



# Bosnia: Current Issues and U.S. Policy

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## Summary

In recent years, many analysts have expressed concern that the international community's efforts since 1995 to stabilize Bosnia are beginning to come apart. They noted that the downward trend has been especially evident since 2006, with the election of leaders with starkly divergent goals. Milorad Dodik, Prime Minister of the Republika Srpska (RS), one of the two semi-autonomous "entities" within Bosnia, has obstructed efforts to make Bosnia's central government more effective and has at times asserted the RS's right to secede from Bosnia. Efforts to reform Bosnia's constitution have made little progress.

There has been a debate about the future role of the international community in Bosnia. The Office of the High Representative (OHR), chosen by leading countries and international institutions, oversees implementation of the Dayton Peace Accords, which ended the 1992-1995 war in Bosnia. An EU peacekeeping force, called EUFOR, is charged with keeping the peace in Bosnia and overseeing the Bosnian armed forces. The international community has vowed to close OHR after Bosnia meets a series of reform objectives, ending direct international oversight. After OHR's closure, international support for Bosnian reforms would be limited to aid and advice from the United States, European Union, NATO, and other institutions, with the prospect of eventual NATO and EU membership. An EU Special Representative (EUSR) would remain in Bosnia, although the post would likely have a smaller staff than OHR. In addition, it would likely be limited to an advisory and reporting role, lacking OHR's powers to veto legislation and remove local officials.

There has been pressure within the EU to scale back EUFOR, which has a current strength of about 2,100 troops. Citing the improved security situation in Bosnia, France and other EU countries have called for EUFOR to be sharply reduced in size and limited to an advisory function. However, in January 2010, the EU did not agree on a reduction, perhaps out of concern about the lack of progress on reforms in Bosnia.

Some observers are concerned that the combination of increasing internal tension within Bosnia and a declining international role could seriously set back over a decade of peace in Bosnia, perhaps leading to violence and the destabilization of the region as a whole. They call for greater international engagement in Bosnia, including an increase in EUFOR's capabilities and strong powers for the EUSR, if OHR leaves. The United States has strongly supported Bosnia's integration into Euro-Atlantic institutions. However, the U.S. role in the country has declined in recent years as the EU role has increased.

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## Background

Before the breakup of Yugoslavia in 1991, Bosnia and Herzegovina was one of Yugoslavia's six republics. It had an ethnically-mixed population. The rise of hard-line nationalism in Serbia under Slobodan Milosevic and a similar movement in Croatia led by Franjo Tudjman in the late 1980s and early 1990s posed a grave threat to Bosnia-Herzegovina's unity. Bosnia's own republic government was split among Bosniak (Slavic Muslim), Croat and Serb nationalists. The secession of Slovenia and Croatia in June 1991 upset the delicate balance of power within Yugoslavia. Milosevic conceded Slovenia's independence after a few days, but Croatia's secession touched off a conflict between Croat forces and Serb irregulars supported by the Serb-dominated Yugoslav Army. Bosnian Serb nationalists demanded that Bosnia remain part of a Serbian-dominated Yugoslavia. Bosnian Croat nationalists threatened to secede if Bosnia remained in Yugoslavia.

Bosnian President Alija Izetbegovic, a Bosniak, worried about the possible spread of the conflict to Bosnia, tried to find a compromise solution. However, these efforts were made very difficult by the Milosevic and Tudjman regimes, both of which had designs on Bosnian territory. In addition, Izetbegovic's hand was forced by the European Community (EC) decision in December 1991 to grant diplomatic recognition to any of the former Yugoslav republics that requested it, provided that the republics held a referendum on independence, and agreed to respect minority rights, the borders of neighboring republics, and other conditions. Izetbegovic and other Bosniaks felt they could not remain in a Milosevic-dominated rump Yugoslavia and had to seek independence and EC recognition, even given the grave threat such a move posed to peace in the republic. Bosnian Serb leaders warned that international recognition of Bosnia-Herzegovina would lead to civil war.

In March 1992, most Bosniaks and Croats voted for independence in a referendum, while most Serbs boycotted the vote. In April 1992, shortly before recognition of Bosnia by the European Community and the United States, Serbian paramilitary forces and the Yugoslav Army launched attacks throughout the republic. They quickly seized more than two-thirds of the republic's territory and besieged the capital of Sarajevo. At least 97,000 people were killed in the war.<sup>1</sup>

<sup>1</sup> Associated Press wire service dispatch, June 21, 2007. This estimate is based on a detailed database of war dead and (continued...)

### Bosnia at a Glance

Area: 51, 209 sq. km. (slightly smaller than West Virginia)

Population: 4.6 million (July 2009 est.)

Ethnic Composition: 48% Bosniak (Muslims of Slavic origin), 37.1% Serb, 14.3% Croat, Others 0.6% (2000)

Gross Domestic Product: \$16.96 billion (current exchange rates, 2009 est.)

Political Leaders:

*Bosnian central government*

collective Presidency: Nebojsa Radmanovic (Serb), Haris Silajdzic (Bosniak), Zeljko Komsic (Croat)

Chairman of the Council of Ministers: Nikola Spiric (Serb)

*Republika Srpska (largely Serb entity)*

President: Rajko Kuzmanovic

Prime Minister: Milorad Dodik

*Federation of Bosnia-Herzegovina (largely Bosniak and Croat entity)*

President: Borjana Kristo (Croat)

Prime Minister: Mustafa Mujezinovic (Bosniak)

Source: CIA World Factbook.

Approximately 2.3 million people were driven from their homes, creating the greatest flow of refugees in Europe since World War II. Serbian forces attacked Bosniak and Croat civilians in order to drive them from ethnically mixed areas that they wanted to claim. Croats and Bosniaks were initially allied against the Serbs, but fighting between Croats and Bosniaks broke out in ethnically mixed areas in 1993-1994, also resulting in “ethnic cleansing” by both sides. Bosniak forces also engaged in ethnic cleansing against Serbs in some areas. In addition to the inter-ethnic bitterness it created and the damage it caused to Bosnia’s economy, the war also greatly strengthened organized crime groups and their links with government officials, an important stumbling block to Bosnia’s postwar recovery.

The war came to an end in 1995, after NATO conducted a series of air strikes against Bosnian Serb positions in late August and early September. The strikes were in response to a Bosnian Serb refusal to withdraw its artillery from around Sarajevo after an artillery attack on a Sarajevo marketplace caused many civilian deaths. Bosniak and Bosnian Croat forces, now better equipped and trained than ever before, simultaneously launched an offensive against reeling Bosnian Serb forces, inflicting sharp defeats on them. The Bosnian Serbs agreed to a cease-fire in October 1995, as did the Croats and Bosniaks, after strong international pressure. Serbian President Slobodan Milosevic, Croatian President Franjo Tudjman, Bosnian President Alija Izetbegovic, as well as representatives of the Bosnian Serbs and Croats, met at the Wright-Patterson Air Force base in Dayton, Ohio in November 1995 to negotiate a peace agreement mediated by the United States, the EU, and Russia. On November 21, 1995, the presidents of Serbia-Montenegro, Croatia, and Bosnia-Herzegovina, as well as Bosniak, Croat and Serb leaders in Bosnia, initialed a peace agreement. The final agreement was signed by the parties at a peace conference in Paris on December 14.

Under the Dayton Peace Accords, Bosnia-Herzegovina remains an internationally recognized state within its pre-war borders. Internally, it consists of two semi-autonomous “entities:” the (largely Bosniak and Croat) Federation of Bosnia-Herzegovina and the (Bosnian Serb-dominated) Republika Srpska (RS). Under the accords, the Bosnian Federation received roughly 51% of the territory of Bosnia-Herzegovina, while the Republika Srpska received about 49%.

Each of the entities has its own parliament and government with wide-ranging powers. Each entity may establish “special parallel relationships with neighboring states consistent with the sovereignty and territorial integrity” of Bosnia-Herzegovina. Most powers are vested in the entities; the central government has responsibility for foreign policy, foreign trade and customs policy, monetary policy and a few other areas. Decisions of the central government and parliament are nominally taken by a majority, but any of the three main ethnic groups can block a decision if it views it as against its vital interests. The Federation is further divided into ten cantons, each of which has control of policy in areas such as policing and education.

A U.N.-appointed Office of the High Representative (OHR), created by the Dayton accords, oversees civilian peace implementation efforts. The High Representative is supported by the Peace Implementation Council (PIC), a broad umbrella group of 55 countries and agencies. As the PIC’s size and composition makes it unwieldy for decision-making, the PIC provides ongoing

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missing developed by the Research and Documentation Center Sarajevo. The RDC estimated that the real figure could be increased by about another 10,000, as research continues. Some earlier estimates for the dead and missing, for which the methodological bases were unclear, were over 200,000.

political guidance to OHR mostly through a Steering Board composed of key countries and institutions, including the United States, Russia, France, Germany, Britain, Italy, Canada, Japan, Turkey, and the EU Commission and Presidency.

At a December 1997 PIC conference in Bonn, Germany, the international community granted the High Representative powers (known as the “Bonn powers”) to fire and take other actions against local leaders and parties as well as to impose legislation in order to implement the peace agreement and more generally bring unity and reform to Bosnia. The High Representative also holds the post of the European Union’s Special Representative in Bosnia. A peacekeeping force, at first NATO-led, but led by the EU since 2004, implements the military aspects of the accord.<sup>2</sup>

Since 1997, the United States and other Western countries have pressed local leaders in Bosnia to build the effectiveness and governing capacity of the Bosnian central government. The United States and the EU have maintained that the Dayton institutions have proved to be too cumbersome to provide for the country’s long-term stability, prosperity, and ability to integrate into Euro-Atlantic institutions. Some successes have been scored in this area, including merging the armed forces and intelligence services of the two entities, and creating central government institutions such as border and customs services, and a state prosecutors’ office and ministry of justice. However, even these achievements have required pressure on local leaders or even direct imposition of changes by the High Representative. International efforts have had the support of Bosniak politicians, but usually have faced strong resistance from Serbian ones, as well as from some Croat leaders.

The state consolidation process suffered a serious setback in April 2006, from which it has not recovered. A constitutional reform package pushed by the United States and EU was defeated in the Bosnian parliament by a narrow margin. The relatively modest proposal would have replaced the three-member collective central government presidency with a single presidency, increased the powers of the Prime Minister, and strengthened the central Bosnian parliament.

## **Current Situation**

### **Political Situation**

In recent years, many analysts have expressed concern that the international community’s efforts to stabilize Bosnia are beginning to come apart. The problem became acute after the failure of the constitutional reforms and the October 2006 Bosnian general elections, in which voters chose their representatives to the central Bosnian parliament and to the three-member Bosnian collective presidency, as well as for some entity-level offices. The campaign was notable for its nationalist tone. This rhetorical struggle has continued and intensified in the past few years. One prominent participant in raising the political temperature in Bosnia has been Haris Silajdzic, the Bosniak member of the central government presidency and leader of the Party for Bosnia and Herzegovina. He has condemned the Republika Srpska (RS) as an illegitimate product of genocide. He has called for the abolition of the entities and a stronger central government.

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<sup>2</sup> For the text of the Dayton accords, see the OHR website at <http://www.ohr.int>.

Silajdzic's main antagonist has been Republika Srpska Prime Minister Milorad Dodik. His party emerged with a dominant role in the RS after the 2006 vote. Since then, Dodik has tried to distance the RS from cooperation with Bosnian central authorities and the High Representative. He has stated that the RS reserves the right to secede from Bosnia, although he has stopped short of actually calling for secession. Pressure by the European Union and the United States in 2006 and 2007 to put Bosnia's entity police forces under greater central government control met with sharp opposition by RS leaders, for whom the police are a key power base. In 2008, Bosnian leaders eventually agreed to a less ambitious police reform package that focused on greater coordination between entity police forces.

Some hopes for breaking the deadlock on reforms in Bosnia rose in December 2008. Sulejman Tihic, head of the largest Bosniak party, the Party for Democratic Action; Dragan Covic, the head of the largest Croat party, the Croatian Democratic Community; and Dodik, signed an agreement to amend the Constitution, resolve disputes over state property, and agreed on the terms for holding Bosnia's first post-war census. The agreement excluded Silajdzic, who condemned it. Indeed, Tihic may have pushed for the agreement as part of a long-standing struggle with Silajdzic over leadership of the Bosniak community. Dodik may have seen the agreement as a way to increase pressure for the termination of the Office of the High Representative (OHR).

A follow-up agreement in January 2009 called for the establishment of four unspecified territorial units within Bosnia. It appeared that each ethnic group would have one unit largely under its control, with a separate district for Sarajevo. Observers speculated on whether the agreement appears to scrap the Federation, and sets up a de facto third, Croat entity. The views of the leaders differed on the borders of these units. Dodik remained adamant that the RS will remain as it is, and may gain territory, and expresses indifference to how the rest of Bosnia is divided. Tihic and Covic have raised the possibility of exchanges of territory between three largely Serb, Croat, and Bosniak units.

In February 2009, the Bosnian central government's State Protection and Investigative Agency (SIPA) forwarded a document to Bosnian prosecutors alleging corruption by Dodik and other senior RS officials in the handling of construction contracts. Dodik blamed the charges on an alleged plot by Deputy High Representative and U.S. diplomat Raffi Gregorian to depose him. In what was perhaps a response to the move, Dodik brought the negotiations to a halt on February 21 by demanding that Tihic and Covic recognize a right by the RS to secede from Bosnia. Dodik said he was considering the withdrawal of all officials from the RS from central government institutions and a referendum on independence. The negotiations, known as the Prud process after the place where the talks were first held, eventually lost what little momentum that they had gained.

In March 2009, the Bosnian central parliament approved a constitutional amendment to resolve issues related to the Brcko District. However, since then little progress was made on the constitutional reform or on conditions and objectives set forth by the international community for the closure of OHR.

Bosniak leaders criticized a July 2009 decision by the EU to permit visa-free travel to the EU for Serbia and Macedonia as of January 2010, while continuing to require visas for Bosnia until Bosnia meets EU conditions. As many Bosnian Croats hold citizenship of Croatia (which already enjoys visa-free travel to the EU) and a large number of Bosnian Serbs hold Serbian citizenship, some Bosniaks say they have been isolated and even "ghettoized" by the decision.

In October 2009, the United States and the European Union brokered talks between the leaders of the three main ethnic groups in Bosnia, the Serbs, Croats, and Bosniaks (Slavic Muslims), in an effort to break the deadlock on meeting the conditions and objectives that the international community had set for the closure of the OHR. The talks were also aimed at reforming Bosnia's central government institutions to make them effective enough to allow the country to move closer to joining NATO and the EU. The first meeting was held on October 9 at the Bosnian army base at Butmir, near the capital, Sarajevo. The United States and the EU submitted a draft proposal for reforms. The proposal has not been publicly released, but was almost immediately leaked to the Bosnian press.

According to these press accounts, the reforms would establish the post of Prime Minister in order to raise the profile of the current chairman of the council of ministers of the central government. Three new ministries would be added to the central government. The upper house of the parliament would lose its legislative powers and the number of deputies in the lower house of the parliament would be doubled. The three-person collective presidency (one person from each of the three main ethnic groups) would be replaced with a single president with two deputies. They would be elected by the parliament rather than the voters. The reform document also reportedly suggests the elimination of entity voting in the Bosnian parliament, which permits a majority of representatives of either entity to block the passage of a law, even if they do not form a majority of the parliament as a whole.

At a second round of talks on October 20-21, Dodik flatly rejected the package as proposing too radical a change in Bosnian institutions. He said he would no longer participate in negotiations over it. Bosnian Croat leader Dragan Covic also rejected the package, saying it did not sufficiently address Croat concerns. Bosniak leaders felt the package did not go far enough in strengthening central institutions. In late November, the U.S. and EU issued a revised proposal. Bosniak leaders complained that it was even weaker than the previous draft as a result of the negotiators' efforts to incorporate Serb suggestions. Nevertheless, Serb leaders said that they still did not support the revised draft. Observers warn that the time for effective action this year may be rapidly shrinking (or indeed may have already expired), as campaigning for the Bosnian general elections in October 2010 may make it even less likely that Bosnian leaders will make compromises.

## **Economic Situation**

Bosnia's economic growth has been hampered by Bosnia's cumbersome governing structure, excessively large and expensive government bureaucracies, and long-standing problems with organized crime and corruption. Bosnia's public sector amounts to nearly 50% of the country's GDP. Observers have noted that the Republika Srpska has moved more quickly on economic reforms and has enjoyed high economic growth than the Federation, due to a less cumbersome governing structure in the RS. The Federation has also been plagued by infighting among politicians that has delayed some privatization projects and driven away foreign investors. In contrast, Dodik's hegemony has simplified matters in the RS, while at the same time allegedly fostering high-level corruption.

Nevertheless, despite these problems, living standards have improved in Bosnia in recent years; real wages increased by 44% between 2000 and 2007. Real GDP increased by 30% in the same period, and by 5.4% in 2008. However, the Economist Intelligence Unit estimates that the global economic crisis is expected to cause a drop in GDP of 3.2% in 2009. The EIU projects a GDP growth rate of 1% for 2010. Remittances from Bosnians living abroad amounted to nearly 20% of



GDP in 2006, and may be affected by the downturn, as have falling demand for some of Bosnia's key exports, such as steel and aluminum.

On the other hand, Bosnia may face less of an impact than other eastern European countries because it is less heavily indebted than many countries in the region. The fact that its currency, the convertible mark, is tightly linked to the Euro through a currency board system may help Bosnia to weather global financial shocks. The currency board system has kept inflation relatively low in Bosnia, at a rate of 3.8% in December 2008, on a year-on-year basis. As a result of the economic crisis consumer price inflation dropped to -0.7% in November 2009, on a year-on-year basis.<sup>3</sup>

In May 2009, the International Monetary Fund offered Bosnia a \$1.6 billion loan over three years, if the government can sharply rein in spending. Bosnia has received one tranche of the loan, but a second one has been held up until RS and Federation to trim the cost of government bureaucracies and reduce to cost of veterans benefits. The RS is more likely to meet the conditions than the Federation, where a weaker and more divided government has had trouble standing up to the powerful veterans' lobby.<sup>4</sup> The situation is made even more critical by the fact that loans from the World Bank and budgetary support from the EU are also conditioned on meeting IMF conditions.

## **International Role in Bosnia**

There has been a debate about the future role of the international community in Bosnia. The Peace Implementation Council (PIC) has appeared eager to end the direct international oversight of Bosnia through the OHR. This may partly be due to "political fatigue" after having played such a prominent role in the country for over 13 years. Since 2007, the High Representative has been reluctant to use his wide-ranging Bonn powers to impose legislation and fire obstructionist officials, due to a lack of political support for such actions by leading countries in the PIC. In January 2009, Miroslav Lajcak abruptly announced his resignation as High Representative to become Slovakia's foreign minister. He expressed frustration at the ineffectiveness of OHR's powers. On March 13, 2009, Valentin Inzko, formerly Austria's ambassador to Slovenia, was approved by the PIC as the next High Representative.

The international community's desire to move away from direct oversight may be designed to encourage Bosnian leaders to take greater responsibility for their country. Direct international tutelage will have to be eliminated if the country is to join NATO and the EU, the members of which are all fully sovereign states. The PIC has agreed to close OHR after five objectives have been met. These include a decision on ownership of state property, a decision on defense property; implementing the Brcko Final Award (which made the town of Brcko a self-governing unit within Bosnia); ensuring fiscal sustainability; and entrenching the rule of law. The PIC and OHR have demanded specific action and legislation from the central and entity levels to meet these objectives. Two additional objectives were also set: the signing of a Stabilization and Association Agreement with the EU (already accomplished) and a positive assessment of the

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<sup>3</sup> Milan Cuc, "Bosnia and Herzegovina: On the Road to EU Accession," IMF Survey, December 2008, 199; Economist Intelligence Unit Country Report: Bosnia and Herzegovina, February 2009; Oxford Analytica, "Bosnia: Politicians Ignore First Signs of Downturn," November 6, 2008.

<sup>4</sup> Economist Intelligence Unit Country Report: Bosnia and Herzegovina, January 2010.

situation in Bosnia by the PIC. If OHR is withdrawn, an EU Special Representative will remain, although the post will likely have a small staff and may be limited to an advisory and reporting role, without the powers to veto legislation and remove local officials that OHR has had.

In the past year, the RS leadership has wrangled with OHR and the international community on the OHR's Bonn powers. On May 14, 2009, the RS parliament passed a resolution which said that the parliament will review all powers transferred from the RS to the central government at the direction of OHR since the Dayton Peace Accord was signed in 1995. The resolution said that the RS should launch legal challenges to have the powers returned to the RS. The resolution also called for the High Representative to stop using his Bonn powers. The High Representative, Valentin Inzko of Austria, demanded that the Bosnian Serb parliament retract its May 14 resolution by June 11. The deadline passed with no action by the RS or the High Representative, posing a challenge to his credibility and that of the international community. Bosnian press reports claimed that the United States was in favor of the use of the Bonn powers against the Bosnian Serb leadership in response to the May 14 resolution, but that EU foreign policy chief Javier Solana and some EU countries were opposed. Finally, on June 20, Inzko used his Bonn powers to annul the RS parliament resolution. Dodik and the RS government remained unrepentant after the decision, casting doubt on its real value.

In another battle over OHR's role in December 2009, Inzko extended the role of international judges and prosecutors trying war crimes cases for another three years, after the Bosnian state parliament failed to pass legislation extending their stay. Inzko said that international judges and prosecutors dealing with organization crime and corruption could remain only in an advisory capacity. Nevertheless, the RS parliament passed legislation rejecting the decision. Prime Minister Dodik has called for the parliament to adopt a law permitting the RS to hold referendums. Dodik says that he hopes that the RS will be able to hold a referendum on support for the Dayton Peace Accords as early as February. While seemingly innocuous in the abstract, the referendum may be aimed at discrediting the OHR and undermining any substantial constitutional reform effort. For example, it is the RS government's contention that the Bonn powers are a violation of the Dayton Peace Accords. The RS leadership has also attacked most constitutional reform ideas as being contrary to Dayton.

There has been pressure within the EU to scale back the international military presence in Bosnia. The EU-led peacekeeping force in Bosnia, dubbed EUFOR Althea, has a current strength of about 1,950 troops. Some EU countries have called for a sharp reduction of EUFOR to about 200 troops. They want the force to have exclusively a training and advisory mission, with no peacekeeping functions. Supporters of EUFOR withdrawal may have also been motivated by a desire to ease the burdens on their armed forces, which may have units deployed in Afghanistan and other places. Other EU countries remain concerned about the negative political signal that could be sent by a rapid downsizing of the force at a time when political tensions in Bosnia are high and reforms are foundering.

In January 2010, the European Council issued a statement saying that EUFOR would add the "non-executive" task of support for security sector reform to its mission while retaining its "executive" functions of maintain a safe and secure environment, as needed. Press reports claim that the EU foreign ministers backed away from sharply reducing EUFOR at this stage, due to the lack of progress in reforms in Bosnia. Nevertheless, observers are concerned that some force contributors may withdraw their troops from EUFOR in the future with or without a formal EU decision. Britain and France already have fewer than 10 personnel each in EUFOR.

As direct control declines, the international community expects to continue to encourage reform in Bosnia by providing aid, advice, and the eventual prospect of joining NATO and the EU. In November 2006, NATO leaders invited Bosnia to join its Partnership for Peace (PFP) program, which provides Bosnia with assistance in improving its armed forces and making them interoperable with NATO. At their April 2008 summit in Bucharest, the Allies agreed to upgrade its relationship with Bosnia by launching an Intensified Dialogue. However, the Alliance has stopped short of granting Bosnia a Membership Action Plan (MAP), which is designed to prepare a country for NATO membership. In June 2008, Bosnia signed a Stabilization and Association Agreement (SAA) with the European Union. The SAA offers Bosnia increased aid and advice and recognizes it as a potential membership candidate.<sup>5</sup> However, it is unclear whether these incentives are strong enough for Bosnian leaders to change their policies.

## **U.S. Policy**

The United States has strongly supported Bosnia's integration into Euro-Atlantic institutions. However, the U.S. role in the country has declined in recent years. There have been no U.S. peacekeeping troops in Bosnia since 2004, when a NATO-led peacekeeping force was replaced by the current EU-led force. Some observers have claimed that the U.S. political role in Bosnia has also declined, particularly since the failure of constitutional reforms in 2006, despite strong U.S. pressure on the Bosnian parties at the time. Although the Office of the High Representative is dominated by EU countries, U.S. diplomats play significant roles. The current Deputy High Representative is Raffi Gregorian, an American diplomat. As Deputy High Representative, he has also been in charge of enforcing the Brcko Final Award. If OHR is eliminated, it is unclear what role the United States will play in subsequent EU-led efforts to assist Bosnia's reforms.

The United States provided large amounts of aid to Bosnia in the years after the 1992-1995 war, as the country was rebuilding. However, aid totals gradually declined thereafter, and current US aid to Bosnia is modest. For FY2009, Bosnia will receive an estimated \$29.4 million in aid to promote political and economic reform; \$3.6 million in Foreign Military Financing (FMF), \$1 million in IMET military training funds, and \$1.4 million in Nonproliferation, Antiterrorism, Demining and Related Programs (NADR) aid. For FY2010, the Obama Administration requested \$38.6 million in political and economic aid, \$1 million in IMET, \$6 million in FMF, and \$2.1 million in NADR.<sup>6</sup> The FY2010 State Department-Foreign Operations appropriations language is contained in Division F of P.L. 111-117, the Consolidated Appropriations Act, 2010. The conference report accompanying the measure recommended \$36 million in aid for political and economic reform for Bosnia from the Assistance for Europe, Eurasia, and Central Asia account.

U.S. aid has focused on strengthening state-level institutions in Bosnia. The United States provides assistance to Bosnia's state-level police organizations to fight organized crime and terrorism. U.S. aid also is aimed at improving the functioning of Bosnia's judiciary; improving its border controls; and creating a better legal and regulatory environment for economic growth and investment. The objective of U.S. military aid is to unify Bosnia's military more effectively and improve its capabilities so that it may become interoperable with NATO. Bosnia has dispatched

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<sup>5</sup> For more on Bosnia's progress toward closer ties with the EU, see the EU Commission's November 2008 progress report at [http://ec.europa.eu/enlargement/pdf/press\\_corner/key-documents/reports\\_nov\\_2008/bosnia\\_herzegovina\\_progress\\_report\\_en.pdf](http://ec.europa.eu/enlargement/pdf/press_corner/key-documents/reports_nov_2008/bosnia_herzegovina_progress_report_en.pdf)

<sup>6</sup> FY2010 International Affairs (Function 150) Budget Justification, <http://www.state.gov/f/releases/iab/fy2010cbj/pdf/index.htm/>

ten soldiers to serve as part of the NATO-led peacekeeping force in Afghanistan. Bosnia is planning to send an infantry company of 137 men and a 30-person explosive ordinance disposal platoon to Afghanistan in 2010.

Vice President Joseph Biden visited Bosnia, Serbia, and Kosovo on May 19-21, 2009. In a speech on May 19 to the Bosnian parliament he warned that the “sharp and dangerous rise in nationalist rhetoric” that has occurred in Bosnia since 2006 must stop. He warned that Bosnia faced a future of poverty and possibly even violence if it did not abandon this path.

Biden appeared to tacitly underscore continued U.S. support for the framework of the Dayton Peace Accords by saying Bosnia could integrate into Euro-Atlantic institutions as a state “with two vibrant entities.” However, he said that Bosnia needed a functioning central government that controls the national army, prevails where there is a conflict between central and local laws, has an electoral system that does not exclude any group, has the power to raise revenue, and has the authority to negotiate with the EU and other states to implement its obligations. Biden warned that the United States would not support the closure of OHR until the five objectives and two conditions were met.<sup>7</sup>

Although the Administration has so far declined to appoint a special envoy to the Balkans, as some in Congress and elsewhere have recommended, Deputy Secretary of State James Steinberg participated in the initial rounds of the Butmir talks brokered by the U.S. and EU on Bosnian reforms. Despite its lack of success so far, U.S. officials have touted the reform initiative as a remarkable example of U.S.-EU coordination on policy toward the region

## **Policy Concerns and Issues for Congress**

The international community appears to have decided to reduce its direct role in Bosnia, and indeed to hold out the timetable for that reduction as an incentive for the local parties in Bosnia to make progress on key issues. This is expected to work together with the other main incentive, Euro-Atlantic integration. However, it is unclear whether these incentives are strong enough for Bosnian leaders (particularly Dodik) to change their policies.

Many observers believe a more active use of the Bonn powers by OHR to force changes is unrealistic because it would provoke strong resistance by the RS. OHR would not have the strong backing from many PIC countries (especially Russia) to deal with such resistance, and some believe EUFOR lacks the military capability and political will to deal with unrest. Those favoring a more active international role in Bosnia call for OHR’s closure to be delayed until the objectives laid out by the PIC have been met. They say that the EU Special Representative that will remain after OHR’s closure should be given powers to sanction Bosnian leaders if necessary, as well as power over the disbursement of EU funding to Bosnia. They call for EUFOR to increase its capabilities and to engage in patrolling and other activities to enhance its profile.<sup>8</sup> Given the EU’s recent actions, however, the political will for such a policy appears to be lacking.

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<sup>7</sup> A text of Vice President Biden’s speech can be found at the White House website at [http://www.whitehouse.gov/the\\_press\\_office/Prepared-Remarks-Vice-President-Joe-Biden-Addresses-Parliament-of-Bosnia-and-Herzegovina/](http://www.whitehouse.gov/the_press_office/Prepared-Remarks-Vice-President-Joe-Biden-Addresses-Parliament-of-Bosnia-and-Herzegovina/)

<sup>8</sup> International Crisis Group, “Bosnia’s Incomplete Transition Between Dayton and Europe,” March 9, 2009, at the ICG website <http://www.crisisgroup.org/home/index.cfm>

It is possible that the international community may have encouraged the investigation of Dodik for corruption in order to undermine him politically or put pressure on him to make compromises. However, it is unclear whether Dodik's power could truly be threatened by such actions. In fact, they may have provoked him to take a more confrontational stance instead of compromising. Moreover, it can be argued that Dodik's opposition to a stronger central government reflects the preferences of most Bosnian Serbs, and therefore any successor to Dodik would follow similar policies.

One important consideration is what policy objectives the international community realistically expects to achieve in Bosnia and its analysis of the consequences of failure. Avoiding widespread violence or even the breakup of Bosnia would presumably be the most basic international objective. Large-scale violence would put EUFOR in danger and likely require a U.S. and NATO military response, at a time when forces are severely stretched due to missions in Afghanistan, Iraq, and elsewhere. In addition, neighboring Serbia and Croatia could be pulled into such a conflict. This could also implicate NATO, as Croatia joined the Alliance in April 2009. Increased regional instability could also revive conflict between Serbs and Albanians in Kosovo.

Those who argue that a renewed conflict is unlikely note that the political environment around Bosnia now is completely different than it was during the 1990s. Then, nationalist regimes in Serbia and Croatia tried to cement their support at home by expanding their countries' borders at Bosnia's expense. Now, pro-Western democratic regimes in these countries appeal to their electorates by trying to build prosperous democracies integrated with Europe. This goal would be shattered by renewed war. Bosnia's army is also much smaller now than during the war, with fewer heavy weapons. Some observers assert that police forces, private security companies, and a well-armed population could in principle provide forces for substantial levels of violence. Yet public opinion polls seem to indicate very little support for violence in support of nationalist causes. Most Bosnians appear more concerned about high unemployment (estimates range as high as 40%) and low living standards.

Renewed conflict (if perhaps on a smaller and more localized scale than in the 1990s) would be most likely to occur if the RS attempted to secede from Bosnia and Herzegovina, and Bosniaks tried to prevent such an action by force of arms. Observers are divided on whether the current impasse, caused in part by RS obstructionism, could eventually destabilize the country even without a provocative act such as secession. If the United States and other international actors conclude that such a nightmare scenario is unlikely to unfold, they may continue to follow their current approach, even if it does not bear fruit in the short term, in part due to a lack of alternatives and in part due to their focus on more pressing international issues.

The international community has not considered trying to broker a peaceful breakup of Bosnia. This is despite the possibility that Bosnia's shortcomings as a state may not be primarily due to the inherent flaws of the Dayton accords, the alleged lack of skill of international overseers, or the foibles of particular Bosnian politicians. Instead, it can be argued that many of the failures ultimately stem from a more fundamental problem – the fact that at least a large minority of the population (Bosnian Serbs and many Croats) never wanted to be part of an independent Bosnia. International rejection of partition is in part due to strong opposition by the Bosniaks, who would have the most to lose in such an arrangement. A mainly Bosniak Bosnia would be a small, landlocked country surrounded by less than sympathetic neighbors. In contrast, Bosnian Serb and Croat nationalists would hope for support and eventual union of territories they control with Serbia and Croatia respectively.

The United States and other Western countries may feel that they owe the Bosniaks a lingering moral debt, due to the perceived indecision and tardiness of the international community in averting or ending the 1992-1995 war, in which the Bosniaks were the main victims. Perhaps at least equally importantly, there are concerns that a partition of Bosnia could be destabilizing for the region as a whole, given that Kosovo and Macedonia have ethno-territorial problems of their own. Leaders in the Balkans often look to the example of others in the region as justification for their own positions and actions.

The international community's more ambitious goals include strengthening the central government and encouraging other political and economic reforms in order to bring Bosnia into NATO and the EU. Bosnia's deep-rooted structural problems may prevent rapid success in these areas in the near future, unless NATO and the EU decide to advance Bosnia's candidacies even in the absence of marked improvement in hopes such moves themselves would help stabilize the country.

Some observers have called for the Obama Administration to appoint a special envoy to the Balkans. On February 13, 2009, Representative Howard Berman introduced H.Res. 171, which called for a U.S. "Special Envoy to the Balkans who can work in partnership with the EU and political leaders in Bosnia and Herzegovina to facilitate reforms at all levels of government and society, while also assisting the political development of other countries in the region." The resolution also called on the OHR not to be closed unless the PIC can "definitively determine" that the five conditions and two principles have been met. It also suggests that the EU rethink its plans to draw down EUFOR and should ensure that the EU Special Representative will have the tools to "manage effectively post-OHR Bosnia and Herzegovina." Some observers believe that such an envoy could help to energize what they see as a moribund international effort in the region. Others are skeptical, saying the envoy would unnecessarily duplicate existing efforts, and therefore would find little to do. On May 12, 2009, the House passed H.Res. 171

Some observers have claimed that the RS parliament's resolution attacking OHR was prompted by the passage of the House resolution. Others have claimed that an ongoing corruption investigation of Dodik by central government authorities, which Dodik has charged was prompted by Raffi Gregorian and OHR, was the main cause.

On August 3, 2009, Senator Kerry introduced S. 1559. The bill authorizes U.S. aid for the NATO membership candidacy of Bosnia and Herzegovina (as well as that of Montenegro) under the terms of the NATO Participation Act of 1994 (Title II of P.L. 103-447.) In its Findings section, S. 1559 says that the NATO accession effort can focus efforts to improve the functionality and efficiency of Bosnia's armed forces and the Bosnian state as a whole. NATO membership could reduce regional tensions, according to the language of the bill.

Figure I. Map of Bosnia and Herzegovina



Source: CRS.

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