very short notice. General de Kermabon noted that 2005 was a critical year for Kosovo and that NATO will have to maintain a strong presence for the foreseeable future.

27. A significant issue is the perceived lack of freedom of movement. Many minority residents claim to be afraid to travel within Kosovo, but according to UN officials with whom the delegation met, many in fact do so without incident. Nevertheless this perception of a lack of safety, combined with dire economic conditions and lack of employment opportunities, presents a volatile mixture that could spark additional violence.

28. According to the briefings the delegation received at NATO HQ, however, approximately half of the violent incidents in Kosovo are aimed at the UN. This may be in part an expression of the frustration that many residents feel because of the lack of basic services. The Sub-Committee visited several towns and villages in central Kosovo, and heard similar stories in each about the lack of potable water, sewage treatment, paved roads and electricity. Although there may be a variety of reasons why the basic infrastructure remains in such dire condition six years after Kosovo came under UN administration, a significant portion of the population puts the blame on the UN for the lack of infrastructural repair since 1999. Regardless of who is responsible, the fact remains that economic development and investment in Kosovo will be seriously hindered by the lack of functioning basic infrastructure. It will be impossible to generate jobs to reduce the unemployment rate currently estimated at more than 50%. Thus, even if efforts at reconciliation are successful and Serbs and other minorities can live without fear in Kosovo, there will be little reason for many of the refugees to return only to face long-term unemployment and poverty.

29. In sum, there is some cause for optimism about the situation in Kosovo. The police force is being built into a professional and eventually self-sufficient force. The institutions of self-governance are taking on progressively more responsibilities. NATO is providing basic security and stability and continues to enjoy the high confidence of the population and the leadership. Beyond this, however, many problems continue to plague Kosovo and will not be eliminated by settling the final status of the region. Unless the international community redoubles its efforts to alleviate some of those problems, the stability will remain very fragile and demand the continued presence of NATO troops to guarantee the peace.

30. It is often repeated that the path to stability in the region will be greater integration into Euro-Atlantic institutions. In particular, integration into the EU is seen by many to be an overarching solution to the situation in Kosovo. However, a note of caution is appropriate: EU membership is not a magic wand that can be waved to resolve deep-set ethnic conflicts. The EU clearly plays a vital role and can play a still more significant role in the region, particularly in economic development and assistance in building stronger governmental institutions. The prospect of EU membership and the benefits that entails is also a tremendous incentive to Serbia and Montenegro to make significant compromises regarding the status of Kosovo. But ultimately the issue can only be resolved by a vastly increased willingness of the population of Kosovo to live in a multi-ethnic society. The international community in the form of the UN, the EU and NATO can and must help, but lasting stability will depend on the attitudes and actions of the people of the region.

III. THE FYR OF MACEDONIA

31. The government of the FYR of Macedonia has expressed its determination to accelerate its reform efforts with the aim of obtaining an invitation to join the Alliance at the next NATO Summit. Both NATO and EU forces have played a stabilizing role there, but now the EU military mission has been replaced by a training and assistance mission.
32. The country maintains a level of stability and security that has been elusive for some of its neighbours. The Ohrid Framework Agreement signed by Macedonian and Albanian leaders spelled out an agreement that addressed many of the grievances of the Albanian minority, such as official acceptance of the Albanian language, an increase in the proportion of Albanians in government jobs and the police force, and a decentralization of government. Over the past years, progress has been made in the implementation of the Ohrid Framework Agreement. Almost all legal obligations from the Framework Agreement have been fulfilled, except the Law on Community Symbols. In terms of practical implementation, work is progressing regarding decentralization, equitable representation and the use of minority languages.

33. This agreement was in danger of being derailed by a referendum brought by opponents to the Ohrid Framework Agreement. However, the referendum failed when it was voted on in 2004 because turnout did not reach the necessary 50% of registered voters. This may have been partially the result of a sustained campaign by the US and European governments, that warned of the consequences to progress of the FYR of Macedonia toward entering the EU and NATO if the referendum should pass and unravel the basis of the political stability of the FYR of Macedonia.

34. The government of The FYR of Macedonia emphasizes its clear commitment to become a NATO member. It joined the Partnership for Peace (PfP) in 1995, and has participated in the Membership Action Plan (MAP) since 1991. In 2005 it will have completed its sixth cycle of the MAP. The FYR of Macedonia is part of the Adriatic Charter along with Croatia and Albania, the two other aspirants to NATO membership in the region. 2005 is viewed as critical for the FYR of Macedonia’s Euro-Atlantic aspirations. The government of the FYR of Macedonia expects to be invited to join the Alliance in 2006 and hopes to be granted EU candidate status at the EU summit meeting in December 2005.

35. The government of the FYR of Macedonia is undertaking a wide-ranging reform of its military to make itself a viable NATO member. These reforms are cited by government figures as one of the country’s top priorities. The broad strategic goal is to build a light, mobile, professional army in accordance with NATO standards that is capable of territorial defence and contributing to international missions. In December 2004 president Branko Crvenkovski signed the decree on the strategic development and transformation of the Army of the Republic of Macedonia (ARM), and 2005 has been a key year for the transformation of the army. The reform plans include modernization of equipment and weapons, dismantlement of outdated systems, implementation of a plan for adequate and just representation of ethnic communities, professionalisation of the ARM, and the enactment of an integrated border security strategy.

36. The FYR of Macedonia plans to complete the professionalisation of the army by the end of 2007. In accordance with the plan for professionalisation, the military has been reduced from 20,000 to 8,500 troops. With the smaller force, the government hopes to be able to build an army of well-trained, highly professional soldiers that represent all ethnic communities in the country. Following the Ohrid Framework Agreement, the number of ethnic Albanians in the ARM should be proportional to their overall number in the FYR of Macedonia. The defence ministry has prepared an action plan for an adequate representation of ethnic communities in the ARM, which is to be completed by 2013.

37. The troops from the FYR of Macedonia are participating in international missions and have dedicated 210 soldiers for peacekeeping missions in 2005. The government plans to increase this number to 410 in 2007. The ARM is currently contributing 19 ARM soldiers to ISAF in Afghanistan and approximately 50 troops to coalition operations in Iraq, as well as providing support to the NATO mission in Kosovo.

38. Reform of the armed forces is not the only criteria for obtaining NATO membership. Other more political factors are important as well. In particular, the FYR of Macedonia must focus on
promoting judicial reform and fully implement the 2001 Ohrid Framework Agreement. The FYR of Macedonia needs to show that it possesses both stable institutions and a sound legal system.

39. Reform of the judiciary system is important. Reports by international organizations have found corruption in the courts and inadequate judicial independence from the legislative and executive authorities. The FYR of Macedonia is working on a reform package that should bring - at least in theory - the national legal code up to European legal standards by the end of 2005.

40. The Sub-Committee met with numerous members of the political leadership including the Prime Minister, Foreign Minister, Minister of the Interior, and leading members of parliament when it visited in April 2005. All emphasized the desire of the people from the FYR of Macedonia to move forward and find political solutions to the ethnic troubles that have plagued the Balkans. The President of the National Assembly, Mr. Jordanovski, noted that it is not correct to speak of “minorities” in the FYR of Macedonia any longer, and that the preferred term is “communities”, a word signalling more integration and equality. He cited the Ohrid Framework Agreement, that gives local communities more control over a variety of issues such as education, as an important step forward, and the failure of its opponents to derail the Agreement as a sign of its broad acceptance across society. He and others suggested that the Ohrid Framework Agreement could be seen at least in part as a model that could be used to resolve ethnic tensions in Kosovo.

41. The role of the FYR of Macedonia in regional integration also prominently featured in the discussions. Political leaders from the FYR of Macedonia stressed the importance of close regional co-operation for the Balkan region. They cited the Adriatic Charter between Albania, Croatia and the FYR of Macedonia as an example of regional co-operation, and expressed a strong desire to integrate the FYR of Macedonia into NATO and the EU. All members of the government and the parliament that the delegation met with were united in their desire to see their country become part of those institutions, and understood that doing so would incur significant costs and responsibilities as well as benefits. They were also quite hopeful that the FYR of Macedonia would receive an invitation to join NATO by 2007.

42. Government officials and members of parliament also raised the issue of the formal name of the Republic of Macedonia and its universal recognition. They were pleased that some countries such as Turkey, Russia and the United States recognize it by its constitutional name, and were optimistic that a resolution to the current disagreement with Greece could be reached in the near future. They feel that they have given constitutional guarantees to Greece to allay territorial concerns and have made compromises on symbolic issues such as the national flag. They believe that those actions should be reciprocated on the outstanding issue of the formal name of their country.

43. Defence reform was of course a major concern of the delegation, as the FYR of Macedonia is a candidate for NATO membership. In general, the delegation found that the military is being restructured into a smaller, professional and deployable force that can contribute to NATO missions as well as defend the national territory. In particular, the military is developing a niche capability in special forces operations and a niche medical capability that may be deployed to ISAF. The delegation went to the Illinden military facility where it observed exercises of a special forces unit in a hostage rescue operation. The unit appears professional and capable and can be seen as part of the efforts of the FYR of Macedonia to make a proportionate contribution to NATO missions.

44. Ongoing reform of the Ministry of the Interior is also a priority. Most of the border patrol has been transferred from the military to the Ministry of the Interior and there is an increasing emphasis on tackling the problem of organized crime. The Ministry of the Interior is getting considerable support from international organizations in training a specialized police unit to attack the problem of organized crime in the country, which is particularly focused on smuggling and human trafficking.
Given the geographic position of the FYR of Macedonia, it is a natural crossing point for criminals seeking routes into the rest of Europe from points further south and east. Mr Mihajlovski, Minister of the Interior, was adamant about the need to stop his country from being used as a transit point for illegal activity and emphasized his commitment to building a professional and non-political Ministry and police force.

45. The delegation also met with several representatives of the EU, including Ambassador Michael Sahlin, the EU Special Representative. He noted that the Ohrid Framework Agreement is now mostly implemented and that he expects that the remaining issues will be settled this year. He also noted that the government is working on answering the lengthy questionnaire that will begin the process for EU accession. The EU expects to make a decision on starting accession talks sometime in late 2005. Ambassador Sahlin and other international observers were somewhat disappointed by the conduct of the last election, which was marred by irregularities, but were looking forward to the upcoming election in 2006. In many ways Ambassador Sahlin and other EU representatives felt that the FYR of Macedonia is a success story in the Western Balkans. Early action on all sides prevented a slide into prolonged violent conflict, and he agreed that to some extent the country can been seen as a model for other troubled regions such as Kosovo.

46. The briefings the delegation received at NATO HQ showed the significant improvement in the security situation in the FYR of Macedonia. General Blease, Commander of the NATO Force in the FYR of Macedonia, described the situation as stable and noted that his personal role is primarily as an advisor on defence reform. The NATO Mission in the FYR of Macedonia is focused on assisting the Ministry of Defence in its development of professional deployable forces. From a purely security perspective, the FYR of Macedonia has made considerable progress, especially compared to the disastrous direction that could have been taken in the midst of the violent clashes that flared up between ethnic groups in 2001.

47. That being said, however, the FYR of Macedonia faces considerable challenges. The economy is in poor condition and a large portion of the population is unemployed. Organized crime and corruption are serious problems that must be confronted as the country moves towards integrating into the EU and NATO. Clearly these are not problems unique to the FYR of Macedonia, but they cannot be overlooked as they can directly affect the stability of the country.

IV. SERBIA AND MONTENEGRO

48. Serbia and Montenegro are very much at the centre of any resolution of the current situation in Kosovo and critical to the stability of the region. Reform of Serbia’s government, military and economy will all be important to ensure a lasting settlement of the ongoing security situation in the Balkans.

49. The main incentive that NATO and the EU can offer to Serbia and Montenegro to continue on its hesitant reform process is the prospect of closer association with both organizations. The main stumbling block, however, continues to be the issue of co-operation with the ICTY. Several key individuals have surrendered to the tribunal but full co-operation is needed before Serbia and Montenegro can be considered for closer association with NATO and the EU.

50. The government’s strategy so far has been to encourage suspects to surrender to the Tribunal rather than pursue them in a more aggressive manner. This approach has shown some results, although some of the most notorious individuals indicted for war crimes, including General Ratko Mladic, have not surrendered to the Tribunal. The government has also come under criticism for its policy of offering financial incentives to wanted individuals who surrender. Despite the obvious message that such a policy sends, however, it has resulted in several well-known suspects turning themselves in to the Tribunal.
51. Although there has been improved co-operation with the ICTY, it is far from complete. What is most troubling, however, is that public opinion in Serbia tends to have a sizeable minority that actively supports individuals indicted for war crimes and is politically active through the Serbian Radical Party. The Radicals are one of the largest political parties in the country and their popularity is an indicator of public opinion on the issue of full compliance with the ICTY. Until there is a significant change in public opinion in Serbia, it will likely remain the sticking point in Serbia’s progress toward closer relations with NATO and the European Union.

52. Reforming the Army of Serbia and Montenegro in a manner consistent with NATO standards is a significant part of Serbia’s political development. Five years after the downfall of Milosevic’s regime and six years after its armed forces were engaged in an armed conflict with NATO, Serbia and Montenegro is an aspiring member of the NATO Partnership for Peace programme. Milosevic’s supporters are reportedly still in positions of authority in the military and intelligence services, so reform of the security sector would be an important political signal that Serbia and Montenegro is truly moving forward from its troubled recent past.

53. The Army of Serbia and Montenegro is undergoing a serious process of transformation. The most important tasks are professionalisation of the army, establishing full civilian control over the army and its security structures, introducing a career development plan, overcoming social problems that could arise as a result of employment cuts in the military, defining the role of Serbia and Montenegro in regional security, developing training programmes, and providing funds for participation in peacekeeping missions.

54. Serbia and Montenegro also need to cut the armed forces from the current 65,300 to about 20,000. As part of the move toward a fully professional military, Serbia and Montenegro has cut the period of compulsory military service from 12 to 9 months. Moreover, in light of the transformation of the Army of Serbia and Montenegro, several senior officers, including Chief of Staff Branko Krga, retired at the end of 2004. The new chief of staff of the Army of Serbia and Montenegro, Dragan Paškaš, announced that the strategy of the SEM during his term would be to join NATO’s PfP. Several other important retirements are due to happen by the end of this year.

55. Important steps are being taken to implement full civilian control of the military. First, an independent civilian commission was established to investigate the deaths of several recruits. The conclusions of the commission completely contradicted the official inquiry of the military prosecuting office. Furthermore, on 14 February 2005 the military judicial system was abolished and its authority transferred to the civilian judicial system. As of that date, over 1,500 cases pending before the military judicial system were transferred to civilian courts.

56. In December 2004, Serbia and Montenegro enacted a law defining Serbian and Montenegrin participation in international peacekeeping missions. Troops from Serbia and Montenegro are already part of the UN peacekeeping contingent in the Democratic Republic of Congo (MONUC-6 observers), Côte d’Ivoire (UNOCI-3 observers), Liberia (UNMIL-6 observers), and the government is considering participation in missions in Haiti and Afghanistan. In order to expand its role in international peacekeeping, the Army of Serbia and Montenegro needs to develop training courses in international peacekeeping, and to establish closer links with NATO, none of which is possible without full co-operation with the ICTY.

57. As stated earlier, the Sub-Committee will visit Serbia and Montenegro to explore some of those issues. A Secretariat report with the findings of that visit will be made available for the next meeting of the Defence and Security Committee in November 2005. Serbian co-operation with the ICTY is the main issue at hand, but we should not ignore other critical issues. Corruption, the independence of the judiciary, and economic reforms are also significant issues that must be addressed before Serbia can move forward in the process of integration into Euro-Atlantic
institutions. There are signs of progress on all of those fronts, but continued political pressure and assistance will be needed to push the process forward. In Montenegro the main issue remains whether or not it should become an independent country or maintain a federal relationship with Serbia. Although this issue overshadows all others, Montenegro must face similar problems as Serbia in its reform efforts. Corruption in particular has been cited in several reports as a serious issue that compromises the effectiveness of the government and Montenegro’s progress towards joining Euro-Atlantic institutions, regardless of its relationship with Serbia.

V. BOSNIA AND HERZEGOVINA

58. The Sub-Committee did not visit Bosnia and Herzegovina (BiH) in 2005. Nonetheless it remains an important area of NATO operations. NATO transferred most responsibilities in BiH to the European Union at the end of 2003 but remains active in two areas. First, NATO assists and advises BiH on security sector reform. Second, NATO conducts operations in co-operation with the EU force related to the apprehension of persons indicted for war crimes (PIFWICs), intelligence collection and counter-terrorism.

59. NATO and the BiH Ministry of Defence formed the Defence Reform Council (DRC) in 2003. NATO works with Bosnian officials to shape the military into a force appropriate for a country of BiH’s size and multi-ethnic character. In July the DRC endorsed two reform bills. The first sets a 2007 deadline for the creation of a multi-ethnic military, and the second calls for the abolition of sub-national entity defence ministries and compulsory military service.

60. If those bills are passed and implemented, then BiH will have made considerable progress toward satisfying one of the main conditions for becoming a candidate for Partnership for Peace (PfP). Some recent steps have been encouraging. The BiH parliament passed legislation placing the entity militaries under joint command and abolishing the sub-national entities’ ministries of defence. The Republika Srpska assembly passed similar legislation.

61. The other important condition, however, is full co-operation with the ICTY. As in other parts of the region, this is a significant stumbling block. NATO is actively working to assist in the apprehension of PIFWICs, but there is clearly some level of local protection of key wanted individuals that prevents them from being brought to justice. Last year NATO forces arrested a police official who was assisting PIFWICs elude capture. Other diplomatic sources have accused the military and police officials in Republika Srpska of protecting wanted individuals. This makes it very difficult for NATO or any other entity to bring some of the most notorious PIFWICs to trial. Radovan Karadzic and Ratko Mladic are the two key wanted figures and their continuing freedom is very likely a result of protection by Republika Srpska officials. As long as this continues, BiH will not be able to satisfy the critical condition of full co-operation with the ICTY for entry in the PfP programme.

VI. CONCLUSION

62. The path forward will be uncertain, but what is certain is that the region is quite literally central to our common future security. We have little choice but to help set the Balkan area on the road to stability and relative prosperity or we will continue to feel increasing effects in the rest of Europe. The Balkans are already a home to organized crime that impacts our societies through drug smuggling and other debilitating activities. But we risk the danger of the region also becoming more of a transit point and marshalling station for terrorist organizations seeking a “back door” into the rest of Europe. How we choose to deal with the region now will affect our security in the coming years.
63. The challenge of building long-term peace and prosperity in the Western Balkan region is one that will require close transatlantic co-operation in a variety of ways. Most significantly, it will require co-ordination between the EU and NATO. The two organizations have played overlapping roles in maintaining the current stability there and will continue to do so in the coming years. However, we must increasingly move beyond stabilization and assist in building functional state institutions and economic opportunity.