U.S.-MONTENEGRIN POLICY FORUM

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EU Confuses Accession Process

The last two and a half years have demonstrated that the Serbian-Montenegrin Union is not a practical solution for international institutional integration, but a faltering Balkan experiment fostered by the EU. However, despite numerous examples indicating that the harmonization process between the two states is unworkable, the EU shows little immediate sign of changing its approach. Instead, the EU has now added ambiguity to its incongruous policy by proposing a "twin-track" approach to Serbia-Montenegro's European integration.

Major disproportions in the structure of the two economies, as well as disagreements with respect to tariffs and foreign trade for the past two years have hindered the EU harmonization action plan issued in March 2002. Belgrade and Podgorica found it impossible to synchronize their customs rates for 56 goods without having negative consequences throughout their economies.

On 16 August, Milica Delevic-Djilas submitted her resignation as head of Serbia-Montenegro's Office for EU Integration, citing a lack of consensus among leading politicians in both states to meet EU requirements. Thus Montenegro's initial reaction to the idea of a "twin-track" approach, devised by EU Commissioner for External Relations Chris Patten, was that it could be a ray of light. Officials in Montenegro, as well as some reformists in Serbia, assumed that the new policy would finally recognize that attempts to harmonize the two markets in a joint state had failed. However, the "twin-track" approach adopted by the EU foreign ministers in Maastricht at the beginning of September did not bring the anticipated solutions. Instead, it created a paradox: it recognized two economies in a single state, which will very likely lead to additional logistical, institutional, and political tensions between the two capitals.

The latest move by the EU supposedly aimed at paving the road toward European integration for Serbia-Montenegro will probably even further delay the process of stabilization and association. Guided by the principle "one agreement for one state," yet allowing for a "twin-track" economic approach, the EU has managed to produce a self-contradictory policy. Neither state has amended its own constitution to make it compatible with the Union's Constitutional charter; there is no central authority to coordinate or implement policies; there is no common currency, central bank, or a unified market and yet somehow the EU still believes that it is more practical to keep Serbia-Montenegro intact.

Even within Serbia there is a growing distaste toward attempts to preserve the Union at any cost. In recent weeks, Serbian G17 Plus party officials have lamented a yearly loss of 1.4 billion Euros for Serbia due to the failing harmonization effort, while Montenegrin Minister for International Economic Relations and European Integration Gordana Djurovic cites a 41 million Euros loss for Montenegro in 2003.

> *"Although international actors fear the results of separation of Serbia and Montenegro, especially because of the implications for Kosova, in reality the final status of both republics must be resolved before the roads to the EU and NATO are fully opened."*

Floundering attempts to preserve a faltering Union are causing more harm than good. According to some analysts, the sole reason why the EU does not support a split between Serbia and Montenegro is because of the implications that Serbian and Montenegrin independence will have for Kosova's future. However, in reality the final status of both states must be resolved before the roads to the EU and NATO are fully opened. In this context, a rational U.S. and EU policy would be supportive of a "velvet divorce" between Serbia and Montenegro or at the very least Washington and Brussels should accept the will of the people when the moratorium on holding referenda on independence and statehood expires after March 2005.

Despite Criticism, Governing Coalition Remains Strong

While reports indicate some dissatisfaction among the Montenegrin population with the current government, recent opinion polls show that on balance Montenegrins continue to support Prime Minister Milo Djukanovic's ruling coalition. Over the past year, the National Democratic Institute for International Affairs (NDI) has conducted a series of opinion polls to gauge public opinion on political and economic developments. According to the latest poll completed this summer, 31 percent of Montenegrins said that they would vote for the ruling Democratic Party of Socialists (DPS), compared to 14 percent for the opposition Socialist People's Party (SNP) and 8 percent for the Liberal Alliance (LSCG). Four smaller parties gathered 6 percent or less.

Cont. pg. 2

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The highest priority for the Montenegrin public remains the economy. Three quarters of respondents identified improvements in living standards as the most important issue affecting their vote. And when asked to identify what they thought was the most important economic goal in the government's Economic Reform Agenda, 49 percent of respondents identified job creation. The survey showed that 26 percent believe that the government has made significant progress in reviving the economy, with 17 percent indicating the lowering of the unemployment rate as the most significant achievement of the ruling coalition in 2003.

Other issues continue to make the political playing field in Montenegro a complex terrain to navigate. Issues of final status, EU membership, and inter-ethnic relations have been gaining significance over the past year. In May 2004, compared to April 2003, 22 percent saw EU membership as a significant target (up from 16 percent), 15 percent viewed the country's status as a priority (up from 11 percent), and 9 percent stressed the importance of resolving inter-ethnic relations (up from 6 percent).

According to the poll, overall satisfaction with the government is highest among Montenegrin, Muslim, and Bosniak respondents and criticism is strongest among those who identified themselves as ethnic Serbs and Yugoslavs. But while Montenegro's population remains frustrated with the slow impact the reforms are making on individual living standards, the public also acknowledges the positive steps that have been undertaken.

In July 2004, one month after the NDI public opinion poll was conducted, the Montenegrin government released data on the economic performance for the first quarter of 2004. GDP growth was estimated at 2.88 percent. Industrial output has grown by 14 percent. Agricultural output has also risen with the greatest increase registered in the forestry sector (40 percent). According to Deputy Premier Branimir Gvozdenovic, currently there are approximately 60,000 unemployed in Montenegro, the lowest figure in ten years. The government pledged that sustained reforms, attracting foreign investment and providing affordable credit are its most important priorities for the republic's continued development.

Montenegro Frustrated with Belgrade over Cooperation with the ICTY

William Sullivan

In early September, Florence Hartmann, spokesperson of the International Criminal Tribunal for the Former Yugoslavia (ICTY) chief prosecutor declared that the tribunal could not view Montenegro separately from Serbia with regard to cooperation in extraditing indicted war criminals. The statement was met with disappointment in Podgorica, since Montenegro's government has endeavored to fulfill the demands of The Hague tribunal. In response, the Deputy Foreign Minister of Serbia and Montenegro, Predrag Boskovic, announced that the Montenegrin representatives on the National Council for Cooperation with the ICTY (NCC) have given a deadline to Belgrade to start making progress on the handover of indictees or else they would leave the NCC. The ultimatum expires at the end of this week and the meeting of the Council has been postponed according to its chairman Rasim Ljajic.

Meanwhile, the U.S. Ambassador to Serbia-Montenegro, Michael Polt, asserted that war crime indictee Ratko Mladic was in the country and appealed to officials in Belgrade to assist with his capture and extradition. However, Serbian Defense Minister Prvoslav Davinic publicly denied such claims and avowed that there is no credible proof that Mladic is in Serbia-Montenegro.

Expanding Bilateral Links

William Sullivan

The summer of 2004 saw an increase in cooperation between the governments of Montenegro and the United States, with Washington seeking to actively assist Podgorica through its political and economic transition. Most recently, on 15 September, the FBI donated $36,000 worth of equipment to the Montenegrin Interior Ministry for use in anti-trafficking operations. This comes in addition to material and technical assistance the FBI began providing the Ministry in July. Other efforts the U.S. has made to boost security in Montenegro have included $2.9 million in equipment and training in 2004 for Montenegro's Boarder Security Program and a U.S. government seminar on investigative techniques training, with instruction from the DEA's Overseas Division and the U.S. Department of Defense.

Aside from security assistance, the U.S. has also made an effort to aid Montenegro's efforts in political and economic reform. In July, Podgorica Mayor Miomir Mugosa and an accompanying delegation conducted a trip to the U.S. to study municipal programs for job creation. That same month, U.S. Ambassador to Serbia-Montenegro Michael C. Polt announced that the U.S. would provide $12 million in assistance to Montenegro's coastal development. The purpose of this assistance is to boost what is expected to become a booming tourist industry along the Montenegrin coast. The U.S. government also brought professor Sara Melendez to Podgorica to conduct workshops and roundtables with government officials concerning government cooperation with NGOs. Meanwhile, a June program involved U.S. business leaders conducting training on management ethics; other projects covered such topics as women's rights and diversity sensitivity.

Clearly, the United States recognizes the importance of Montenegro to the region, and the U.S. government is taking strides to assisting Montenegro's integration into the West. While many factors continue to stifle Montenegro economically, the republic is an important ally in a region whose stability is vital for European security.

The U.S.-Montenegrin Policy Forum Briefing **is produced by the CSIS Eastern Europe Project. This publication is compiled and edited by Janusz Bugajski, Director; Ilona Teleki, Fellow; and Research Assistants Milena Staneva and William Sullivan. For more information, please contact the CSIS Eastern Europe Project at EastEuropeProject@csis.org or (202) 887-0200 Ext. 3398.**