



# U.S.–MONTENEGRIN POLICY FORUM

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## MONTENEGRO'S OPPORTUNITY

Janusz Bugajski

Full state independence is the only effective long-term solution for both Montenegro and Serbia. Given the intensive pressures applied by the EU on President Milo Djukanovic however, the Solana agreement on a new “union” is probably the most that could have been achieved at this time. Even if implemented, the agreement remains skeletal, provisional, and open to various interpretations.

The accords are an EU experiment and many questions remain unanswered about how the joint state will work in practice. Will the proposed joint state be dysfunctional, confusing, conflictive, and dependent on international intervention, or will it allow sufficient space for the pursuit of reform, investment, and international integration? The results so far are not positive for the agreement but are encouraging for Montenegro.

The positive news for Montenegro is that its international recognition has been strengthened due to its actions of good faith and acceptance of Javier Solana’s principles. Montenegro’s name will regain international stature for the first time since the country lost its independence in 1918. Montenegro’s equality with Serbia is recognized and can be defended in all international fora. Montenegro has the unquestioned right to hold a referendum on independence even if this is delayed for three years. And Montenegro has clearly qualified for more substantial EU aid for building its institutional capacity and infrastructure and for pursuing economic reforms.

It is important to have a united Montenegrin government that can flesh out the skeleton agreement. The recent local elections strengthened the Democratic Party of Socialists (DPS) block committed to statehood and European integration. The post-Milosevic forces centered on the Socialist People’s Party (SNP) will seek a subordinate role for Montenegro vis-à-vis Serbia while blocking essential reforms. The process of forging a “union” structure has begun and is likely to be a longer process than Brussels envisaged as the political crisis in Serbia is deepening and Montenegro faces a heavy political calendar. The “union” entity will prove a distraction for both aspiring states.

Montenegro must continue to substantially develop its international presence. The interim agreement reinforces the republic’s international legitimacy, a struggle between Podgorica and Belgrade over its interpretation is certain. Montenegro must assert its distinctive identity and its foreign and security priorities while negotiating with a Serbian government that may lean increasingly toward that republic’s independence.

Serbian economists calculate that the proposed “union” is unworkable and counterproductive. Two parallel economic systems in one state will create confusion and paralysis and lead to political ruptures and inter-republican conflicts, again delaying much more vital economic and structural reforms. Serbian economists and liberals warn that the notion of

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“harmonization” between the two existing systems is misleading, as neither side is willing to surrender its fiscal and institutional tools. Indeed, the independent states in the EU have much greater economic harmony than the two non-independent republics will possess in a common state.

The planned “union” has added fuel to the political flames raging in Belgrade. The struggle for power between President Kostunica and Prime Minister Djindjic continues unabated with Serbia facing presidential and parliamentary elections in the coming months. Opinion polls indicate that the movement for Serbian independence is gaining ground. The idea may appeal to patriotic elements seeking to restore Serbian identity; to liberals who believe that a single government would foster greater opportunity for market reform; to national minorities who calculate that independence may allow for greater decentralization; and to ordinary citizens angered by constant political bickering between two administrations while their economic prospects diminish.

Simultaneous independence for Serbia, Montenegro, and Kosova would be the most beneficial and durable solution to the political problems still besetting the ex-Yugoslavia. If the “union” fails to function in the coming year, then Brussels should discard any further political experiments and accept the rationality of statehood.

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## THE NEW UNION: THE REACTION OF KOSOVARS AND MONTENEGRIN-ALBANIANS

*Mentor Agani*

After the Agreement on Restructuring Relations Between Serbia and Montenegro was signed on March 14, 2002, the main European negotiator, Javier Solana, announced at a press conference of the Summit of the European 15 in Barcelona that the agreement was a great success of European diplomacy. Following a question by Augustin Palokaj, a journalist for the Kosovan daily *Koha Ditore*, on whether the agreement will have any impact on developments in Kosova, Solana answered: “No, not in any way, Kosova is successfully creating its own institutions, it has its own president and prime-minister, it has to continue on this track, and there are no legal consequences for Kosova, but there are other positive

consequences. Kosova will remain to be administered by the UN, based on UNSC Resolution 1244.” (Quoted in *Koha Ditore*, March 16, 2002, p. 2)

Solana’s answer that the agreement “will have no legal consequences, but will have positive consequences” is confusing. The reactions of Kosovar Albanians to the agreement include a mixture of disregard and rejection of these elusive “positive consequences” however, and perhaps help to clarify Solana’s curious statement.

**No effect on Kosova:** In an article entitled “The End of a Soap Opera called Yugoslavia,” the publisher of *Koha Ditore* and a member of the Kosovar delegation at the Rambouillet Conference, Veton Surroi, analyzed the challenges that the agreement poses to Kosova. In the event that Montenegro leaves the union, the international documents relating to the FRY, especially UN Resolution 1244, would relate in their entirety to Serbia as a successor. According to Surroi, in reality Kosova will move in the direction of self-determination, whatever the relationship between Serbia and Montenegro. The other reality is that the decision on Kosova’s status will be reached by the powerful states of the world once they recognize “Kosova’s new realities.”

**Delayed resolution of the conflict in the Balkans:** In her speech “How to Anchor the Balkans in Peaceful Waters” delivered in Boston in April, a member of Kosova’s parliament, Edita Tahiri, stated that the disintegration of Yugoslavia is an unavoidable process and that the Solana agreement is an attempt to stop it. According to the European Union, Montenegro’s future status will remain pending for another three years, setting a negative precedent for the prolongation of problems in the Balkans.

**Reason for new tensions:** Albanian leaders in Montenegro are skeptical about the agreement for one main reason: the protection of minority rights. Under the agreement, the responsibility of the protection of human and minority rights are transferred from Podgorica, where minority rights have been respected, to the “union” level. Human and minority rights were not protected under the Yugoslav state. In a statement sent to the Yugoslav news agency, *Tanjug*, leaders of the Democratic Union of Albanians in Montenegro asserted that they oppose any transfer of responsibilities for minority rights because the issue must remain regulated by the Montenegrin government according to the Montenegrin Constitution.

**The end of Yugoslavia:** At Prishtina University,

constitutional law professor Arsim Bajrami declared that the agreement ends the “illusion called Yugoslavia” and opens appropriate roads for resolving Kosova’s final status. The EU agreement has had no legal consequences in Kosova. The “positive” consequences for the aspiring state are up for debate.

## MONTENEGRO: LOCAL ELECTION RESULTS MAY 2002

### PARTY OR COALITION

### LIST - % OF VOTE – LOCAL SEATS

|  |        |    |
|--|--------|----|
| <b>Pobjeda je Crne Gore/<br/>Victory for Montenegro</b>                      |        |    |
| DPS-SDP  | 44.71% | 37 |
| <b>Zajedno za Jugoslaviju/<br/>Together for Yugoslavia</b>                   |        |    |
| SNP-NS-SNS   | 37.89% | 30 |
| <b>Liberalni savez Crne Gore/<br/>Liberal Alliance</b>                       |        |    |
| LSCG   | 7.36%  | 5  |
| <b>Patriotska koalicija (NSS-SRS)/<br/>Patriotic Coalition</b>               |        |    |
| NSS-SRS  | 3.22%  | 2  |
| <b>Demokratska unija Albanaca/<br/>Democratic Union of Albanians</b>         |        |    |
| DUA  | 1.32%  | 2  |
| <b>Demokratski savez u Crnoj Gori/<br/>Democratic League</b>                 |        |    |
| DSCG   | 1.25%  | 1  |
| <b>Stranka demokratske akcije/<br/>Party for Democratic Action</b>           |        |    |
| SDA  | 0.68%  | 0  |
| <b>Ostale muslimanske stranke/<br/>Moslem Parties</b>                        |        |    |
| DZBM-BDK   | 1.12%  | 0  |
| <b>Partija demokratskog prosperiteta/<br/>Party of Democratic Prosperity</b> |        |    |
| PDP  | 0.64%  | 0  |
| <b>Razne komunističke partije/<br/>Communist Parties</b>                     |        |    |
| KOMUNISTI  | 0.92%  | 0  |
| <b>Ostale stranke/Other Parties</b>  |        |    |
| OSTALO   | 0.81%  | 0  |

Source : <http://www.cemi.cg.yu/Results/CG.htm>

## VICTORY FOR MONTENEGRO

The local elections in May revolved around the ongoing political conflicts between supporters of Montenegrin independence and European integration, and forces who favored the preservation of a Yugoslav state. Despite many predictions, the balloting showed certain gains in favor of the pro-independence parties and reflected some of the internal conflicts evident in the For Yugoslavia anti-independence block. Election results illustrated that the major government party, the Democratic Party of Socialists, has managed to recover much of its support base despite criticisms that it had surrendered too much ground to the Solana plan for creating a “union” with Serbia.

Nevertheless, the local elections did not greatly change the balance of power on the Montenegrin political scene and they did not jeopardize the deal brokered by the EU to establish a loose union between Montenegro and Serbia. If anything, the ballot strengthened Djukanovic’s position in his negotiations with the Liberal Alliance and the Social Democrats on forming a new governing coalition. The election results and the disarray in the post-Milosevic oppositionist coalition may even encourage the holding of early parliamentary elections if the deadlock on forming the new government is not resolved by July.

## ECONOMIC UPDATE

**Investment** - Speaking at the U.S.-Yugoslav Business Council conference in May, Montenegrin finance minister Miroslav Ivanisevic emphasized the strides that Montenegro has made to enhance the republic’s investment climate. Six new tax laws were adopted at the end of last year to boost economic growth. Additional reforms in the tax, customs, and state administration sectors have too been enacted. The minister highlighted that imported products are subject to the same tax rate as domestic products and that no VAT is charged on products exported from Montenegro.

**Privatization** - Branko Vujovic, director of Montenegro's Agency for Restructuring and Foreign Investments, told a press briefing at the U.S.-Yugoslav Business Council, that

the second stage of the privatization process in Montenegro is underway on the basis of voucher privatization. Thus far, 200 firms have been privatized in the republic and foreigners have purchased eleven companies. Vujovic announced the goal of selling shares worth six million euros this year and stated that the republic's reform legislature has been harmonized with the regulations of the European Union and the World Trade Organization.

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## **PUBLICATION: POLITICAL PARTIES OF EASTERN EUROPE: A GUIDE TO POLITICS IN THE POST-COMMUNIST ERA**

This comprehensive one-volume guide to politics in Eastern Europe by Project Director Janusz Bugajski provides a wealth of information on the region. An extensive introduction presents the analytical background for understanding the decline and collapse of the East European Communist regimes in the late 1980s; the evolution of the multiparty systems and political institutions over the past decade; the Communist legacy and other challenges to liberal democratic development, including nationalist, authoritarian, and neo-fascist movements; the problems of state weakness, crime and corruption. The author outlines the emergent political spectrum of parties and coalitions, which are described in the 20 country chapters that make up the heart of the book. A chapter on Montenegro is included in the book.

### **Chapter 11. Montenegro**

Historical Overview \* Post-Communist Developments \* Political Parties: Socialists and Social Democrats \* Liberals \* Communists \* Nationalists \* Serbian Nationalists \* Ethnic Minority and Religious Parties \* Political Data \* Election Results \* Notes.

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