



# U.S.-MONTENEGRIN POLICY FORUM

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## THE IMPORTANCE OF BALKAN COOPERATION Janusz Bugajski

International cooperation, business investment, economic development, and European Union integration are the key issues for the future of the entire Balkan region. Unfortunately, not all politicians understand the factors that will bring durable stability and eventual prosperity. The postponement in April of a major CSIS conference on Southeast Europe proved a telling example of missed opportunities and shortsighted politics.

The conference generated substantial interest among the American business community and other economic players precisely because it brought attention to the vital importance of regional cooperation and economic development. Having secured the presence of various U.S. business representatives, economic analysts, and the NGO sector, the stage was set for a groundbreaking effort to demonstrate that national leaders throughout the region are looking beyond the immediate political horizon. Unfortunately, while the economic needs are paramount and clear, the political situation in parts of the region is still delicate and uncertain.

Major decisions are pending, particularly over the future of Serbia and Kosova, and local officials remain preoccupied with handling domestic political issues and their countries' evolving international status. But beyond their immediate concerns, there appears to be a lack of planning and preparation for the post-status future, especially in Belgrade and Prishtina.

Serbian leaders seem fearful to leave their capital. The issue of fugitive General Ratko Mladic is sparking political fallout and a government crisis domestically, while internationally Belgrade confronts probable international isolation and a diplomatic crisis. The EU has suspended the Stabilization and Association Process with Serbia and officials may calculate that a journey to Washington at this critical time could expose them to severe criticism and censure.

In addition, Serbian leaders remain fearful of sitting around a table with Kosova's elected government in case this is perceived back home as recognition of the emerging state and its leadership. Hopefully, once the Mladic issue is resolved and Montenegro decides on its final status, officials in Belgrade will be able to take the high ground. They must then decide

whether they have a vision for the future of Serbia as a center for commerce and regional cooperation rather than a cauldron of regional instability.

Kosovar leaders are so preoccupied with the independence decision that they do not appear to be looking beyond the trees. Their focus should be on generating foreign investment and creating the conditions for entrepreneurship and business development. If Kosova itself is not to become isolated during its independence process, Prishtina must offer foreign companies the conditions to invest and it must demonstrate to its neighbors that it can become a hub of Balkan commerce and not another source of territorial conflict.

In contrast, Montenegrin officials demonstrated a far-sighted understanding of the importance of economic development and cooperation among Balkan states. Despite the approaching independence referendum and the associated preparations and campaign tensions, the government in Podgorica showed commitment to transcend its own status question. A high level Montenegrin delegation was eager to sit at the table and seek to facilitate EU integration, economic cooperation, and business development in Southeast Europe. Montenegro does not share its neighbors' irrational fear that economic cooperation in the region would lead to a new version of Yugoslavia.

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The European Commission recently tabled a proposal for a free trade agreement between all non-EU states in the region to replace the existing multitude of confusing and stifling bilateral arrangements. The EC also proposed assistance for establishing small businesses and promoting other initiatives for the free movement of labor and capital.

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The EU approach makes perfect sense and should not be seen as a substitute for Union accession for any Balkan country. Indeed, any economic boost in the region will give ammunition to those voices in the EU who are pushing for the incorporation within the enlarged Union of all former Yugoslav federal units. They will contend that national leaders are applying European standards in preparation for eventual economic integration into the EU.

Unfortunately, if the region is preoccupied with political questions and historical claims then it will remain stationary. Stagnation and conflict will simply assist those in the EU who resist any further Union expansion on the grounds that the Balkan countries are too unstable and unpredictable to enter for the foreseeable future.

With final status for all three remnants of Yugoslavia to be decided this year, the stage will be set for the next phase of development, where economic cooperation in areas such as trade, energy, and infrastructure runs parallel with the process of "Europeanization." This will help position business and economic leaders to engage in a more focused and productive discussion in the fall.

The upcoming CSIS conference in October 2006 will highlight the imperatives of economic cooperation and business investment and will generate positive recommendations for the entire region. In the region itself, it is those politicians and businessmen who understand how prosperity is generated and how the EU operates that will be at the forefront of the next stage of regional development and will increasingly assume political leadership.

## DECISION TIME IN MONTENEGRO

### By Milena Staneva

With Montenegro's referendum less than two weeks away, tensions among political parties and within the population have heightened, while external factors have contributed to emphasizing the significance of the upcoming ballot. The anticipated EU decision to suspend talks for a Stabilization and Association Agreement (SAA) with Serbia-Montenegro due to Belgrade's non-compliance with the ICTY underscores the need to resolve the final status of the two constituent states. Montenegro's future is once again held hostage by Belgrade's inability to reach domestic political consensus and comply with European values.

Furthermore, both Serbian leaders and pro-union politicians in Montenegro have continuously stressed that should the republic become independent, Belgrade would retaliate by maltreating Montenegrin citizens in Serbia and perhaps imposing higher medical and education fees. These statements further reinforce not only the fact that Serbia seeks to control and intimidate Montenegro, but also that pro-union politicians are ready to accept the

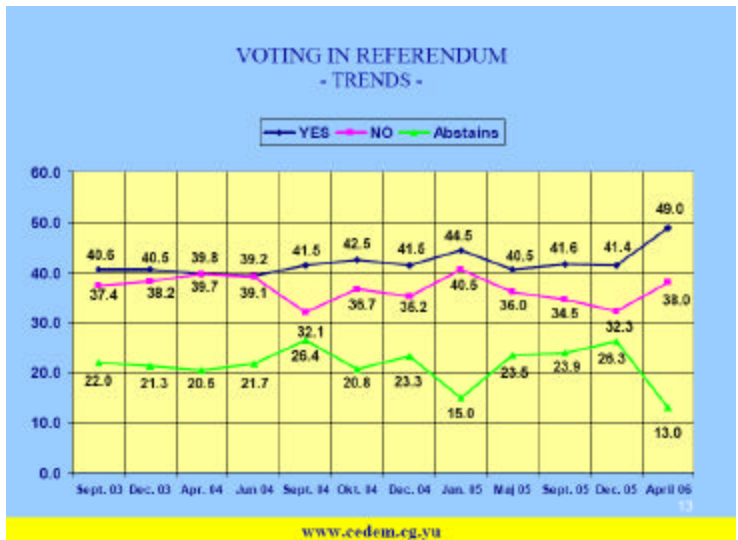
notion that Belgrade holds more power in deciding their country's fate.

At the height of campaigning, the opposition in Montenegro warned that dissolving the Union of Serbia and Montenegro would lead to regional divisions and minority oppression. Meanwhile, Prime Minister Milo Djukanovic's government passed a Declaration on Relations with Serbia, which states that an independent Montenegro will be a multiethnic, democratic state with positive relations with Belgrade.

Belgrade's failure to deliver Mladic to The Hague, coupled with the opposition's subservient acceptance of Serbia's domination, have led to a substantial boost for the pro-independence bloc. Many Montenegrins now see their European fate only possible if they cast a vote to break away from the Union, in which they will always be treated as second-class citizens.

The latest opinion polls indicate a steady increase in support for independence, surpassing the 55 percent threshold set by the EU. As illustrated in the chart below, when discounted for the respondents who do not plan to vote, the survey conducted by CEDEM resulted in 56.3 pro-independence and 43.7 percent pro-union. The poll results have to account for a possible margin error of 2 percent, so they are not conclusive predictions of the independents' victory, but they indicate an increase in support for independence. The suspension of SAA talks, the potential government crisis in Belgrade, and the negative campaign led by the pro-union bloc have all triggered the recent upsurge in backing for freedom and self-determination.

If on May 21 Montenegrins decisively choose independence, there is little that Serbia can do. Should Belgrade try to retaliate through political or economic instruments, this would harm Serbia much more than it would harm Montenegro.



*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; Milena Staneva, Research Associate, and Besian Bocka, Research Intern. For more information, please contact the CSIS Eastern Europe Project at [NEDP@csis.org](mailto:NEDP@csis.org) or (202) 887-0200 Ext. 3398.

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