

**U.S.-MONTENEGRIN POLICY FORUM**  
**CSIS, Washington, D.C.**  
**Meeting Report**  
**March 18, 2003**

**Summary**

Director Srdjan Darmanovic and Senior Analyst Rade Bojovic of the Center for Democracy and Human Rights (CEDEM) addressed the U.S.-Montenegrin Policy Forum on March 18, 2003 at CSIS. The discussion focused upon the implications of the recent assassination of Serbian Prime Minister Zoran Djindjic, as well as provided a detailed update of Montenegrin reform efforts. The speakers outlined possible scenarios for Serbia in the wake of Djindjic's death and explained each scenario's meaning for Montenegro and its new union with Serbia. Darmanovic and Bojovic analyzed recent political and economic reform efforts in Montenegro and prescribed certain conditions necessary to continue reforms in the future. Finally, Darmanovic and Bojovic spoke briefly on the issues of Iraq, Kosova and relations with the EU and U.S. in the context of the union of Serbia-Montenegro.

**Discussion**

**After Djindjic - Opportunity for Reform:** The Forum's guest speakers noted that even for insiders, the future of Serbia is difficult to predict. It is believed that war criminals and mafia groups, who Djindjic actively condemned and strived to eliminate, are responsible for the assassination. The assassination has provided Serbia with the opportunity to accelerate change in the country due to the high emotions resulting from Djindjic's death. Belgrade has indeed capitalized on this, having already arrested nearly a thousand alleged members of organized crime. The state of emergency will last no longer than a few months and early elections will probably be called. It is believed that Vojislav Kostunica and his Democratic Party of Serbia will come to power in the next election. Kostunica's conservative and more nationalist approach may slow the pace of reforms.

**Montenegro Ready to Help:** The union of Serbia and Montenegro will be greatly influenced by the future structure of Serbian politics and therefore, three possible scenarios exist. First, if Belgrade manages to restore order, consolidate its leadership and bring closure to the Djindjic case, the union will continue to develop in its current state. However, if a strong nationalist line is taken following early parliamentary and presidential elections the scope of cooperation within the union will be limited, thus threatening its relevance. Finally, if Serbia slides backward in its reform efforts, Montenegro must be ready to offer support to Serbia both directly and indirectly, particularly within the framework of the international community. Darmanovic and Bojovic warned that Montenegro should not be asked by the international community to make unfavorable reforms, such as within the economy, simply to help strengthen a union with Belgrade, especially if Serbia fails to stabilize itself.

**Analyzing Political Reform:** Bojovic discussed the reforms that have taken place in Montenegro, and concluded that these changes are "just the beginning." He drew attention to four factors necessary for political reform including, political stability, increased capacity of political forces, an international presence, and the existence of a civil society. Bojovic noted the importance of political stability, especially considering the relative fragility of other political systems within the region. Even though Montenegro is more stable than Serbia, the situation is no less demanding.

Secondly, Bojovic focused upon the necessity of building the capacity of political forces. Currently, the only alternative for Montenegrins who oppose the ruling coalition is to support parties still tied to Milosevic. These parties offer nothing of substance while 70-80% of them want no cooperation with the Hague Tribunal. The creation of a legitimate opposition would therefore speed up and enhance the reform process. Bojovic stressed that due to the fragile situation in the region, an international presence serves not only to ensure stability but also to help conduct difficult reforms. Finally, Bojovic noted that the existence of a civil society is a necessary step toward achieving stability. While the path to reform seems to be taking shape, much of it is still in the planning stage and needs to be realized.

**Economy Needs Work:** Bojovic painted a somber picture of Montenegro's current economic state. Montenegro has been in a recession for over a year, experiencing inflation of over 20% despite having abandoned the Yugoslav *dinar* first in favor of the German mark and then the *Euro*. Currently, one third of Montenegrins live in conditions of poverty, while GDP per capita has not yet reached \$1,500. Meanwhile, unemployment is at 30% and black market activity accounts for 40% of the economy. Bojovic pointed out that economic reforms are made more difficult by regional conditions and added that any discouragement to investment is a setback because it strengthens the anti-reformist position.

**Legislative Reforms Prove to be Slow Going:** Bojovic expressed some disappointment concerning legislative and judicial reforms, which have often been slow and unsuccessful. He reported that 30% of the legislation has been reformed but only 10% of those reforms have been implemented. He noted some progress in reforming the police and public administration, as well as in the fight against corruption, but added that these reforms have just begun. Besides political stability, he sees cooperation with Serbia, the willingness of the government to go ahead with the reforms, and cooperation between the government and civil society as key factors to speeding up reform. Two limiting factors are the poor economic conditions and the lack of financial aid received from the international community.

**Stance on Iraq:** When asked about the crisis in Iraq, Darmanovic and Bojovic explained that this situation tests the union of Serbia and Montenegro and its capability to have a common foreign policy while allowing for differences in opinion. On the Iraq issue, Montenegro leans towards the United States viewing the U.S. as its most important ally and supporter. Montenegro also favors NATO over the EU because membership in NATO is believed to be more attainable. Darmanovic and Bojovic explained that because of historical events such as the U.S. bombing of Serbia, Belgrade is more likely to take a pro-EU stance. The legitimacy of Serbia-Montenegro depends on the two nations' ability to leave space for dissension within the larger framework of cooperation.

**Montenegro in a Global Context:** Darmanovic and Bojovic also highlighted the differences between EU and U.S. policies toward Montenegro. They called the presence of the U.S. "more sophisticated," citing as an example the fact that the U.S. has treated Montenegro and Serbia separately on issues concerning The Hague Tribunal and the handing over of war criminals. EU policy is clearly in favor of preserving the union of Serbia-Montenegro before helping either state separately. This EU policy of treating the union as one entity creates a dilemma for Montenegro, as the republic cannot individually benefit from the EU-prescribed reforms for the joint state. Adopting tough reforms that are made more difficult by Montenegro's linkage with Serbia, without the promise of substantive benefits for the republic, will not receive popular support within Montenegro. Using custom rate differences as an example, Darmanovic explained that there are certain issues on which Serbia and Montenegro's individual policies differ and are

economically beneficial for each republic, but “harmonization” may prove damaging to one or the other.

### **Conclusion**

Several factors will determine the future of Serbia and Montenegro. First, Serbia’s immediate political stability needs to be ensured. Secondly, many of the deals struck were possible because of the good relationship between PM Djukanovic and PM Djindjic. With tough issues remaining on the table, ranging from foreign policy to economic structures, Djindjic’s replacement will play a major role in how smoothly the union will function. There must also be some limitations on the powers given to the union’s governing bodies. If these organs inhibit the development of either country individually, the union will become obsolete. In the near term, Montenegro will continue to wait for a new partner in Serbia, in the hope of achieving stability and development in the region.