
EUFOR-IA: CHANGING BOSNIA'S SECURITY ARRANGEMENTS

I. OVERVIEW

In a decision hailed by member states of both organisations, NATO announced at its 28-29 June 2004 summit in Istanbul that the Stabilisation Force (SFOR) it leads in Bosnia (BiH) will be replaced by an EU-led peacekeeping force (EUFOR) by the end of 2004. The motives, however, have less to do with the real security situation in that country than with EU eagerness to bolster its credibility as a security actor and U.S. desire to declare at least one of its long-term military deployments successfully over. The handover comes at a time when the broader Balkans region faces increased security challenges.

If the transfer to the EU is not to be judged premature, serious issues must be worked through in advance of the handover. 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 U.S. forces remaining on the basis of a bilateral agreement with BiH.

Uncertainty over Kosovo's final status (due for consideration by the international community in mid-2005), and the difficulties of the jury-rigged state union between Serbia and Montenegro, will continue to generate wishful thinking from extremists, particularly those Serbs who would like to detach the Republika Srpska from Bosnia. Although far-right Radical Party candidate, Tomislav Nikolic, was unsuccessful in the 27 June 2004 presidential election in Serbia, he still gained almost half the votes cast; the

size of the nationalist right's popular support indicates that the potential for instability remains.

II. BACKGROUND

At the 28-29 June 2004 summit in Istanbul, NATO announced that an EU-led peacekeeping force (EUFOR) will replace its Stabilisation Force (SFOR) before the end of this year as the organisation with primary responsibility for securing peace in Bosnia and Herzegovina (BiH) under Annexes 1A and 1B of the 1995 Dayton Peace Accords (GFAP).¹ This will be far and away the most significant change in the international presence in that country since the war ended. Alongside the EUFOR mission, NATO will establish a small headquarters in Sarajevo with responsibility for providing advice on defence reform, and play some role in counter-terrorism, the detention of persons indicted for war crimes, and intelligence sharing with the EU.²

The NATO-led mission has been the most successful aspect of the international presence in BiH and has been widely seen as the strongest guarantor that war will not break out again. Its departure and replacement by EUFOR reflect the belief prevalent both in Brussels and Washington that, on the one hand, the security situation has improved profoundly and no longer requires a strong NATO presence, and, on the other, that EU military capabilities have grown strong enough to take the lead in fixing problems in Europe's backyard. They also reflect the belief that challenges to regional security have diminished significantly since the 5 October 2000 overthrow of Serbian dictator Slobodan Milosevic.

¹ The full name of the Dayton Peace Accords is: General Framework Agreement for Peace in Bosnia and Herzegovina. The peace agreement was initialled on 21 November 1995 in Dayton, Ohio (U.S.), and signed on 14 December 1995 in Paris.

² For details of the proposed NATO role, see the Istanbul Summit Communique, 28 June 2004, paragraph 8.

But taking over the mission in Bosnia from NATO will not be easy -- and, indeed, requires on-the-job training -- for the still-nascent European Security and Defence Policy (ESDP). Even now doubts are being raised, particularly in Washington, as to whether the cash-strapped and far-from-integrated armies of the EU member states are capable of sustaining the intricate military and policing mission in BiH. The reputations of the main EU powers continue to suffer among Bosnians due to their inglorious performances during the 1992-1995 war, when they provided the commanders and the bulk of the troops for the UN Protection Force (UNPROFOR). In addition, the EU is in the throes of a major transformation from fifteen to 25 members and faces the task of ratifying and then implementing its ambitious new constitution in the face of apparently growing Euro-scepticism.

The recasting of international security structures in Bosnia comes at a time of considerable uncertainties. 2005 will see the conjuncture of several potentially destabilising events in the Balkans. The six-nation Contact Group³ has promised a review of Kosovo's final status in mid-2005 provided that its institutions have adequately satisfied a set of governance standards.⁴ Whether or not the review takes place as planned, there will certainly be increased calls in Belgrade for directly linking the futures of Kosovo and the Republika Srpska -- namely that Serbia should be "compensated" for a future loss of Kosovo by territory in Bosnia -- in an environment where Serbian politics is becoming more extreme and its remaining regions less attached to the centre. The state parliament of Serbia and Montenegro seems to be heading toward dissolution; direct elections are due in the first half of 2005, but leaders may be unwilling to expend energy on a short-lived body. In any case the spotlight will be on the fragility of current constitutional arrangements in the region.

Within BiH, the ongoing process of fundamental reform is likely to have reached the make or break stage in 2005. Either the country will acquire and develop the state-level structures necessary for functional, affordable and EU-compatible governance, or it will be condemned to a long, agonising and destabilising period of twilight statehood. If successfully implemented, the promising laws creating state-level defence,

intelligence, police, and indirect taxation institutions should put BiH on the path to eventual EU and NATO membership. But these institutions will still be very fragile and untested in 2005.

To ensure that Bosnian institutions develop -- and that the enemies of yesteryear develop a consensus on the future -- BiH will continue to need the help of credible international institutions. Both the EU and the U.S. appreciate this; however, their interests and priorities are different from and wider than those of Sarajevo. Brussels sees Bosnia as a convenient laboratory for ESDP, Washington as a potential front in the war on terrorism. Neither of these approaches necessarily ensures that the international community will take Bosnian needs and interests into account as it formulates policy.

This paper draws attention to some of the risks inherent in current thinking about BiH. An authoritative international presence there, both military and political, remains essential to contain recidivist elements, deter troublemakers in the region, and secure full implementation of the fundamental structural reforms now envisaged.

III. DIFFERING VISIONS: BRUSSELS, WASHINGTON AND SARAJEVO

A. THE VIEW FROM WASHINGTON

NATO countries have discussed winding up the military mission in Bosnia from the very signing of the GFAP. Annex 1A stated specifically that the first NATO-led mission -- the Implementation Force (IFOR) -- would expire after one year. This was done primarily to cater to domestic U.S. politics during the 1996 election year, which dictated avoidance of a long-term military commitment. After that first year, NATO reduced troop numbers and relabelled the mission the Stabilisation Force (SFOR), but otherwise made no change.

Pressure to further reduce NATO troop strength in Bosnia has come both from Washington and Brussels, almost from the very beginning. Nobody likes the costs associated with long-term deployments and the associated drain on resources that are needed elsewhere. The "war on terrorism" has shifted the priorities of America and its closest allies to Afghanistan and Iraq. Many U.S. and EU officials believe that SFOR has achieved its core military tasks in Bosnia. Warring armies were long ago separated,

³ The U.S., Russia, the United Kingdom, France, Germany, and Italy.

⁴ See ICG Europe Report N^o155, *Collapse in Kosovo*, 22 April 2004.

the warehouses of heavy weaponry are regularly inspected, and the former enemies have even created a joint military command structure.⁵

Over the years the number of foreign troops in Bosnia declined sharply, from 60,000 at the end of 1995 to 7,000 in mid-2004. Despite the slogan "in together, out together" with which the NATO mission began, the U.S. has reduced its proportion from 33 per cent of the total to less than 13 per cent.⁶

The Bush administration has not hidden its distaste for NATO involvement in state building projects in Bosnia and has consistently pressed for an end to the mission. But in the context of Washington's overall strategic aim -- to ensure that a failed state in Bosnia does not pose a continuing danger to European and transatlantic institutions -- it has also been important for the U.S. to ensure that its political investments in the region pay off.⁷ This has meant creating guarantees that the security gains that have been made will not be lost after a U.S. withdrawal from the region.⁸ The U.S. found a partner willing to take over the mission in the EU, but its reservations about that partner's military capabilities -- as well as the generally difficult character of transatlantic relations of late -- caused the transition to be postponed repeatedly.⁹

⁵ A Defence Reform Commission, established by the High Representative, proposed legislation for state-level command and control of the armed forces of Bosnia and Herzegovina in September 2003. The new Defence Law, which included its recommendations on a state-level ministry of defence and joint military command structure, was adopted by the BiH Parliament on 1 December 2003. However, the joint military command structure does not yet exercise real country-wide authority.

⁶ Initially the U.S. fielded 20,000 out of a total 60,000 IFOR troops. In mid 2004, the number of SFOR troops had dropped to around 7,000, of whom only 900 were Americans.

⁷ There is a minority view that U.S. engagement in Bosnia has always been the result of a combination of secondary interests, such as preventing the formation of an Islamic state in central Bosnia, which some in Washington feared might be a consequence if Bosnia were partitioned. See the presentation by Daniel Serwer, "The Balkans: From American to European Leadership", at www.usip.org.

⁸ ICG has consistently been among those who have strongly opposed a premature withdrawal of U.S. troops from Bosnia. See ICG Report N°110, *No Early Exit: NATO's Continuing Challenge in Bosnia*, 22 May 2001.

⁹ The decision on an EU takeover was first expected at the NATO summit in Madrid in mid-2003, but due to difficulties in reaching consensus between the U.S. Department of State and Pentagon, as well as because of jitters over Franco-

The current plan for the EU takeover reflects those reservations. Although the NATO-led peacekeeping mission will end, NATO will open a "headquarters" in Bosnia whose principal task will be providing advice on defence reform. It will retain a role in counter-terrorism and in "supporting the ICTY [The Hague Tribunal]...with regard to the detention of persons indicted for war crimes". There is also a commitment to share intelligence with the EU. In early comments on the proposed handover, U.S. Defence Secretary Donald Rumsfeld stated that the EU would have "a distinctly different mission" from SFOR,¹⁰ one that would be "less military and more police in its orientation".¹¹ The U.S. ambassador to Bosnia, Clifford Bond, told local newspapers that the NATO and EU missions would be clearly separated, with NATO involved in operations demanding logistics, intelligence and military capabilities that EUFOR would not have.¹²

Statements such as these suggest that the U.S. intends for the new NATO mission to hold a superior position in relation to EUFOR. Planning foresees a headquarters with approximately 300 U.S. and 100 non-U.S. personnel, who would focus on intelligence gathering for the three major tasks. There also is a possibility that the U.S. might post up to 1,000 soldiers at its base in Tuzla under a bilateral agreement with BiH.¹³ In other words, rather than reduce the number of foreign troops in Bosnia, the

German initiatives for a separate EU military force, it was postponed.

¹⁰ U.S. Secretary of Defence Donald Rumsfeld at a round-table with European journalists during the annual meeting of NATO defence ministers in Munich, 6 February 2004. Transcript available at <http://lists.state.gov/SCRIPTS/WAUSIAINFO.EXE?A2=ind0402b&L=WF-EUROPE&P=R1167>.

¹¹ U.S. Secretary of Defence Donald Rumsfeld at a joint press conference with Croatia's prime minister Ivo Sanader on 8 February 2004. The transcript of this conference is available at <http://lists.state.gov/SCRIPTS/WAUSIAINFO.EXE?A2=ind0402b&L=WF-EUROPE&P=R2760>.

¹² See interview with Ambassador Bond in "Ne znam odkud informacija da je Karadzic u Beogradu", *Oslobodjenje*, 14 February 2004.

¹³ The presidency of BiH formally asked U.S. authorities to consider maintaining a base in the country in February 2004, "Demineri iz BiH idu u Irak", *Oslobodjenje*, 13 February 2004. The U.S. embassy made welcoming noises, "Ambasada SAD ocekuje detaljnije prijedloge", *Dnevni Avaz*, 14 February 2004, and apparently is taking the idea seriously. ICG interview with senior U.S. official.

handover will apparently increase it, since EUFOR will replace SFOR with an equal troop contingent.¹⁴

B. THE VIEW FROM BRUSSELS

EU officials have always insisted both on EUFOR's importance for Bosnia and also -- perhaps even more so -- on its significance for the developing European Security and Defence Policy (ESDP). From the early days of its announcement, EU representatives emphasised that EUFOR would be no less equipped, efficient or committed than SFOR.

Despite these ambitious statements, initial official indications were that the EU was opting for a "soft" military mission in Bosnia. The report that for the first time outlined specifics of the mission was presented by EU High Representative Javier Solana at an EU summit (European Council) on 23 February 2004. It suggested that EUFOR would focus only on organised crime, and even then primarily in terms of monitoring Bosnian troops, who would be tasked to carry out the necessary work. The troubling implication was that the EU had designed the mission primarily to assure its success by avoiding difficult situations on the ground.¹⁵

The EU Security Strategy adopted on 12 December 2003 reasonably enough essentially rules out the possibility of a large-scale military attack against the EU and identifies five main areas of threat: 1) terrorism, 2) proliferation of weapons of mass destruction, 3) regional conflicts, 4) failing states, and 5) organised crime.¹⁶ The EU decided to focus its Bosnian mission solely on organised crime, although most of the five categories could also theoretically apply. To date no EU official has explained why the other four categories were ignored. The 23 February report did not provide comparative indicators on organised crime in Bosnia and other countries to indicate the seriousness of the problem or why it demanded the efforts of an EU military operation.

The 23 February report also gave insights into how the EU preferred to carry out this narrowly defined

mission. An appendix listing possible tasks of EU soldiers in Bosnia made clear that they would mostly monitor and support local forces in their operations against organised crime. The EU already has two missions in BiH with monitoring functions related to security and law enforcement issues, the EU Monitoring Mission (EUMM) and the EU Police Mission (EUPM); why more monitoring, without more action? Brussels seemed not so much to be engaging in the empire-building of which it is sometimes accused¹⁷ as aiming for a mission which was doomed to success by its own lack of ambition.

However, some things have changed for the better since NATO and the EU presented their initial perspectives on the new roles that each should play in Bosnia. Both have attempted to remedy widespread public perceptions that they would compete with rather than complement each other. The EU has prepared its "General Concept", a document that details the mission. This has been updated several times as the implementation date draws nearer. Although the document is classified, sources have told ICG that it describes a significantly broadened concept of the EUFOR mission.¹⁸

According to these new plans, EUFOR will take over most of the authority and responsibility from SFOR. This means that EUFOR will be tasked with "providing a safe and secure environment" in Bosnia as envisioned under Annex 1A of the GFAP, which, if interpreted within current parameters, does indeed give EUFOR a much wider mandate than envisaged in the 23 February document. Interviews with international officials indicate that the EUFOR contingent will number 7,000 troops -- exactly the same as the "departing" SFOR mission, in order to convey the message that it will be equally robust.

EUFOR will be organised along similar lines to SFOR, with three major geographic sectors. It is expected that it will continue with all current SFOR tasks, including the pursuit of war criminals. This task, which was originally understood to come under the exclusive competency of the "new" NATO headquarters in Bosnia, will instead be shared: NATO, and primarily the U.S., will actively search for Persons Indicted for War Crimes

¹⁴ The U.S. may thus actually increase and not reduce its troop presence in Bosnia.

¹⁵ Report of Javier Solana, Secretary General of the EU Council and High Representative for Common Foreign and Security Policy, on a possible EU deployment in Bosnia and Herzegovina, Brussels, 23 February 2004.

¹⁶ The full text of the EU Security Strategy is available at www.europa.eu.int.

¹⁷ See Patrick Moore, "Bosnia: 'Yankee go home'", Radio Free Europe/Radio Liberty Balkan Report Vol. 8, No. 9, 5 March 2004.

¹⁸ ICG interviews with EU and U.S. civilian and military officials, Sarajevo and Brussels.

(PIFWCs), while EUFOR will arrest them if it encounters them in the course of its regular duties. Similarly to the current arrangement in SFOR, each of the larger national contingents of EUFOR will have its own intelligence cell. At the EUFOR level, there will be a joint intelligence centre.¹⁹

As a potential advantage of the new mission, EU officials point to one element that was missing in SFOR's mandate: EUFOR will be obliged to support civilian implementation of the Dayton Peace Agreement. This means that the Office of the High Representative (OHR) will provide it political guidance and be in a position to request its intervention if needed. At some point, the High Representative may well become purely a special EU representative, co-ordinating all aspects (military, police, economic) of EU involvement in BiH, in place of today's complex levels of accountability to the UN Security Council, the Peace Implementation Council and the Contact Group. This would in effect complete the hand-over of peace implementation in Bosnia to the EU.²⁰

Unlike NATO interventions, which rely largely on the implied threat of military might, EU crisis management operations can also include targeted economic assistance or sanctions. European officials claim that -- as opposed to the "stick only" disciplinary measures of NATO -- the EU has the flexibility to take a "carrot and stick" approach.²¹ In theory this sounds like an improvement. Yet, in practice, it has been difficult to apply, primarily because the EU is still struggling to formulate and implement tough and united common foreign and security policies.²² The additional presence of a military component to the EU's presence does not really change this.²³

EU interlocutors involved in preparing the EUFOR mission tell ICG that there are significant disagreements on how to use its Integrated Police

Unit (IPU). The IPU is envisioned as the "striking fist" of the EUFOR contingent; it would therefore seem advisable to staff it with highly trained commando soldiers.²⁴ While some of those in the planning debate support this concept and want the IPU to take the lead in investigations and particularly sensitive operations, others believe that it should only support local police or military forces.

The EU's biggest problem is one that it can do little about in the immediate term. Many Bosnians are unimpressed by the ambitious rhetoric of Brussels; they remember bitterly that the foreign minister of the EU presidency (Luxembourg at the time) declared in 1991, as the international community was first beginning to grapple with the implications of Yugoslavia's break-up, "the hour of Europe" had arrived, a declaration that has haunted EU policy-making ever since. Indeed, European impotence in the face of the Balkan crises of the 1990s has been a significant motivating factor in the development of ESDP.

Time has moved on, particularly for the EU, whose foreign policy capabilities have developed to an extent almost unthinkable in 1999, let alone 1995. A successful EU military mission in Bosnia and Herzegovina will do much to boost the positive image of Europeans as peace-keepers and even potential peace-makers. But the practical consequence of the historical baggage of previous Balkan entanglements is that EUFOR must be prepared to have its strength of will tested sooner, rather than later, by those who hope for a return to the days when UNPROFOR was unable to prevent Bosnia's tragedy.

C. OVERLAP AND FRICTION?

EUFOR plans to act, as SFOR does, against all elements involved in anti-Dayton activities, which includes remnants of radical Islamic groups in Bosnia. In addition, the EUFOR commander will be in charge of vetting senior military officers in BiH as part of the defence reform effort. In other words, EUFOR will be involved in all three activities (anti-terrorism, pursuit of PIFWC's and defence reforms) that were originally intended to be exclusive NATO turf.

¹⁹ Ibid.

²⁰ For discussion of the future of the EU in Bosnia, see the debate between Gerald Knaus of the European Stability Initiative and Nicholas Whyte of the International Crisis Group in the Summer 2004 edition of the *NATO Review*, available at www.nato.int/docu/review.htm.

²¹ ICG interviews with EU and member state officials, Sarajevo and Brussels.

²² About the prospects of the EU running affairs in the Balkans, see Morton Abramowitz, "Can the EU hack the Balkans?", *Foreign Affairs*, 1 September 2002.

²³ ICG interviews with EU and member state officials, Sarajevo and Brussels.

²⁴ This is intended to replicate the robust forces available to SFOR, whose Military Special Units have engaged in particularly sensitive operations, such as the seizure of the Herzegovacka Banka in April 2001.

EU officials claim that it is impossible to predict all situations in which the competencies of NATO and EUFOR could overlap, but they expect that any practical issues will be resolved in a spirit of co-operation and mutual support, rather than competition. The commander of EUFOR will be a two-star general (initially British), while the NATO office will be run by an American one-star general. The two missions, however, are meant to have a parallel, not a hierarchical relationship, and their commanders to co-operate on a daily basis. Both are expected to be located in the current SFOR headquarters, in the Sarajevo suburb of Butmir. Any dispute would be settled at the Naples regional NATO command, which -- on the basis of the "Berlin plus"²⁵ arrangement -- will be the immediate superior of both missions.

Although all acknowledge the need for co-operation and mutual support, in private conversations, American and EU officials display their prejudices. The former point to U.S. military might as the decisive factor that will guarantee Washington a final say in a dispute. The latter point to the fact that there will be 7,000 European troops as opposed to a much smaller number of Americans as an indication of who will really run the show. NATO is expected to produce an implementation plan for the new headquarters similar to EUFOR's "General Concept", but it was not available before the Istanbul summit.

D. THE BOSNIAN PERSPECTIVE

Although the Bosnian government was formally offered a place at the table in negotiations about the handover from SFOR to EUFOR, Bosnian officials felt it was obvious they would be nothing more than observers. An official in the defence ministry told ICG that he wanted EUFOR to play a more active and innovative role, since it would be operating in a completely different environment from the one in which IFOR was originally deployed almost nine years ago. Initially EU officials seemed open to such ideas, but as negotiations with NATO progressed, they showed a stronger inclination to jump into SFOR's shoes rather than to experiment.²⁶ BiH officials responded

in kind and gave EUFOR the same legal status enjoyed by SFOR.²⁷

Most Bosnians -- the Bosniacs in particular -- see the U.S. as playing a major role in maintaining the peace and the unity of the country. Serb and Croat citizens acknowledge that without the U.S. presence, the political and security situation might deteriorate; that U.S. presence is, therefore, seen as a strong stabilising factor. In contrast, many Bosnians view the leading European powers with suspicion, not only because of war-time failures, but also because they tend to believe they are more motivated by business or neo-colonial interests than the Americans, or even because they fear some may favour a partition of the state. For most Bosnians, a U.S. withdrawal at this stage would signify indifference to the possibility of partition and future conflict.

Although Bosnians are not completely satisfied with either the EU or NATO, it is obvious that most would prefer the Americans continued to run the international military presence. A BiH Presidency official told ICG that this is due also to the distinct approaches the EU and U.S. have demonstrated in dealing with contentious issues in BiH. Simply put, the Europeans are seen locally as often avoiding the tough issues, preferring to postpone difficult decisions in the hope they will become easier to solve at some later, better time. As a result, when local parties are unable to bridge their differences, the impression is that the EU is prepared to leave things unresolved, even when only one party is blocking an agreement.

The U.S., on the other hand, is regarded as tending to be far more engaged, often pushing for a compromise and, when necessary, exerting significant pressure on local officials to reach and implement an agreement.²⁸ Bosnia's political structures are fragile and not yet entirely self-sustainable. Political elites and institutions still frequently need a push from a strong international partner if contentious internal debates are to be resolved. The EU has been unable to supply this kind of single-minded, sustained pressure and support. Ironically, Lord Ashdown, the activist and

²⁵ The term "Berlin plus" refers to the package of agreements concluded on 17 March 2003 between NATO and EU giving the EU access to NATO planning, support and logistics assets for execution of EU missions.

²⁶ ICG interview with BiH defence ministry official.

²⁷ Under the current status of forces (SOF) agreement, SFOR troops in Bosnia are immune from local jurisdiction or from arrest and detention by local police. They enjoy free and unrestricted passage throughout BiH and are not required to pay customs, taxes, duties or fees or to carry passports. A detailed list of privileges and immunities accorded under the SOF may be found at www.nato.int/sfor.

²⁸ ICG interview with an official of the BiH Presidency.

forceful High Representative, though a European and now formally double-hatted as a Special Representative of the EU, is widely viewed in Bosnia as an honorary American in this context.

Bosnian politicians have serious reservations as to how the "carrot and stick" model of EU involvement would be applied. With memories of Srebrenica still vivid, the idea of a "tough" EU military posture cannot help but evoke doubts. Even the limited "stick" of conditionality for economic assistance has not yet been consistently implemented.

Although preferring U.S./NATO military leadership, BiH officials do not spare Americans from criticism either. They insist that SFOR commanders (always U.S. generals) could have interpreted their mandate more broadly and been more active in arresting war criminals, as some national contingents have done.²⁹ It appears that U.S. troops and intelligence assets have recently been concentrated on uncovering alleged Islamic radicals rather than pursuing indicted war criminals.³⁰

Dissatisfactions aside, BiH officials understand and accept the new realities. At least as long as the international community retains a credible military presence in Bosnia, the prospects of renewed conflict are low. Foreign troops are needed primarily for psychological and symbolic purposes. But it is of critical importance to design international military involvement so that it fits primarily BiH rather than U.S. or EU needs.

IV. THE TASK AT HAND

A. NATO'S UNFINISHED BUSINESS

SFOR is leaving Bosnia without having fulfilled all its tasks. The three most urgent are: 1) arresting war criminals; 2) monitoring and securing the numerous weapons storage sites and preventing weapons from reaching the black-market; and 3) reforming Bosnia's armed forces. Many Bosnians express irritation that the world's strongest military alliance is contemplating withdrawal without having arrested Radovan Karadzic and Ratko Mladic. This

is a substantial failure, as both continue to exercise undue influence over Bosnia's political life and inhibit the formation of stable state institutions.

Significant quantities of light and heavy weapons remain dispersed at storage locations throughout the country, some of which have not been registered with SFOR as required under Dayton.³¹ Given the lax security and accounting procedures at these storage sites, as well as the propensity for some Bosnian politicians and army officers to sell weapons on the black market, the international community has demanded consolidation of all the weaponry in approximately ten warehouses. That process is going slowly. Although all sides show a degree of compliance, by the end of 2004, Republika Srpska will still have at least 53 storage sites and the Federation 23.

NATO officers and intelligence officials tell ICG that they cannot adequately monitor all these facilities at current force levels. They express concerns that quantities of these weapons -- including surface to air missiles³² -- are slipping onto the international black market.³³ Since 1996, weapons from Bosnia have been sold illegally to Iraq,³⁴ Irish terrorists,³⁵ the Kosovo Liberation Army³⁶ and to Western journalists

³¹ Since 1996, IFOR and SFOR have uncovered numerous illegal hidden arms caches. In June 2004, SFOR found a large cache of arms concealed in warehouses of the Red Cross in Prijedor, Republika Srpska. See "Pronadjeno ilegalno skladiste oruzja", *Nezavisne Novine*, 6 June 2004.

³² Specifically, MANPADs (Man Portable Air Defence Systems), shoulder-fired surface to air missiles capable of downing aircraft. The most recent discovery of illegal caches of these weapons occurred in the Prnjavor area (RS). On 21 April 2004 SFOR announced that peacekeepers had found two hidden arms caches that included ten SAM-7 portable antiaircraft missiles in their original packaging as well as 24 antitank rockets. ONASA News Agency, 22 April 2004.

³³ ICG interviews with NATO military and intelligence officials.

³⁴ ICG Balkans Report N°136, *Arming Saddam: The Yugoslav Connection*, 3 December 2002. Because of his involvement in the affair, the then chairman of the Presidency of BiH, Mirko Sarovic, was forced to resign in early April 2003.

³⁵ For the purchase by Irish terrorists of rocket launchers, grenades and other arms and ammunition in Bosnia, see "Real IRA makes millions from smuggling deals", *Observer*, 6 January 2002.

³⁶ On 14 June 2001, peacekeeping forces in Kosovo (KFOR) discovered large quantities of arms hidden in a truck that had come from the Bosnian town of Gorazde. Some 300 automatic rifles, 1,000 anti-tank rockets, 500 anti-tank grenades and substantial quantities of ammunition were concealed under

²⁹ The British army has proved particularly effective in arresting PIFWCs.

³⁰ ICG interviews with NATO intelligence officials indicate that the U.S. has concentrated almost all its intelligence assets on monitoring suspect Islamic groups.

posing as buyers for a Colombian paramilitary group,³⁷ to name but a few.

As Bosnia's three ethnic armies reduce their troop strengths and consolidate their weapons storage sites, they will need to get rid of substantial quantities of heavy and light arms, either by systematic destruction or by sales -- a Bosnian defence official has told ICG that this will mean approximately 1,500 known pieces of heavy artillery, 20,000 pieces of man-portable artillery tubes (mortars) and 300,000 light weapons.³⁸ Other BiH officials have confirmed that the risks of theft and smuggling of weapons are real. EUFOR must oversee and participate in the process of securing excess weaponry and monitoring its movement and destruction to prevent Bosnia from becoming a weapons supermarket for terrorists and guerrilla movements.

B. MENTORING BOSNIA TOWARD EUROPE

Apart from this, Bosnia needs international assistance to create a unified army, controlled by the central government, which will one day be able to integrate into Euro-Atlantic security structures based around NATO and the EU. This means that any international military presence should have a strong training component that is tasked with improving the standards of Bosnia's military forces. With 7,000 professional EU soldiers, the EU should have the capability to spearhead the ongoing reform of Bosnia's 12,000-man professional army.³⁹ EUFOR should move beyond the Dayton mandate of controlling troop movements and behaviour and work on creating a genuine partnership with local forces. For this to happen, it needs to be much more present in Bosnian military barracks than SFOR has been.

wooden boards. Investigations determined that high ranking military and police officials from Bosnia had been involved in weapons smuggling for years. "Pocelo sudjenje za sverc oruzja", *Oslobodjenje*, 27 February 2002.

³⁷ The Spanish reporters who posed as Colombian paramilitaries were even offered Gazelle helicopters by their Bosnian contacts. See "Helicopters for sale under noses of S-For troops", *Guardian* 19 April 2001.

³⁸ ICG interview with BiH Deputy Defence Minister Enes Becirbasic, 9 June 2004.

³⁹ In terms of the ratio of international to domestic troops, EUFOR will be the biggest deployment in Bosnia to date. In 1995 there were 60,000 foreign troops operating in an environment with approximately 300,000 soldiers in the former warring factions. Then the ratio was 1:5; EUFOR's will be 1:1.7.

Perhaps it could even station some smaller detachments adjacent to or within Bosnian compounds.

In addition, EUFOR will need to help secure full implementation of ongoing security sector reforms. Legislative proposals adopted thus far on defence, intelligence and police represent potentially a truly remarkable strengthening of state-level capacities and would have been inconceivable only a few years ago.⁴⁰ Yet, without aggressive international pressure and assistance, these reforms will exist only on paper. The general approach of the international community in Bosnia has been to strengthen state-level institutions at the expense of the entities and thus remedy certain imbalances and injustices written into the GFAP. However, separatist forces have proved capable of blocking any effective work of new state-level institutions. EUFOR will have to play a role in the process of engaging these obstructionist forces aggressively in order to achieve real progress and keep reforms from being rolled back.

C. A ROUGH NEIGHBOURHOOD

Historically, conflicts in the Balkans have tended to spill over into Bosnia, primarily because of its multi-ethnic nature, its geographic position, and its neighbours' claims on its territory. Several converging

⁴⁰ The defence reforms (see fn. 4 above) resulted in the creation of a single state-level ministry of defence and a joint command structure for all military forces in BiH. This stripped the RS president of his authority as commander-in-chief of the RS army and shifted command of the entity military forces upward to the state Presidency of BiH. Effectively, this reform changed the Dayton Constitution of BiH (Annex 4), which had left the command of military forces at the entity level. The reforms have also established a State Investigation and Protection Agency (SIPA), which will be able to conduct investigations and police operations throughout BiH -- the entity police forces are allowed to operate only within their respective entity borders. SIPA will have the authority to investigate war crimes, terrorism and organised crime. A joint state-level intelligence agency was formed on 1 June 2004 and its directors appointed. When it is fully established, the entity intelligence agencies will disappear. In theory, all archives, files and documents of the old entity agencies will become the property of the new state agency. The new agency will gather intelligence on security threats to BiH, including: terrorism, espionage and sabotage, illegal drugs, arms and human trafficking, proliferation of weapons of mass destruction and organised acts of violence or intimidation against ethnic or religious groups. Concurrent reforms of Bosnia's public finances should result in a new distribution of public revenues, which would secure funding for the new state institutions.

political trends indicate the potential for a new upsurge in regional instability. Most are connected to Bosnia's much larger neighbour, Serbia and Montenegro.

Kosovo looms first and foremost as a threat to Bosnia's stability. The riots of 17-18 March 2004 demonstrated the impotence of NATO-led peacekeepers in the face of what effectively became ethnic cleansing.⁴¹ Many in the region concluded that the international community was vulnerable, and NATO was a paper tiger. Should violence return to that level, Kosovo may again draw NATO troops from Bosnia, as it did in mid-March. As 2005 approaches and Kosovo Albanians increasingly anticipate movement on final status, the potential for violence is likely to increase. Any violence in Kosovo could provoke a broader regional reaction, particularly once Belgrade recognises that it is on the verge of losing the province. In such a situation, it may well call publicly for partition of Bosnia as "compensation". EUFOR will have to factor this into its calculations on force levels and command and control.

Instability in or the loss of Kosovo could further radicalise Serbia's already unstable political scene and increase the threat of violence there. In particular, any potential loss of territory in Kosovo could increase the popularity of the right wing, notably the Serbian Radical Party, which has repeatedly called for the rebirth of a Greater Serbia within borders encompassing large parts of Croatia and Bosnia; in the Serbian presidential election on 27 June 2004, its candidate, Tomislav Nikolic, gained 45 per cent of the votes cast.

The continued rise in tensions in Serbia's three key ethnic minority regions -- Presevo Valley (Albanians), Sandzak (Bosniacs) and Vojvodina (Hungarians and others) -- means that the potential for regional instability at the very least is not diminishing. EUFOR will need to keep a close watch on Serbia to prevent spill over of any trouble into Bosnia.

V. WANTED: A CREDIBLE INTERNATIONAL PRESENCE

Bosnia presents most of the threats that worry contemporary European leaders: regional conflict, failing states, terrorism, proliferation of conventional arms, organised crime and the influx

of unwelcome asylum seekers and immigrants. The key long term goal of EUFOR should be to contribute to the creation of a stable Bosnian state capable of running its affairs without outside assistance. Yet Bosnia still has a long way to go, and it will need considerable international mentoring for some time yet.

Although it is politically popular in both Washington and Brussels, the success of the new security set-up cannot be taken for granted. Should NATO and the EU go ahead as planned, they must address the real security needs of both Bosnia and the international community. EUFOR's arrival must not leave a vacuum in vital areas. Many shady local actors are waiting for their chance on stage. The international community's post-war achievements in Bosnia could be lost if the EU and NATO apply a misguided security policy.

On the other hand, EUFOR's success would go a long way to assisting Bosnia's progress toward self-sustainable statehood and ultimately full integration as an equal partner into the Euro-Atlantic institutions. Nine years on from Dayton, it is still too soon to expect Bosnia to carry its own security burdens, but the changing shape of the international presence indicates serious commitment to a more stable future. Over the months leading up to the handover at the end of 2004, the military planners face the challenge of giving that commitment a realistic framework.

Sarajevo/Brussels, 29 June 2004

⁴¹ See ICG Report, *Collapse in Kosovo*, op. cit.

APPENDIX

ABOUT THE INTERNATIONAL CRISIS GROUP

The International Crisis Group (ICG) is an independent, non-profit, multinational organisation, with over 100 staff members on five continents, working through field-based analysis and high-level advocacy to prevent and resolve deadly conflict.

ICG's approach is grounded in field research. Teams of political analysts are located within or close by countries at risk of outbreak, escalation or recurrence of violent conflict. Based on information and assessments from the field, ICG produces regular analytical reports containing practical recommendations targeted at key international decision-takers. ICG also publishes *CrisisWatch*, a 12-page monthly bulletin, providing a succinct regular update on the state of play in all the most significant situations of conflict or potential conflict around the world.

ICG's reports and briefing papers are distributed widely by email and printed copy to officials in foreign ministries and international organisations and made generally available at the same time via the organisation's Internet site, www.icg.org. ICG works closely with governments and those who influence them, including the media, to highlight its crisis analyses and to generate support for its policy prescriptions.

The ICG Board – which includes prominent figures from the fields of politics, diplomacy, business and the media – is directly involved in helping to bring ICG reports and recommendations to the attention of senior policy-makers around the world. ICG is chaired by former Finnish President Martti Ahtisaari; and its President and Chief Executive since January 2000 has been former Australian Foreign Minister Gareth Evans.

ICG's international headquarters are in Brussels, with advocacy offices in Washington DC, New York, London and Moscow. The organisation currently operates seventeen field offices (in Amman, Belgrade, Bogotá, Cairo, Dakar, Dushanbe, Islamabad, Jakarta, Kabul, Nairobi, Osh, Pretoria, Pristina, Quito, Sarajevo, Skopje and Tbilisi) with analysts working in over 40 crisis-affected countries and territories across four continents. In Africa, those countries include Angola, Burundi, Côte d'Ivoire, Democratic Republic of the Congo, Eritrea, Ethiopia, Guinea, Liberia, Rwanda, Sierra Leone,

Somalia, Sudan, Uganda and Zimbabwe; in Asia, Afghanistan, Kashmir, Kazakhstan, Kyrgyzstan, Indonesia, Myanmar/Burma, Nepal, Pakistan, Tajikistan, Turkmenistan and Uzbekistan; in Europe, Albania, Armenia, Azerbaijan, Bosnia and Herzegovina, Georgia, Kosovo, Macedonia, Moldova, Montenegro and Serbia; in the Middle East, the whole region from North Africa to Iran; and in Latin America, Colombia and the Andean region.

ICG raises funds from governments, charitable foundations, companies and individual donors. The following governmental departments and agencies currently provide funding: the Australian Agency for International Development, the Austrian Federal Ministry of Foreign Affairs, the Canadian Department of Foreign Affairs and International Trade, the Canadian International Development Agency, the Dutch Ministry of Foreign Affairs, the Finnish Ministry of Foreign Affairs, the French Ministry of Foreign Affairs, the German Foreign Office, the Irish Department of Foreign Affairs, the Japanese International Cooperation Agency, the Luxembourgian Ministry of Foreign Affairs, the New Zealand Agency for International Development, the Republic of China Ministry of Foreign Affairs (Taiwan), the Royal Danish Ministry of Foreign Affairs, the Royal Norwegian Ministry of Foreign Affairs, the Swedish Ministry for Foreign Affairs, the Swiss Federal Department of Foreign Affairs, the Turkish Ministry of Foreign Affairs, the United Kingdom Foreign and Commonwealth Office, the United Kingdom Department for International Development, the U.S. Agency for International Development.

Foundation and private sector donors include Atlantic Philanthropies, Carnegie Corporation of New York, Ford Foundation, Bill & Melinda Gates Foundation, William & Flora Hewlett Foundation, Henry Luce Foundation Inc., John D. & Catherine T. MacArthur Foundation, John Merck Fund, Charles Stewart Mott Foundation, Open Society Institute, Ploughshares Fund, Sigrid Rausing Trust, Sasakawa Peace Foundation, Sarlo Foundation of the Jewish Community Endowment Fund, the United States Institute of Peace and the Fundação Oriente.

June 2004



International Crisis Group

International Headquarters

149 Avenue Louise, 1050 Brussels, Belgium · Tel: +32 2 502 90 38 · Fax: +32 2 502 50 38

E-mail: icgbrussels@icg.org

New York Office

420 Lexington Avenue, Suite 2640, New York 10170 · Tel: +1 212 813 08 20 · Fax: +1 212 813 08 25

E-mail: icgny@icg.org

Washington Office

1629 K Street, Suite 450, Washington DC 20006 · Tel: +1 202 785 1601 · Fax: +1 202 785 1630

E-mail: icg washington@icg.org

London Office

Queen's Wharf, Queen Caroline Street, London W6 9RJ · Tel: +44(0)20 8600 2538 · Fax: +44(0)20 8600 2539

E-mail: icglondon@icg.org

Moscow Office

Nizhnij Kislovskij Pereulok 3, apt. 46 - Moscow 125009 Russia · Tel/Fax: +7 095 290 42 56

E-mail: icgmoscow@icg.org

All ICG reports are available on our website: www.icg.org