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**SUB-COMMITTEE ON
FUTURE SECURITY AND DEFENCE CAPABILITIES**

BOSNIA AND HERZEGOVINA

SECRETARIAT REPORT

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I. SUMMARY

Fifteen members of the Defence and Security Committee Sub-Committee on Future Security and Defence Capabilities visited Bosnia and Herzegovina (BiH) on 20-22 September. Led by Sub-Committee Chairman Vahit Erdem, the members met with officials in the NATO SFOR mission, the BiH Government and Parliament, and the High Representative for both the United Nations and European Union missions. The purpose of the visit was to learn more about the transition between the NATO force in BiH and the EU force taking over operations there at the end of 2004, as well as to develop a better understanding of the prospects for BiH integration into NATO and the European Union. The delegation also visited a Liaison and Observation Team (LOT) outside of Sarajevo to see how this new concept of ensuring stability in the region is working in practice.

The Sub-Committee found that SFOR has accomplished its mission in producing a stable and secure environment. There is also evidence that BiH has made significant progress in defence reform and other areas. But at the same time, huge problems have yet to be addressed. Further integration of BiH into the EU or NATO is impossible without increased co-operation with the International Criminal Tribunal for the former Yugoslavia (ICTY). More fundamentally, the complicated governmental structure of BiH is simply not functional. BiH must reform its constitution to simplify and concentrate governing authority if it is to move, in the words of High Representative Lord Ashdown, "from Dayton to Brussels." Until dramatic progress is made on those fronts, the members of the Sub-Committee are concerned that BiH will not become a functioning state and will instead remain a ward of the international community.

In sum, the delegation noted signs of progress, but also found that the international community has done much of what can be done to stabilise and develop BiH. It is now up to the people of BiH to make progress on the reforms that will allow it to move to the next level of integration into Euro-Atlantic institutions.

The complicated nature of the BiH governing structure requires a note of explanation. The "entities" are the Federation (divided into 10 cantons), which includes the mostly Croat and Bosnian Muslim (Bosniac) areas, the Republika Srpska (RS) that covers the mainly Serb parts of the country and a separate authority governing the area of Brcko. At the local level there are municipality authorities governing the cities and towns. On top of this structure is the "state", which in this context refers to the Federal Government of BiH. In practice, most power and authority is at the entity level although the state is beginning to take on more authority in areas such as defence.

II. STABILITY AND SECURITY

Deputy Commander of SFOR General Matthew Sykes told the delegation that the security situation is stable in BiH and, although there is tension between ethnic groups, it is not enough to blow up into large-scale violence again. He noted the organized crime is a serious problem as is the potential threat that BiH could serve as a base for terrorist organizations. In general, he believed the situation to be calm and stable enough for state-building to take place.

General Sykes emphasized the smooth nature of the transition between SFOR and EUFOR. Eighty percent of the forces will be the same after the transition in December 2004. NATO will retain a presence in BiH and the two forces will have headquarters in the same building. EUFOR will have overall command of operations and be responsible for ongoing stability operations to ensure a safe and secure environment. NATO will work with the BiH on defence reform, counter-terrorism and assist in the capture of war criminals. EUFOR will also continue with the LOT.

Those teams are composed of 8 or 10 lightly armed soldiers who live in normal houses in towns and villages across BiH. They act as a deterrent presence to discourage outbreaks of violence, and interact with the local population on a daily basis. Through this interaction they act as the eyes and ears of SFOR and may learn valuable pieces of information about illegal weapons storage sites, war crimes suspects, or organized crime.

General Sykes also stated that defence reform in BiH is a model achievement. The entities no longer control the armed forces and the state Ministry of Defence has operational control. The delegation met with Minister of Defence Nikola Radovanovic who detailed some of the progress. The military has been dramatically reduced from over 350,000 during the war to 12,000 today. There is a joint staff and a state defence ministry, although they in fact control only a small amount of defence spending. Most of the spending and control over equipment, training and pensions is controlled by the entities. With the exception of one ceremonial unit, all units remain ethnically homogeneous below the brigade level. Nonetheless, the achievements so far represent significant progress considering that many of those in the BiH armed forces were engaged in a brutal war against one another only nine years ago.

III. CONTINUING CHALLENGES

The delegation met with many officials who emphasized the fragility and unsustainable nature of the governing structure of BiH. Lord Ashdown stated that the system put in place by the Dayton Peace Agreement was designed to end the conflict, not to provide a long-term form government. The result is a structure in which everything has three parts to represent the Serb, Croat and Bosniac populations. Although the Federation representing the Croat and Bosniac populations believes that there should be constitutional reform to strengthen the state government, the Republika Srpska is opposed to any reform that would weaken their authority over the Serb regions of BiH.

There is considerable amount of discussion in BiH as to what sort of governmental structure would be suited to the country in the long-term. Some have proposed a structure similar to the Swiss or Belgian systems which both allow for considerable local and regional autonomy, yet have a central authority that can exercise control over the entire national territory. On the other hand, there is also resistance to changing the system among Serb politicians who view any change to the system as detrimental to their interests. In meetings with the Tri-Presidency, President Borislav Paravac stated that the three-part system was based on an old Yugoslavian model whose principles are "rotation, consensus and parity." Members of the delegation pointed out that whatever the historical background of the situation, rotation, consensus and parity are principles very much at odds with the direction of European integration.

The delegation had a very open discussion with their counterparts in the BiH Parliament. Several members of the delegation emphasized that there must be constitutional reform in BiH before there can be the serious consideration of the country's further integration into the Euro-Atlantic structures which the BiH members of Parliament all stated was their primary goal. Other members of the delegation pointed out that rapid progress cannot be expected noting the many years it took countries such as Bulgaria to integrate into NATO and progress toward EU membership.

Co-operation with the ICTY in the Hague is another critical issue that the delegation returned to repeatedly in its discussions. The RS has so far been uncooperative with the efforts to arrest war crimes suspects. General Sykes underlined the fact that the RS has not arrested a single one of the 29 individuals taken into custody for war crimes. This is the single largest problem for further integration into NATO or EU structures. Until there is improved co-operation, included but not limited to apprehension of the two most notorious figures Karadzic and Mladic, it will not be

possible for BiH to join Partnership for Peace (PfP) or enter the EU Stabilization and Accession Process (SAP).

With regard to war criminals, Lord Ashdown told the delegation that it is important to harmonise the positions of the EU and NATO. NATO appears to have taken the position that the arrest of Mladic and Karadzic is necessary to bring BiH into PfP. The EU, however, has set a possibly easier standard to achieve based on the ICTY prosecutor's assessment that BiH is giving full co-operation to the process. Although those different standards are not contradictory, they may send a mixed message and lead to confusion about what BiH must do to move forward in Euro-Atlantic integration.

There are some encouraging signs that attitudes in the RS may be changing. The RS authorities recently issued a statement saying that the RS would not obstruct the work of the ICTY, and there are some new ministers in key positions who appear to be more eager to resolve the issue. In addition, it is increasingly clear that Serbia is less supportive of the position of the RS on co-operation with the ICTY which leaves it very isolated. Several officials stated that they believed there may be some positive movement on this issue, but that it is important to maintain pressure on the RS and Serbia to make real progress.

Beyond those issues there is the problem of economic development. Unless BiH can develop its economy and create growth and opportunity for its citizens, the country is fated to remain dependent on the international community. At the moment the economic picture is fairly bleak. Unemployment is as high as 40%, although the delegation was told by several speakers that it is significantly less because as much as 25% of the work force is employed in the "gray" market to avoid taxes. High tax rates have discouraged employment and increased the cost of labor, which has also been a factor in keeping foreign investment at low levels.

Another continuing challenge will be to deal with BiH weapons and prevent them from falling into the wrong hands. BiH was a main producer of weapons in the former Yugoslavia and the region remains flooded with small arms. Many storage sites have been set up to hold weapons until they can be destroyed, but they are not very secure according to the Minister of Defence. He told the delegation that there are about 30,000 tons of explosives and ammunition that need to be destroyed. NATO is helping with this process, but more should be done more quickly to eliminate this dangerous problem. Some of the members of the delegation recommended that this issue should be taken under consideration by the NATO Parliamentary Assembly at its next annual meeting.

IV. CONCLUSIONS

The delegation is pleased to note the smooth transfer between SFOR and EUFOR. The SFOR mission was to stabilise and provide a safe and secure environment. By any measure, BiH is infinitely more stable and secure than it was only a few years ago. The transfer to the EUFOR is therefore appropriate as the mission becomes less of a military mission and more of a policing and development mission, an aspect of stability operations that is more suited to the EU than to NATO.

At the same time, the delegation is concerned about the roadblock that BiH appears to have reached in making the transition from Dayton to Brussels. Although there has been undeniable progress, the remaining tasks are daunting. Unless BiH can reform its constitution to become a viable state and resolve the outstanding war crimes issues, it will not be able to join the PfP or start the EU SAP. It will remain isolated and dependent on the international community, eventually draining the goodwill and patience of its benefactors in Europe and elsewhere.

It will be important to maintain the pressure on BiH to continue on its reform path, but also to continue to offer assistance as needed. One area where more can be done is in weapons and explosives disposal. Other areas include economic development assistance and measures to encourage foreign investment. Ultimately, however, the final responsibility lies with the people of BiH to find a way forward. There has been considerable progress on many fronts, but the main hurdles of full co-operation with the ICTY and constitutional reform remain to be cleared.
