

**MONTENEGRO:
SETTLING FOR INDEPENDENCE?**

28 March 2001

Table of Contents

EXECUTIVE SUMMARY AND RECOMMENDATIONS	i
I. INTRODUCTION.....	1
II. AN UNSUSTAINABLE STATUS QUO.....	2
A. The Federal Parliament.....	2
B. The Federal Government	3
C. Foreign Relations.....	3
D. The Federal Constitutional Court.....	4
E. Economic Policy	5
F. The Yugoslav Army	6
III. OPTIONS.....	8
IV. THE STAKES	14
A. The Risk of Unrest in Montenegro	15
B. The Impact on Serbia	19
C. The Impact on Kosovo	19
D. The Domino Effect	20
V. OUTLOOK	21
VI. A NEW RELATIONSHIP	24
VII. CONCLUSION: INTERNATIONAL ENGAGEMENT	26
APPENDICES	
A. About the International Crisis Group	
B. ICG Reports and Briefing Papers	
C. ICG Board Members	



MONTENEGRO: SETTLING FOR INDEPENDENCE?

EXECUTIVE SUMMARY

International relief at the fall of the regime of Slobodan Milošević has been marred by dismay at the prospect of a breakaway from the Federal Republic of Yugoslavia (FRY) by Montenegro. As long as Milošević was in power, the international community supported Montenegro's moves to distance itself from Belgrade. With Milošević gone, it was widely expected that Belgrade and Podgorica could patch up their relationship, and find a satisfactory accommodation within the framework of the FRY. Montenegrin President Milo Djukanović's decision to opt instead for independence has caused international consternation.

The FRY has long since ceased to function in any meaningful sense. Over the past three years, Montenegro and Serbia have, for all intents and purposes, come to operate as separate states. This was in large part due to actions by Belgrade that ended meaningful Montenegrin participation in joint, federal institutions. In response, Montenegro took over the functions which notionally belonged in the federal domain. The governing parties in Montenegro have not participated in the federal parliament since 1998, and they boycotted the September 2000 federal elections that brought defeat to Milošević. The principal pro-Yugoslav party, the Socialist People's Party (SNP), does participate at the federal level, and is a member of the coalition that governs FRY. Montenegro's governing parties do not recognise the legitimacy of the federal authorities for Montenegro, insisting that they represent only Serbia.

The Montenegrin government and FRY President Vojislav Koštunica have presented different proposals to change the relationship between Montenegro and Serbia. In August 1999, the Montenegrin government adopted a "Platform" that envisaged a very loose union, in a single state, with limited joint functions in areas such as monetary policy, defence and foreign policy. In December 2000, a revised platform was presented by Djukanović's Democratic Party of Socialists and its coalition partner, the smaller Social Democratic Party (SDP). This differed from its predecessor in the key respect that it envisaged a union of two independent states, with separate international subjectivity and two UN seats. In response, in January 2001 Koštunica issued a counter-proposal for a functioning federation, with considerable powers devolved to the two republics. Koštunica's proposal was endorsed by Serbia's ruling Democratic Opposition of Serbia (DOS).

Initial attempts at negotiation between Belgrade and Podgorica proved fruitless, sticking on the question of a single-state or a two-state solution. However, many of the issues to be addressed in defining a future relationship remain the same, whatever shape that relationship will take. These include the practicalities of putting in place a single market and a currency union, co-ordination over taxation and competition policy, and education and healthcare provision. A more constructive approach would be to discuss how such

matters would be dealt with in future. Belgrade and Podgorica should be encouraged to begin negotiations on such areas of common interest as soon as possible, and before any referendum on independence for Montenegro. They should start by defining points of crucial concern to each side. For example, it is important for Montenegro to ensure that all security forces in the republic should be under its control, so it will never again be subject to threats from Belgrade.

The international community has made clear its opposition to Montenegrin independence moves. This opposition has largely been ineffectual, and has not deflected the Montenegrin government. Whether or not Montenegro will become independent will depend on domestic factors, in particular the performance of the pro-independence parties in parliamentary elections scheduled for 22 April 2001.

International opposition has been based on fears that independence would destabilise both Montenegro and the region. Such fears are probably exaggerated. With Milošević removed, the threat that Belgrade might use force to prevent Montenegro's departure has all but disappeared. Without support from Belgrade, any in Montenegro who might wish to resist Montenegrin independence other than through political means would have little prospect of success. SNP leaders have in general participated constructively on the Montenegrin scene, and deny any intention of opposing independence other than politically.

Fears of wider regional destabilisation also seem exaggerated. While Kosovo Albanian leaders would welcome Montenegrin independence and the ending of the FRY that that would imply, they say there would be no immediate consequences for Kosovo. Kosovo has to establish functioning institutions and prepare for self-government before its final status can be resolved. The question of that status needs to be resolved by the international community irrespective of what Montenegro does. Fears of a possible domino effect, with Montenegrin independence encouraging separatism among the ethnic-Albanian community in Macedonia and among Serbs and Croats in Bosnia are similarly misplaced. As a full republic of former Yugoslavia, Montenegro's position is rather analogous to that of Slovenia and Croatia, with the exception that Montenegro's departure should not be expected to bring serious instability, domestically or regionally.

The key international interest is not served by heading off Montenegrin moves towards independence, but rather by achieving a solution, whatever it may be, that does not undermine stability in the region, and may in the longer term be most likely to enhance it. The international community should adopt a neutral stance as to the final outcome. In the mean time, it should be ready to assist Montenegro and Serbia in working out the details of their future relationship. It should also be ready to appoint a high-level mediator or facilitator to help them reach agreement on their final status, perhaps under the auspices of the OSCE.

RECOMMENDATIONS

1. The international community should discontinue its approach of pressurising Montenegro into abandoning the aspiration for independence. On the issue of the status of Montenegro and the future relationship with Serbia, the international community should adopt a neutral stance, and should be prepared to accept whatever arrangement Serbia and Montenegro decide upon.

2. The international community should continue to assist Montenegro with aid and technical support for reforms. Assistance should be conditional on progress in carrying out reforms, and should not be linked to the issue of Montenegro's status.
3. International organisations, including the international financial institutions, should explore ways of enabling Montenegrin access to them whether Serbia and Montenegro resolve their relationship as two states or as one.
4. The international community should encourage both Belgrade and Podgorica to engage in meaningful negotiations about their future relationship.
5. Belgrade and Podgorica should immediately begin discussions on the detailed, functional issues involved in any future relationship, irrespective of what form that relationship might take. Such issues include areas in which both have stated that they would like to cooperate, including defence, foreign policy and monetary policy.
6. The EU should be ready to assist Serbia and Montenegro in its efforts to devise appropriate arrangements in such areas in which joint approaches are envisaged. These include a single market, a customs union, taxation, competition regulation etc.
7. The international community, perhaps under the auspices of the OSCE, should be ready to appoint an experienced, high profile mediator or facilitator to help Serbia and Montenegro resolve the issue of their final status.
8. The authorities in Belgrade should be prepared to accept the possibility of Montenegrin independence, and should engage constructively with the Montenegrin government to define their future relationship.
9. The Montenegrin government should enter into serious negotiations with Belgrade about the future relationship before holding an independence referendum.
10. The Montenegrin authorities should adhere strictly to the constitutional procedures regarding a change in the republic's status, including the requirement for a two-thirds parliamentary majority.
11. All parties in Montenegro should work to ensure a calm and constructive environment in which citizens can freely decide on the future of the republic.
12. The Montenegrin authorities should ensure that the election campaign and any subsequent referendum campaign is conducted in a free and fair manner, with particular attention to the campaign coverage in state media. Any tendency for the incumbent to have an advantaged position in the news reporting in state media should be eschewed.
13. The anti-independence political parties in Montenegro should continue to participate constructively in political life, and should reject the idea of a boycott of a referendum over their dissatisfaction with the referendum law.



MONTENEGRO: SETTLING FOR INDEPENDENCE?

I. INTRODUCTION

Since the fall of the regime of Slobodan Milošević in October 2000, the new authorities in Belgrade and the international community have been faced with the prospect of a breakaway from the Federal Republic of Yugoslavia (FRY) by the federation's junior partner, Montenegro. The prospect has widely been seen as unwelcome. Ever since a split in the Montenegrin ruling party in 1997, the small coastal republic has, under the leadership of President Milo Djukanović, increasingly distanced itself from Belgrade. As long as Milošević remained in power, the international community encouraged this development. It provided Montenegro with significant financial as well as diplomatic support, in an effort to shore up the position of Djukanović's government in the face of the threat of a crackdown by Milošević.

However, while the United States and the EU supported Montenegrin moves to distance the republic from Milošević's regime, they consistently opposed any move towards a formal break with the Yugoslav federation. That Djukanović was content to comply with this wish in part reflected the fear that any such move might have provoked a violent response from Milošević. In Western capitals, as well as among opponents of Milošević in Belgrade, it was widely assumed that the deterioration in relations between Belgrade and Podgorica was largely due to Milošević. Thus it was hoped that once Milošević was removed, Montenegro's grievances could be addressed within the framework of the Federal Republic of Yugoslavia (FRY).

However, following the end of Milošević's rule, rather than rebuilding the bridges with Belgrade, Djukanović opted to move towards formalising the independence that Montenegro had in practice already established, and to seek, following a referendum, international recognition of Montenegro as a fully independent state. This turn of events brought much anxiety in Western capitals, and both the EU and the United States made clear their preference for a solution to be found within the FRY.

Western worry focused on a number of concerns about the potential consequences of a Montenegrin independence move.

- First, given the divisiveness of such a step within Montenegro and the continued strength of opposition to independence, particularly in certain areas of the country, it was feared that such a radical step might have destabilising consequences for the republic, and could even lead to violent conflict.
- Secondly, there was concern that the break-up of the FRY at this stage might undermine the fragile development of democracy within Serbia.

- Thirdly, the end of the FRY, it was contended, would complicate efforts to resolve the status of Kosovo and might lead to unilateral steps by Kosovo Albanian leaders to confirm the province's own independence.
- Fourthly, it was feared that Montenegrin independence could start off a "domino effect", in which first Kosovo, and then Macedonia and Bosnia and Herzegovina would suffer negative consequences. Specifically, it was feared that precipitate moves towards Kosovo independence would encourage separatism among Macedonia's large Albanian minority and among the Serbs of the Republika Srpska.

This report presents an examination of the current state of affairs in Montenegro and the options for its future. It weighs up the extent of the risks summarised above and argues that the key international interest is not served by heading off Montenegrin moves towards independence, but rather by achieving a solution, whatever it may be, that does not undermine stability in the region, and may in the longer term be most likely to enhance it. The report suggests ways in which the international community could constructively contribute to finding a solution of this kind between Podgorica and Belgrade.

The report argues that, whatever the outcome, a negotiated settlement between Podgorica and Belgrade would be the most satisfactory way of determining Montenegro's status. It discusses some of the practical areas that will need to be resolved in any relationship between Montenegro and Serbia, and suggests that by focusing on such practical issues it should be possible to proceed from areas of common interest to Montenegro and Serbia. In this way, it should be possible, whatever the outcome of negotiations, to ensure that the future relationship between the two republics will be on a satisfactory footing, acceptable to both.

II. AN UNSUSTAINABLE STATUS QUO

The FRY has long since ceased to function in any meaningful sense. Over the past three years, Montenegro and Serbia have, for all intents and purposes, come to operate as separate states. This process in large part came about due to actions by Belgrade that effectively ended meaningful Montenegrin participation in joint, federal institutions.¹ In response, Montenegro increasingly took over the functions which notionally belonged in the federal domain.

A. The Federal Parliament

Parties belonging to Montenegro's ruling coalition government, Djukanović's Democratic Party of Socialists (DPS) and the Social Democratic Party (SDP), as well as the People's Party (NS), which quit the ruling coalition in December 2000, do not participate in the federal parliament. This has been the case since Montenegro's parliamentary elections in 1998, in which Djukanović's then three-party "For a Better Life" (DŽB) coalition was victorious. Following that election, Belgrade did not accept the nomination of new Montenegrin representatives to

¹ On the process and legal effects of Montenegro's exclusion from federal institutions and its disassociation from Yugoslavia, see ICG Balkans Report N° 101, *Current Legal Status of the Federal Republic of Yugoslavia (FRY) and of Serbia and Montenegro*, 19 September, 2000.

the federal Chamber of Republics (the upper house of the federal parliament) so as to reflect the new political reality in Montenegro. In response, DŽB ceased all participation in the federal parliament. The only Montenegrin parties which continued to participate in the federal assembly were the pro-Milošević opposition parties, most notably the Socialist People's Party (SNP), which was formed in 1998 following the split in the DPS.

Following changes to the federal constitution pushed through by Milošević in July 2000, which had the effect of undermining Montenegro's constitutionally equal status in the federation,² Montenegro's governing parties opted not to participate in the federal elections in September 2000, in which Milošević was defeated. Thus while the Montenegrin government welcomed the defeat of Milošević, the governing parties do not recognise the federal parliament as having any legitimacy for Montenegro. The opposition SNP and the Serbian People's Party (SNS, an off-shoot of the NS), which participated in the September 2000 federal elections, on a turnout of less than 25 per cent in Montenegro, hold the parliamentary seats allocated to Montenegro at the federal level.

B. The Federal Government

According to the federal constitution, if the federal president, as is the case with both Milošević and the victor of the September 2000 presidential election, Vojislav Koštunica, comes from Serbia, then the prime minister must come from Montenegro. After the split in the DPS in 1998, the then SNP leader, Momir Bulatović, was appointed as federal prime minister. Bulatović acted as a puppet of Milošević, and the ruling parties in Montenegro were excluded from power at the federal level.

After the ouster of Milošević, and given the boycott by the governing parties in Montenegro of the federal elections, the victorious Democratic Opposition of Serbia (DOS) also turned to the SNP to form a federal government with a majority in the federal parliament. An SNP vice-president, Zoran Žižić, was appointed as federal prime minister. This was despite objections from the Montenegrin government that the SNP could not legitimately represent Montenegrin interests. The Montenegrin authorities continue to regard the federal government as being representative only of Serbia.

C. Foreign Relations

Montenegrins, especially those loyal to Djukanović, had, under Milošević, long been marginalised in the FRY diplomatic service. Since the end of Milošević's rule, the SNP has, as a coalition member in the federal government, been given the opportunity to nominate candidates for a number of senior diplomatic posts reserved for Montenegrins.³ It remains the case, however, that official Montenegro is not represented by FRY diplomacy. Determined to pursue its own foreign relations, the Montenegrin government has set up a number of trade and representative missions in major Western as well as regional capitals. It explicitly

² For a detailed analysis of the constitutional changes, see ICG Balkans Report N° 101.

³ According to *Vijesti*, 16 March 2001, the federal foreign affairs ministry rejected eleven out of twelve initial SNP nominees for senior diplomatic posts, citing the candidates' unsuitability on various grounds.

denies the right of FRY diplomatic representatives to speak on behalf of Montenegro.⁴

Following the democratic changes in Belgrade, the FRY was speedily admitted to several international bodies, including the UN, the OSCE, the IMF and the Stability Pact for South-Eastern Europe (in which Montenegro also has special representation). The international favour in which the new authorities in Belgrade basked placed Podgorica in an awkward position. With Milošević gone and with Western governments showering approval on the new authorities in Belgrade, Djukanović's administration found that the international support that it had enjoyed as an adversary of Milošević rapidly melted away. Rather, as the Montenegrin government charted a course towards full independence and continued to deny the right of Belgrade to represent Montenegrin interests, Djukanović found that he and his government were cast in the role of spoilers and troublemakers. This appeared most starkly in the refusal of US Secretary of State Colin Powell to meet Djukanović during a visit by the Montenegrin president to Washington, in contrast to his predecessor, Madeleine Albright, who met Djukanović on several occasions.⁵

Despite such rejections, the Montenegrin government remains determined to conduct its own, independent foreign policy. The acceptance of FRY into international bodies notwithstanding, FRY diplomacy effectively represents only Serbia, and there is no joint FRY foreign policy in any meaningful sense.

D. The Federal Constitutional Court

The federal Constitutional Court was for many years politically beholden to Milošević's regime. For example, it was seen as treating similar moves by the Montenegrin and Serbian parliaments inconsistently. In a dispute in 1998 between the SNP and the Montenegrin government over changes to the system for selecting Montenegrin delegates to the federal Chamber of Republics, the Court sided with the SNP. It declared as unconstitutional the introduction in Montenegro of the system whereby the majority in the Montenegrin parliament would select all of Montenegro's delegates to the Chamber (previously representation had been in proportion to parties' shares of seats in the Montenegrin parliament). Yet in 1993 the Court had deferred a similar move by the Serbian parliament to the Serbian Constitutional Court, holding that, according to the federal constitution, this was a matter to be decided at the level of the republics.

A decision by the Court in March 2001 that Montenegro's referendum law, which had been adopted the previous month, was unconstitutional was seen in Montenegro as fresh evidence of the pro-Belgrade bias of the Court. The Court ruled as unconstitutional the provision that only citizens with a minimum two-years residence in Montenegro could participate in a referendum. A member of Montenegro's Constitutional Court, Blagota Mitrić, responded that, in the first place, the federal Court was interfering with a matter for which, according to the federal constitution, the republic's Constitutional Court was responsible. And even

⁴ For example, statement by Montenegrin Foreign Minister Branko Lukovac, reported in *Vijesti*, 25 October 2000.

⁵ See article in *The New York Times*, 2 February 2001, "In Test of Troubled Waters, Powell Rebuffs Montenegrin".

if the federal Court were competent to rule on such matters, it had not adhered to the correct procedures, such as the requirement first to raise contentious issues with the republic's parliament. Mitrić repeated the charge that the federal Court had lost credibility because of the inconsistency in its approaches towards Serbia and Montenegro.⁶ The leader of the pro-Yugoslav NS, Dragan Šoc, while stressing that the NS supports the right of Montenegrins resident in Serbia to participate in a referendum, expressed doubt as to the legality of the federal Court's ruling, especially given that similar qualifications had already existed in both Montenegro and Serbia. He reportedly added that the "ruling of the federal Constitutional Court will not carry the same weight as it would if that Court had not compromised itself through its past political activities on behalf of Slobodan Milošević, that is, by remaining silent in the face of that regime's open violations of the constitution".⁷

E. Economic Policy

By a series of measures, Montenegro has taken control over the key instruments of economic policy. Again, this was in large part a response to actions by Belgrade. Following the exclusion, in 1999, of Montenegrin officials from the work of the Yugoslav central bank, in November of that year Montenegro introduced the D-Mark as a parallel currency with the Yugoslav Dinar, and set up a "Monetary Council of the National Bank of Montenegro" to oversee monetary and foreign currency policy for Montenegro. Belgrade followed this step with the termination of electronic payments between the two republics through the centralised payments system. In November 2000 the dual-currency system was ended, and since then only the D-mark is legal tender in Montenegro. Also in November 2000, a law on Montenegro's central bank was passed.⁸ Given that Montenegro uses the currency of another country, it has effectively opted not to run its own, independent monetary policy. However, importantly, the central bank law establishes the mechanisms according to which a Montenegrin central bank will regulate the banking sector in Montenegro.⁹ More recently, the National Bank of Yugoslavia has moved to re-establish a payments system between Serbia and Montenegro (as well as Kosovo). Settlements between the two republics will be in D-Marks.¹⁰

The Montenegrin authorities have, since 1999, controlled Montenegro's borders and customs administration. During 1998, the federal authorities ceased making transfers of revenues from sales and excise taxes that were due to the Montenegrin budget, prompting Montenegro to take control over revenue sources in the republic, and to pay them directly into the republic's budget.¹¹ In measures adopted in February and March 2000, Serbia imposed a trade blockade against Montenegro. In June 2000 the Montenegrin government adopted measures

⁶ *Vijesti*, 15 March 2001.

⁷ Report by the SRNA news agency, carried by *BBC Worldwide Monitoring*, 14 March 2001.

⁸ *Bloomberg News*, 10 November 2000.

⁹ Discussion of the Central Bank Law in *Montenegrin Economic Trends (Monet)* 2, July 2000, produced by the Institute for Strategic Studies and Prognoses, Podgorica, and the Centre for European Policy Studies (CEPS), Brussels.

¹⁰ *Vijesti*, 8 March 2001.

¹¹ Report by the UN OCHA sub-office in Podgorica, 10 June 2000, "The Humanitarian Impact of Serbian Trade Restrictions Against Montenegro".

formally to take over all matters relating to the regulation of foreign trade and customs.¹²

While Serbia's blockade of Montenegro has been discontinued, as Montenegro took control of its own foreign trade policy, it opted for a more open policy, with lower tariffs than those imposed by Serbia. Thus, while a free trade regime operates for goods originating in either Montenegro or Serbia, in February 2001 Belgrade began to establish customs controls on the border with Montenegro (as well as the border with Kosovo) for goods being re-exported from Montenegro, so as to protect itself from goods that had entered Montenegro at that republic's lower tariffs. Reports of plans for federal customs officials to return to Montenegro's external borders met with a vigorous insistence by Montenegro's trade minister, Ramo Bralić, that Montenegro's customs system would remain in Montenegrin hands.¹³

Montenegro has received international technical assistance in many areas in order to help advance democratic and market-oriented economic reform. Reforms have, of necessity, proceeded most quickly in areas connected with Montenegro's assertion of its control over matters previously in the competence of the federal authorities, such as the banking sector and customs regulation. International technical assistance in such areas, which clearly contributed to Montenegro's distancing itself from Belgrade and the establishment of its de facto independence, would seem to be inconsistent with official international discouragement of independence moves. In effect, the international community has itself contributed to and encouraged the dissolution of FRY jurisdiction in a number of key areas.

F. The Yugoslav Army

The one remaining important area in which federal authority continues to apply in Montenegro concerns the presence of the Yugoslav Army (VJ). As long as Milošević remained in power the presence of the VJ was seen as a threat by the Montenegrin government, amid fears, fed by menacing statements by senior VJ officers, that the army might be used to attempt a crackdown against the disobedient republic. From 1998 until the fall of Milošević, Djukanović was excluded from the work of the Supreme Defence Council, which comprises the federal president and the presidents of Serbia and Montenegro. Thus the Montenegrin authorities were excluded from decision-making concerning the activities of the VJ, which was seen by the Montenegrin government as a potentially hostile force. Especially menacing was the formation of a locally recruited force within the Yugoslav army, the Seventh Battalion of the Yugoslav Army military police. This force was recruited mainly from among SNP supporters, and was regarded by the Montenegrin authorities as a political force, which could be used to foment trouble in Montenegro prior to a crackdown.

Since Milošević's departure, steps have been taken to reassure the Montenegrin government. On 25 December 2000 Djukanović attended a session of the Supreme Defence Council for the first time since 1998. At this meeting, a number of personnel changes were made in the military stationed in Montenegro, including the removal of the commander of the Second Army (whose area of

¹² *Vijesti*, 16 June 2000.

¹³ *Vijesti*, 17 February 2001.

responsibility includes Montenegro), General Milorad Obradović. It was also reported that the disbanding of the Seventh Battalion was ordered at the session.¹⁴ The VJ's chief-of-staff, General Nebojsa Pavković has asserted, in contrast to the menacing signals emanating from the military (including from Pavković himself) under Milošević, that the army will not interfere in Montenegro's decision over its future status.¹⁵ Nevertheless, while the VJ may not be regarded as a security threat to Montenegro as it once was, its presence remains, from the Montenegrin government's perspective, the most important respect in which Montenegro has yet to establish full control over its territory.

As described above, the erosion of the FRY's federal institutions is such that the federal Yugoslav state is for all practical purposes dysfunctional. In the terms applied to the former Socialist Federal Republic of Yugoslavia (SFRY) by the then European Community's Arbitration Commission (chaired by Robert Badinter of France) in 1991, the FRY can be considered to be in a state of dissolution. Montenegro, not having formally declared independence, is not a fully independent state, but neither is it any longer an integrated part of the FRY.¹⁶

Indeed, as described above, the dynamic in Montenegro has been in the direction of asserting its de facto independence. When, in January 2001, the federal government established an office in Podgorica, it was widely seen, in Serbia as well as Montenegro, as little more than a means for the SNP to gain federal funds and equipment (computers etc.) for its political purposes in Montenegro.¹⁷ As to the stated aim of the office, to bring the federal government closer to the people of Montenegro, for most practical purposes the federal authorities have negligible impact upon the lives of Montenegrins.

Thus whatever solution is decided upon for the future relationship between Montenegro and Serbia, it is practically meaningless to present the choices available as being between the current status quo and some as yet to be decided arrangement. The status quo, in the shape of the FRY as it has existed since 1992, is dysfunctional and unsustainable. As a result, both Montenegro and Serbia are caught in a constitutional limbo which is debilitating to the efforts of either to resolve the huge problems that they both face. Montenegro and Serbia need to define a new relationship, whether that be within a single state or between two separate states.

¹⁴ *VIP Daily News Report*, 27 December 2000. N.B. In late March 2001, Pavković announced that the Seventh Battalion would be disbanded by the end of the month (*VIP Daily News Report*, 26 March 2001. Elements of the Seventh Battalion have been redeployed to southern Serbia, near the administrative border with Kosovo.)

¹⁵ *VIP Daily News Report*, 17 January 2001.

¹⁶ For an analysis of the current status of Montenegro and of the FRY, see ICG Balkans Report N° 101

¹⁷ Reports in *Vijesti*, 30 January and 31 January 2001.

III. OPTIONS

Proposals for the re-ordering of the relationship between Montenegro and Serbia have come both from the Montenegrin government and from Belgrade. In August 1999, the Montenegrin government adopted a "Platform" which proposed the transformation of Yugoslavia into a loose confederation of two equal partners.¹⁸ According to this proposal, the two republics would be "sovereign" states,¹⁹ linked only loosely, with a common currency and some joint responsibilities in such areas as foreign affairs and military matters. Even in areas left to the federation, powers were to be strictly limited. For example, the president of each republic would command military units stationed in that republic and appoint military commanders of them. However, crucially, this proposal envisaged a single state, with one UN seat etc., albeit with very limited powers at the central level.

Since the adoption of the Platform in August 1999 events have moved on. As described above, the Montenegrin authorities were, as long as Milošević remained in power in Belgrade, excluded from participation in federal institutions. Montenegro was also subjected to repeated threats from Belgrade and from the VJ. As Montenegro took on responsibility for its own affairs, full independence increasingly came to be seen as a realistic option. Thus, following the end of Milošević's rule in Serbia, rather than seeking to rebuild the broken ties with the federation, as many in Serbia and internationally had expected, the Montenegrin authorities adopted a new position in favour of full independence as an internationally recognised state. Having distanced themselves so far from Belgrade, and with the risks associated with an independence move now considerably diminished, Djukanović and the DPS are loath to go back.²⁰

Following the changes in Serbia, two of the parties in Montenegro's ruling coalition, the DPS and the SDP, prepared a revised Platform, which was officially adopted on 28 December 2000.²¹ This new Platform is similar to that of August 1999 in that it too envisages a loose association between Montenegro and Serbia, with joint institutions, a common currency and cooperation in the fields of foreign affairs and defence. However, the crucial difference between the two documents lies in the fact that the more recent of them envisages a union between two fully independent states, each with its own, separate international subjectivity.

Koštunica reacted, on 10 January 2001, with a counter-proposal for a revived, "functioning" federation, with limited central powers.²² A few days later his proposal was endorsed by DOS. Koštunica's proposal envisages federal institutions with responsibility in such areas as defence, foreign affairs, the economy, communications and the protection of basic rights and freedoms. It

¹⁸ "The Basis for Defining the New Relationship between Montenegro and Serbia".

¹⁹ The term "sovereignty" in this context did not mean recognition as a fully independent international entity. "Sovereignty" in the Yugoslav context refers to the sovereign power which each of the constituent republics had theoretically exercised in freely choosing to enter the Yugoslav federation.

²⁰ Djukanović has repeatedly asserted that the most logical resolution of the question of Montenegro's relationship with Serbia would be to affirm the existing de facto separation of the two republics. See, for example, *Vijesti*, 16 November 2000.

²¹ "Platform of the Government of Montenegro for Talks with the Government of Serbia on New Relations Between Two States". English-language version published in *Europa South-East Monitor*, No. 19, January 2001, published by CEPS.

²² "Yugoslav President's Proposal for the Reconstruction of Yugoslavia". English-language version published in *Europa South-East Monitor*, No. 19, January 2001, published by CEPS.

allowed for the possibility that the republics could "exercise autonomously different forms of international cooperation in the spheres of economic relations and diverse modes of regional integration". The proposal was swiftly rejected by pro-independence parties in Montenegro. Whatever room for discussion there may be about the type of central authorities and the powers to be granted them, the sticking point continued to be whether to opt for a one-state or a two-state solution.

The Montenegrin government did have some objections to the detail of Koštunica's proposal. The pro-independence parties found in it some unacceptable elements of Milošević's constitutional amendments of July 2000. Notably, the proposal calls for deputies in the federal Chamber of Republics (the upper house of a bicameral legislature, according to Koštunica's proposal), in which Serbia and Montenegro would be equally represented, to be appointed in proportion to the representation of parties in the republic assembly, rather than all being appointed by the majority in the republic assembly. And the deputies would not be bound by instructions from their respective republics. This would mean that decisions could be taken at federal level to which the republic government in Podgorica did not agree. While this might seem normal in a functioning federal system, the Montenegrin administration, by now accustomed to running its own affairs, was loath to surrender such decision-making powers to Belgrade.

An atmosphere of bitterness and reproach has also developed between Montenegro's governing parties and DOS, which is not helpful to efforts to find a compromise acceptable to both. It was not always so. DOS leaders and the Montenegrin government had been united in their opposition to Milošević, and the current Serbian prime minister, Zoran Djindjić, had sought refuge in Montenegro from the violence of Milošević's regime during the NATO bombing of Yugoslavia.

Tensions started to emerge as the interests of the Montenegrin government and DOS diverged. As already stated, following Milošević's constitutional changes of July 2000, the ruling Montenegrin parties opted to boycott the September 2000 federal elections. Following the adoption of the constitutional changes, representatives of the DPS and the NS met with Serbian opposition leaders at the Montenegrin coastal resort of Sveti Stefan in July 2000. They signed a joint declaration condemning the recently adopted constitutional amendments and calling for the relationship between Montenegro and Serbia to be redefined, taking as a starting-point for discussions the Montenegrin government's (August 1999) Platform.²³

However, the awkwardness between the Montenegrin ruling parties and DOS was already apparent. While DOS acknowledged Montenegrin concerns over the constitutional changes, seeing a possibility to defeat Milošević in the September elections, its clear interest lay in participating, whatever the shortcomings of the process. The Montenegrin ruling parties, by contrast, concluded that by participating in the elections they would implicitly acknowledge the validity of the rules under which they were held and of the constitutional arrangements instituted by Milošević. Thus they opted for a boycott. They may also have judged that DOS was unlikely, in any case, to defeat Milošević.

²³ *Reuters*, 14 July 2000; and transcript of Montenegrin radio report, carried by *BBC Worldwide Monitoring*, 14 July 2000.

Following the DOS victory, the Montenegrin government, while welcoming Milošević's fall, did not, having rejected the constitution under which the elections had been held, recognise the legitimacy of the new federal authorities for Montenegro. Still worse, the inclusion of the SNP in the new federal government was seen by the ruling parties in Montenegro as an act of bad faith.

For their part, DOS leaders saw Djukanović's abandonment, expressed shortly after the DOS victory, of the single-state solution for future relations between Montenegro and Serbia, as presented in the August 1999 Platform, as a bitter blow. How was it, many Serbs asked, that Djukanović offered to Milošević's regime a Platform envisaging the continuation of the joint state, and to the new democratic government in Serbia insisted upon separation? Relations deteriorated further, as the DPS perceived attempts by Koštunica and those around him to take advantage of early international enthusiasm for the new DOS administration to undermine Montenegro and Djukanović internationally.²⁴ The Montenegrin authorities also believe that Belgrade has deliberately stoked exaggerated international fears that Montenegrin independence would add to regional instability.²⁵

Attempts at negotiation between Belgrade and Podgorica have thus far not been fruitful. Talks between Koštunica, Djindjić and Djukanović on 17 January 2001 reportedly made no progress towards agreement.²⁶ The outlook for meaningful negotiations has appeared poor, given the basic disagreement of the two sides over the key question of statehood. Djindjić has stated that the prospects for further talks would depend on whether or not the Montenegrin government would reconsider its stand in favour of two, separate internationally recognised states. If not, he has said, then there would be no point in further talks at this stage. Rather, it would only remain to discuss the technical details of separation, once Montenegro had finally determined in favour of independence.²⁷

DOS leaders have made it clear that Koštunica's proposal was intended as a basis for discussion, and that there is room for flexibility and compromise. There has been speculation that DOS might issue a revised platform, in an attempt to find greater common ground with the Montenegrin government.²⁸ However, Djindjić, most likely fortified by the strong international opposition to Montenegrin independence, has asserted that, while there is room for compromise in many areas, including the type and competencies of the joint organs, there can be no compromise over the principle of a single, common state.²⁹ Despite this apparently uncompromising stance, Djindjić has tended to be regarded by Podgorica as more flexible and open to compromise solutions than is Koštunica. There have been reports of low-key discussions between the Djindjić and Djukanović camps, exploring possible avenues for compromise. Djindjić has proposed a moratorium on independence moves. Djukanović did not reject the idea outright, but responded that he could not see strong arguments for such a

²⁴ *Vijesti*, 14 November 2000.

²⁵ Speech by Djukanović, reported in *Vijesti*, 6 February 2001.

²⁶ *VIP Daily News Report*, 17 January 2001.

²⁷ *Vijesti*, 27 January 2000.

²⁸ Comments by leading DOS figures Vuk Obradović and Žarko Korać, reported in *Vijesti*, 5 March 2001.

²⁹ *Vijesti*, 7 March 2001.

course.³⁰ Another idea that has reportedly been mentioned in Belgrade is for a trial-separation period before a final decision is taken.

The atmosphere of recrimination between Belgrade and the Montenegrin government is not conducive to finding a satisfactory solution. This paper argues that the polarisation over the issue of a single-state or a two-state solution is unnecessary and does not reflect the broad centre ground over Montenegro's future status that exists within the republic. Neither does it reflect the closeness of the positions of Belgrade and Podgorica on the substantive issues of what kind of joint institutions would be appropriate for a future union and what their competencies should be.

Broadly speaking, five options for the future relationship between Serbia and Montenegro can be envisaged.

1. Two separate, independent, sovereign states, without any power-sharing institutions or arrangements between them.
2. Two independent, sovereign states, in a loose union or association with some shared institutions, along the lines proposed in the Montenegrin government's Platform of December 2000.
3. A single sovereign state, in the form of a "thin" federation or confederation,³¹ along the lines envisaged in the Montenegrin government's August 1999 Platform, with few powers being exercised by the central government.
4. A single sovereign state, in the form of a more traditional federation, along the lines envisaged by the DOS proposal of January 2001, with a wider range of powers being exercised by the federal government than under the August 1999 Montenegrin platform proposal (though not as many as under the 1992 Yugoslav Constitution).
5. A single, sovereign, unitary Yugoslav state, with all significant powers being exercised by the central government.

Opinion-poll evidence for Montenegro over a period of several months would appear to show that the last of these options should be discounted, as having negligible support among the Montenegrin population. Neither is any serious political force in Montenegro, or Belgrade itself, proposing a resurrection of the FRY as it was after 1992.

³⁰ *Vijesti*, 8 March 2001.

³¹ Any federation involves a distribution of powers between centre and regional entities within a single sovereign entity. Existing federations around the world spread across a continuum of such arrangements, from those where most power is exercised by the centre, to "thinner" federations where much more authority is exercised by the constituent regional entities than by the central government. The expression "confederation" is sometimes used to describe federations at the "thinnest" end of the federal spectrum, but is more often used these days to describe a group of sovereign entities who agree to pool or share certain of their powers in the common interest – e.g. the European Union.

This paper argues that between the second, third and fourth options there is considerable room for common ground. As already noted, DOS has indicated its willingness to compromise over the nature and competencies of common institutions. Whether within a single state, or in a loose union or association of two independent, sovereign states, there is considerable room for compromise over how common institutions would function in practice.³²

The issue of Montenegro's relationship with Serbia remains highly divisive. Support for independence has grown steadily over recent years, and opinion-poll evidence appears to show that a narrow majority now exists in favour of independence. However, no single option has significant majority support, and opposition to independence remains strong.

PREFERRED OPTIONS FOR THE STATUS OF MONTENEGRO³³

Option	Opinion polls		
	CEDEM	Medium	Institute for Social Research
	%	%	%
Fully independent state	36	32	30
Union of two independent states, with two UN seats	15.2	19	19
Loose confederation of two republics with one UN seat	18.5	21	30
Revived federation of two republics	16.1	24	15
Unitary Yugoslav state	7	—	—
No reply given	7.2	4	7

The data from the three public opinion polls presented above all show a preference of about 50 per cent of the sample for either one of the pro-independence options, whether outright independence or the union of two independent states proposed in the Montenegrin government's December 2000 Platform. Indeed, the CEDEM poll, taken in January 2001, shows that if asked a straightforward question, for or against independence, a small majority would opt in favour (49.8 per cent for, as opposed to 39.8 per cent against).

While such a referendum question would appear likely to produce a positive outcome, it seems clear that a broad consensus for such a step is lacking. Opponents of independence argue, probably with reason, that if a different question were asked which did not suggest an independence outcome, a positive

³² Others have proposed an approach to the future relationship between Serbia and Montenegro that would concentrate on the practical questions of how a proposed union, whatever its form, would function. These include the European Stability Initiative, in a discussion paper "Sovereignty, Europe and the Future of Serbia and Montenegro: a Proposal for International Mediation" (Berlin, 12 February 2001); and CEPS, "A European Solution for the Constitutional Future of Montenegro", by Michael Emerson (Brussels, 23 February 2001).

³³ Public opinion poll carried out by the Damar agency for the Centre for Democracy and Human Rights (CEDEM), Podgorica, 12-19 January 2001. The polling results from the "Medium" agency and the Institute for Social Research, both based in Belgrade, relate to research carried out in February 2001, and were carried in *Vijesti*, 15 March 2001. The last two polls did not include the option of a unitary state.

result could also be obtained. The opinion-poll evidence presented above supports the contention that there is a broad centre-ground in Montenegro over the question of the republic's future status, with strong support for some form of future association with Serbia.

As discussed below, the direction of events will depend on the results of extraordinary parliamentary elections called for 22 April 2001. If pro-independence political parties win a comfortable majority in those elections, Djukanović has stated that he will call an early independence referendum, perhaps as soon as June 2001.³⁴ Of itself, a referendum result in favour of independence does not automatically determine that outcome. According to the Montenegrin constitution, such a change in the status of the republic would need to be proposed by a two-thirds majority of parliament. The proposal would then need to be put to a referendum. Following a referendum decision in favour of independence, the decision would need to be ratified by a two-thirds majority of a newly constituted parliament. Therefore, if the letter of the Montenegrin constitution is followed, a referendum would have to be followed by further parliamentary elections, and a two-thirds majority of the new parliament would then be required to confirm the independence decision.³⁵ In case Montenegrins are not already weary of voting, Djukanović has indicated that he would also submit himself to an early presidential election.³⁶ A complicating factor is that the referendum law adopted in February 2001 states that decisions made by referendum shall be binding. This would appear to conflict with the constitution, which, as noted, clearly states that a two-thirds parliamentary majority is required to amend the constitution.³⁷

The question of the procedure for confirming an independence decision has aroused some debate within Montenegro, especially as it is far from clear that a two-thirds majority of the seats in parliament could be secured by the pro-independence parties. Various ways around this problem have been suggested. These include the suggestion that a referendum decision in favour of independence would represent a revolutionary situation, and would be the one circumstance in which the constitutional strictures need not, and should not, apply. Another suggestion argues that as the FRY constitution has for some time been inoperative, due to the abuses of the Milošević regime which made it impossible for Montenegro to exercise its constitutional rights as an equal

³⁴ *Vijesti*, 26 January 2000.

³⁵ Constitution of The Republic of Montenegro.

Article 1 states that Montenegro is a part of the FRY.

Article 2 states that the status of Montenegro cannot be altered without the prior holding of a referendum.

Article 117 states that a proposal for a change to the constitution must be adopted by a two-thirds majority of all parliamentary deputies. If it is not adopted, then the same proposal cannot be repeated for one year after its rejection.

Article 118 states that a change to the constitution must be ratified by a two-thirds majority of all parliamentary deputies.

Article 119 states that in the case of a fundamental change to the constitution, including a change to the status of Montenegro, on the day of the adoption of a proposal for the constitutional change the parliament must be disbanded, and a new parliament called within 90 days. The new parliament must then ratify the proposed constitutional change (and it must be the specific proposal adopted by the previous parliament) by a two-thirds majority of all parliamentary deputies.

³⁶ *VIP Daily News Report*, 26 January 2001.

³⁷ This point was picked up by the federal Constitutional Court, which said that a referendum decision should not be binding on parliament, but only of an advisory character (*Vijesti*, 15 March 2001).

member of the federation, articles of the Montenegrin constitution that refer to Montenegro's place in the FRY have also lost their force. Another argument is that as the current status quo is an unsustainable state of constitutional paralysis, there would be no sense in adhering strictly to constitutional principles that would mitigate in favour of the maintenance of that very status quo.

Despite calls from Koštunica for Montenegro to abide by the federal constitution in determining its future status,³⁸ the argument that the FRY constitution has lost all force or meaning is compelling.³⁹ However, in order for the process by which Montenegro decides on its future status to have credibility, strict adherence to the Montenegrin constitution is advisable. Otherwise it would appear that constitutional rules and procedures could be stretched and manipulated at will in much the same way that Milošević abused the federal constitution to suit his political ends.

IV. THE STAKES

The international community has repeatedly made clear its opposition to Montenegrin independence. On 22 January 2001 the EU Council of Ministers urged a solution of Serbian-Montenegrin relations within the framework of Yugoslavia. In this regard it welcomed what it described as the readiness shown by Koštunica to play a constructive role to that end. In remarks clearly aimed at Montenegro, it urged that no unilateral steps should be taken. A few days later the US State Department supported the EU's stance.⁴⁰ The EU's clear expression of support for the DOS position on the future relationship between Montenegro and Serbia was only slightly ameliorated by a statement by the spokesperson of the external relations commissioner, Chris Patten, that ultimately the wish of the people of Montenegro, expressed in a referendum, would be respected.⁴¹ Senior US officials have, in recent months, while stating the preference, from the point of view of maintaining regional stability, for a solution to be found within a democratic Yugoslavia, stressed that the decision is up to Montenegrins themselves.⁴²

The stance adopted by the EU Council of Ministers and by the United States against Montenegrin independence was widely greeted with shock in Montenegro and surprise among supporters of independence that their plans should elicit such hostility. The prime minister, Filip Vujanović, quickly sought to stress points of agreement between the EU and Montenegrin government positions, in particular the need for a democratic dialogue between Podgorica and Belgrade. However, he asserted, if a satisfactory agreement could not be reached through dialogue, Montenegro reserved the right to decide for itself on its status, by means of a

³⁸ *Vijesti*, 4 January 2000.

³⁹ See ICG Balkans Report N° 101.

⁴⁰ *Blic*, 26 January 2001.

⁴¹ Reported in *Vijesti*, 24 January 2001, citing a report by the *SENSE* agency. The same report quotes Swedish foreign minister Anna Lindh, on behalf of the EU Presidency, as saying after the Council of Ministers statement that "the final solution must be found within the framework of the existing system".

⁴² As stated by US Ambassador to the FRY, William D. Montgomery, during a visit to Podgorica in February 2001, in talks with Djukanović and other senior Montenegrin officials, and in a newspaper interview. *Vijesti*, 14 February 2001.

referendum.⁴³ Since then, Djukanović and other senior Montenegrin officials have repeatedly stated their view that Montenegro has the right to decide for itself on its status; that the independence option, followed by a future association of two independent states, is the most logical solution for Montenegro and Serbia; and that such a solution need not have destabilising consequences for the region.⁴⁴

Certainly the intense international pressure that has been placed on Montenegro to hold back from independence moves has not had the desired effect. As indicated by the opinion-poll evidence cited earlier, there is a strong domestic dynamic in favour of Montenegrin independence. Indeed, while an independence outcome is not a foregone conclusion, the factors which might thwart independence plans are primarily domestic, and not international. While it is certainly the case that the negative experiences with Milošević's regime acted as a catalyst in raising the independence issue to the top of the agenda in Montenegro, the aspiration for Montenegrin sovereignty and statehood has much deeper roots.

In formulating a policy based on opposing Montenegrin independence, the international community has neglected to prepare for the more likely outcome, which is that Montenegro will soon be independent. Opportunities to have a positive impact on the process of redefining the relationship between Montenegro and Serbia do exist, but so far the international community has failed seriously to explore them. On the contrary, by adopting a stance in favour of one of the sides in an as yet not initiated negotiation process, the international community has actually harmed the prospects for fruitful negotiation. Encouraged to believe that the full weight of international pressure is on its side, Belgrade has shown little interest in serious negotiation or compromise.

Before considering how the international community might most constructively approach the question of Montenegro's future relationship with Serbia, it is important to be clear as to where the key international interest lies. It is not necessarily to prevent Montenegrin moves towards independence, which in any case the international community cannot prevent if Montenegro is determined on such a course. Rather, the key interest is to achieve a solution, whatever it may be, that does not undermine stability, either within Montenegro or Serbia, or in the region more widely. International representatives have repeatedly explained their opposition to Montenegrin independence with reference to fears that it could be highly destabilising, both for Montenegro itself and for an already fragile region. It is worth considering the measure of the risk involved, and to the extent that risks do exist, to suggest ways of anticipating them and either avoiding or neutralising them.

A. The Risk of Unrest in Montenegro

As has already been noted, the issue of Montenegro's future status is highly divisive in Montenegro. Opposition to independence is strong, and in some areas of the republic, especially in parts of the north, but also in the coastal region of Herceg Novi, near the border with Croatia, the pro-Yugoslav, anti-independence SNP is in power at the local level.

⁴³ Montena-fax, 23 January 2001.

⁴⁴ See for example Djukanović's speech at a conference on the future of Montenegro in Washington, reported in *Vijesti*, 6 February 2001.

While Milošević was in power, there were serious fears that Belgrade might seek to exploit divisions within Montenegro in order to foment unrest prior to an army crackdown against the troublesome, pro-Western Djukanović administration. Such fears were in part based on concerns that the tactics that Milošević had employed earlier in Croatia and Bosnia were being repeated in Montenegro. In Montenegro, as in Croatia and Bosnia, local supporters of Belgrade were mobilised to oppose the legally constituted government. In 1999, concerns were raised by the holding of rallies, the so-called tribal assemblies, at which declarations were issued that independence moves would not be accepted. A "Council of Peoples' Assemblies" was formed as an umbrella organisation for the tribal assemblies.⁴⁵ In October 1999, the northern, SNP-controlled municipalities of Pljevlja and Žabljak resolved not to accept government decisions leading towards Montenegrin independence.⁴⁶ This stoked fears that areas of the north in which the pro-Belgrade SNP was in control might cease to recognise the authority of Podgorica, following the example of rebel Serbs in Croatia and Bosnia in the early 1990s.

Opponents of independence were, in the shape of the Seventh Battalion, provided with arms. Indeed, the threat of a crackdown in Montenegro, which would have been resisted by the much-expanded Montenegrin police, including paramilitary units loyal to the Montenegrin government, was very real. It reached its height at the time of the NATO bombing campaign in 1999, when the Montenegrin government refused to recognise emergency measures adopted by Belgrade. However, despite a number of potentially explosive stand-offs between the VJ and the Montenegrin police, a clash was avoided. During the months that followed, tensions for the most part subsided, although there were frequent small incidents, any one of which could have spun out of control. The presence of the VJ on Montenegrin territory was a constant source of consternation, and repeated threatening statements by senior Yugoslav army officers served to maintain an atmosphere of tension.

However, it was always an over-simplification to see northern Montenegro as a pro-Belgrade region ripe for rebellion against the government in Podgorica. Election results over recent years show that few areas of Montenegro are solidly for one particular political option. The municipal election results in 1998 reveal that of the five largest municipalities in the north, the SNP won control in only one, Pljevlja (population 39,593). Djukanović's DŽB coalition came out on top in Bijelo Polje (population 55,268), Berane (population 38,953), Rožaje (population 22,976) and Plav (population 19,305).⁴⁷ It is true that in each northern municipality in which DŽB was victorious, it was thanks to the overwhelming support of the significant ethnic-minority populations (in most cases Muslim/Bosniac, although Plav also has a significant ethnic Albanian population) in those areas. In northern municipalities in which the non-Montenegrin/ Serb population is less significant, the SNP was victorious. However, results for those municipalities too mostly reveal that no one political option had overwhelming support. Thus in Pljevlja (80 per cent Montenegrin/ Serb) DŽB won 39 per cent of the vote; in Mojkovac (98 per cent Montenegrin/ Serb) DŽB won 43 per cent; and

⁴⁵ Reports by Beta, 18 September 1999; and Tanjug, 1 November 1999 and 19 November 1999.

⁴⁶ BBC Summary of World Broadcasts, 27 October 1999.

⁴⁷ Population figures are based on figures for the 1991 census.

in Kolašin (97 per cent Montenegrin/ Serb) DŽB took 37 per cent.⁴⁸ In fact there was no compact SNP-controlled territory in northern Montenegro from which pro-Belgrade defiance of Djukanović's administration could have been organised, but rather a complicated patchwork.

The prospects for any domestic opponents of Djukanović who might have been prepared to stir up unrest in Montenegro in any case always depended on support from Belgrade and from the VJ in Montenegro. Since Milošević's departure, any prospect for such support has virtually disappeared. It is most likely that Belgrade, including SNP figures based in Belgrade, stood behind activities such as the tribal assemblies, which were clearly intended to intimidate the authorities in Podgorica.⁴⁹ Without Belgrade's support for such activities, there is little prospect of provoking serious unrest.

Since the tense days of 1999, relatively little has been heard of the tribal assemblies. In March 2001 the Council of Peoples' Assemblies announced that it would not recognise the result of an independence referendum unless Montenegrins in Serbia were allowed to participate.⁵⁰ That this declaration lacked the menace of earlier pronouncements in 1999 reflected not only the changed environment since the departure of Milošević, but the lack of support among serious political forces in Montenegro for opposition to independence moves other than through legal, political means.

It had been apparent since early 2000 that differences of perception and approach had opened up between leading SNP figures who were based in Belgrade and others who were based in Montenegro.⁵¹ Notable among the former was the then SNP leader and federal prime minister, Momir Bulatović, who was by this time little more than a loyal servant of Milošević. Meanwhile, SNP leaders based in Montenegro, notably deputy leader Predrag Bulatović (no relation to Momir), charted a course that emphasised the party's firm roots in Montenegro and its concern above all for Montenegrin issues. The SNP has participated pragmatically and increasingly constructively in Montenegro's political life. One pattern that had been discernible was the persistent habit of Momir Bulatović of crying foul after each SNP election defeat. This was the case with the presidential election in 1997, in which Djukanović narrowly defeated him, and the parliamentary elections in 1998. Leading SNP figures followed this practice again following the June 2000 local elections in Podgorica and Herceg Novi. However, the more moderate SNP leaders in Montenegro, including Predrag Bulatović and Žižić, initially accepted the results (which were good for DŽB in Podgorica and good for the SNP in Herceg Novi) with good grace.⁵²

⁴⁸ Figures for the 1998 municipal election results are taken from a *Pobjeda* special supplement.

⁴⁹ Several sources in Montenegro have asserted to the ICG that many of the participants at the tribal assemblies were in fact people of Montenegrin origin from Serbia.

⁵⁰ *VIP Daily News Report*, 6 March 2001.

⁵¹ On the SNP, see ICG Balkans Report N° 92, *Montenegro's Socialist People's Party: a Loyal Opposition?*, 28 April, 2000.

⁵² *Vijesti*, 13 and 15 June 2000.

The readiness of senior SNP figures such as Predrag Bulatović to participate constructively on the Montenegrin political scene was also seen in the framing of electoral legislation prior to the municipal elections in Podgorica and Herceg Novi, which was adopted by consensus among the main parties.⁵³ Such constructive participation has been an important factor in calming what has often been a tense political atmosphere.

The divisions within the SNP came to a head in the months after the fall of Milošević, as Momir Bulatović did not easily accept the SNP's participation in a federal government that excluded his mentor's party, the Socialist Party of Serbia (SPS). In January 2001, it was reported that he was arguing within the party that the SNP should distance itself from DOS, and move closer to the SPS. He reportedly also advocated, in contrast to the position of Predrag Bulatović, that the SNP should not participate in early parliamentary elections, but should rather seek to obstruct the holding of an independence referendum through rallies and the stirring up of unrest. Predrag Bulatović, supported by a majority of the party executive, favoured participation in the elections and adherence to democratic political means.⁵⁴

Momir Bulatović was eventually forced to resign as SNP leader at the end of January 2001, and Predrag was elected as party leader in his place at a party congress on 24 February.⁵⁵ Following the SNP party congress, disaffected supporters of Momir Bulatović quickly formed a new party, the People's Socialist party (NSS).⁵⁶ The majority of the SNP leadership decided to remove Momir Bulatović because they believed that his close identification with Milošević was damaging to the party. The immediate effect of the split in the party and the formation of the NSS will most likely be to weaken the SNP and the pro-Yugoslav cause in the forthcoming elections.⁵⁷ In the longer run, the likely political marginalisation of Momir Bulatović and his pro-Milošević supporters would be highly positive from the point of view of stability in Montenegro.

The generally constructive participation that has characterised the SNP's activity at the central level can also be found among SNP leaders at the local level, including in Pljevlja, despite the resolution of October 1999 mentioned above. Senior SNP figures in Podgorica and in northern Montenegro have emphasised to the ICG that their opposition to Montenegrin independence will be solely political, and they will in no way give approval to any attempt to resist violently. Further, a commander of the Seventh Battalion unit in Bijelo Polje has insisted that the unit will not be a destabilising factor in the region.⁵⁸ All these assurances do not guarantee that there will not be instances of people trying to stir up trouble. However, without the support either of Belgrade or of the main pro-Yugoslav political forces in Montenegro, any such incidents would be dealt with easily by the Montenegrin police, and would not constitute a serious threat.

⁵³ OSCE Office for Democratic Institutions and Human Rights, "Statement Of Preliminary Findings and Conclusions" on the municipal elections in Podgorica and Herceg Novi on 11 June 2000.

⁵⁴ *VIP Daily News Report*, 15 January 2001.

⁵⁵ *VIP Daily News Report*, 26 February 2001.

⁵⁶ *VIP Daily News Report*, 27 February 2001.

⁵⁷ SNP sources reportedly say that less than 10 per cent of party members defected to the NSS. Unpublished opinion polls reportedly show that the NSS may barely achieve parliamentary representation in the 22 April 2001 elections. *VIP Daily News Report*, 20 March 2001.

⁵⁸ Statement by Captain Rade Aničić, commander of the Seventh Battalion in Bijelo Polje. *Polje* magazine, 30 January 2001.

B. The Impact on Serbia

As described above, the authorities in Belgrade would not welcome Montenegrin independence. However, it seems unlikely that such a step by Montenegro would seriously undermine the development of democracy in Serbia. Senior figures in Belgrade have, in March 2001, indicated to the ICG that the authorities there, however reluctantly, accept the possibility of Montenegro's departure. Both Djindjić and Koštunica have said that Belgrade would accept the will of the Montenegrin people.⁵⁹

It is true that Montenegrin independence would, in signifying the end of the FRY, deprive Koštunica of his position as federal president. However, following the victory of DOS in December 2000 parliamentary elections at the republic level in Serbia, the ending of the FRY need not represent a reversal for DOS. On the contrary, in putting an end to the constitutional paralysis that exists in the FRY, Serbia, as well as Montenegro, could actually be better placed to tackle the task of building a functioning state. That is not to say that independence is the only possible satisfactory outcome. As this paper argues, of key importance is that the relationship between Serbia and Montenegro should be redefined in a mutually acceptable way, whatever the outcome. What should be avoided is an acrimonious split that could poison relations between the two republics for years to come. Of crucial importance is that the process should be satisfactory, which means that it should be by negotiation and agreement.

C. The Impact on Kosovo

Of particular concern to the international community appears to be the fear that independence for Montenegro would complicate matters for Kosovo. The linkage between the fates of Montenegro and Kosovo is vigorously rejected in Montenegro.⁶⁰ The difficult question of Kosovo's future is a matter that the international community is going to have, at some stage, to address, whatever solution is found between Serbia and Montenegro.

A widely held assumption seems to have been that early Montenegrin independence, in signifying the end of the FRY, would force the issue of Kosovo's status to the top of the agenda before the international community is ready to tackle it. This, it is argued, follows from the fact that UN Security Council Resolution 1244, which established the UN protectorate in Kosovo, states that Kosovo remains a part of the FRY, but does not refer to Kosovo as a part of Serbia. Fears have been expressed that Kosovo Albanian leaders might, in the event of Montenegro becoming independent, take some unilateral action to affirm their claim to independence, which is something that the international community is unready at this stage to accept. Such reasoning is, however, spurious, and has been rejected by senior Kosovo Albanian figures in contacts with the ICG.

⁵⁹ Stated, for example, by Koštunica in an interview for *Vijesti*, 16 October 2000.

⁶⁰ In a speech at a conference in Brussels on 26 February 2000, on the future of Montenegro, Djukanović, referring to the problem of Kosovo, said that "it would be politically immoral and unjust to tie the destiny of a people, in this case the people of Montenegro, to this regional problem for which no one has a solution at this time".

Mainstream Kosovo Albanian leaders generally accept that Kosovo has to go through a process of preparation before its final status can be resolved. That process involves building functioning institutions that can take on the responsibility of governing. They insist that the final status must be independence, and that there is no possibility of a continued union with Serbia. However, while they might welcome the independence of Montenegro and the end of the FRY that that would imply, they see no practical consequences for Kosovo, which would still have to go through the same process, irrespective of what solution Montenegro arrives at with Serbia. On the question of possible unilateral moves, one senior Kosovo Albanian figure made the point to the ICG that Kosovo's Albanians already declared independence in 1992. There would be no purpose in making another unilateral declaration. Rather, the point is to gain international recognition of their independence.

To discourage Montenegrin independence out of fear of possible consequences for Kosovo actually makes little sense. The idea, expressed by some in the international community, that Kosovo and Montenegro could in future form a loose three-republic federation with Serbia is unrealistic. Kosovo's Albanians reject any form of continued state union with Serbia. A continued form of federal union between Serbia and Montenegro, within a single state, would have no prospect of being seen by Kosovo Albanians as an attractive model for their future relationship with Serbia. Rather, the kind of loose association between independent, sovereign states, as envisaged by the Montenegrin government, in which members would cooperate as much as they perceived to be in their common interest, might be a type of relationship that could serve as a model more widely in the region, including Kosovo.

D. The Domino Effect

The international community's fear of spreading instability in the Balkans is perhaps understandable given recent events in the southern Balkans and Bosnia. With violence flaring in southern Serbia and Macedonia, and with the Bosnian Croats challenging the Dayton settlement, the last thing that the region needs, some might argue, is for Montenegro too to press its claims for separation. However, such reasoning is again mistaken. It starts from the premise that a Montenegrin independence move would encourage unilateral steps by Kosovo's Albanians, and that that in turn would encourage ethnic-Albanian separatists in Macedonia and Serbia and ethnic-Serb and Croat separatists in Bosnia to follow suit. There is no direct parallel between Montenegro on the one hand and, for example, ethnic-Albanian inhabited areas of Macedonia or the Republika Srpska in Bosnia on the other. Montenegro was a fully-fledged constituent republic of the former SFRY, and its case is, rather, analogous to that of other ex-Yugoslav republics, such as Slovenia and Croatia. And as has already been argued, Montenegrin moves are unlikely to have direct consequences for Kosovo.

Thus the fear of alleged an domino effect as a result of Montenegrin actions does not stand up to serious scrutiny. The violence in the southern Balkans and the continued resistance to the integration of Bosnia are serious enough problems for the international community. But the answer is not to delay a settlement between Montenegro and Serbia, which can be reached relatively easily and painlessly in comparison with some of the more intractable problems in the Balkans. Rather the international community needs resolutely to tackle the serious problems that

it faces in the region, not putting off questions that need to be addressed and not seeking scapegoats for inaction, such as Montenegro.

V. OUTLOOK

As already noted, the outcome of Montenegro's parliamentary elections scheduled for 22 April 2001 will in large measure decree which options for the future relationship between Montenegro and Serbia will be on the table. If the pro-independence parties win a significant majority, certainly if they gain more than the two-thirds majority of parliamentary seats needed to change the constitution, then it is difficult to imagine an outcome short of full independence for Montenegro. This need not, if meaningful negotiations are given a chance, preclude the possibility of a new form of association with Serbia.

PARTY POSITIONS.⁶¹

Political Party	Position on Independence	%
Democratic Party of Socialists (DPS)	Adopted a pro-independence stance after the fall of Milošević.	30.7
Social Democratic Party (SDP)	Pro-independence.	4.5
Liberal Alliance of Montenegro (LSCG)	The most consistently pro-independence party over the last decade.	9.1
Socialist People's Party (SNP)	Anti-independence – until recently was pro-Milošević.	24.6
People's Party (NS)	Anti-independence – a member of the ruling coalition until December 2000.	7
People's Socialist Party (NSS)	Anti-independence, pro-Milošević – split with the SNP in February 2001.	N/A
Some other party		2.8
Undecided/ will not vote		21.2

Recent opinion-poll evidence, as shown in the above table, suggests that the most likely outcome is a victory for the pro-independence parties. The DPS and the SDP will fight the election in coalition, with a joint list, following decisions by their party leaderships on 20 March and 22 March 2001 respectively. The LSCG as well as the SDP had urged Djukanović and the DPS to lead a pro-independence bloc. However, the DPS appeared to have reservations about making such an arrangement with the LSCG, and on 16 March the LSCG made its participation in a pro-independence coalition conditional on the DPS and the SDP dropping plans to negotiate a future union with Serbia, as between two independent states. This the DPS refused to do.

The prospects of the SNP, and of the pro-Yugoslav option, have probably been damaged by the formation, in February 2001, of the breakaway NSS. The NSS is likely to attract some SNP supporters, and there is an added risk that some voters may look negatively on such a show of disunity and be lost to the anti-independence cause altogether. A pro-Yugoslav bloc consisting of the SNP, the NS and the SNS has also been formed following the decision of the DPS and the SDP to stand together.⁶² The NS, whose position in the polls has strengthened

⁶¹ Public opinion poll carried out by the Damar agency for CEDEM, 12-19 January 2001.

⁶² *VIP Daily News Report*, 26 March 2001. The pro-Yugoslav coalition agreement was put in some doubt when the NS objected to one of the candidates put forward by the SNS (*VIP Daily News Report*, 27 March 2001).

since it quit the governing coalition, had made it clear that it would not enter a coalition which included the NSS,⁶³ leaving the NSS to stand alone.

While victory for the pro-independence parties seems likely, it is far from certain that they would secure the two-thirds majority necessary to change the constitution. There has been some pressure to frame a referendum law that would require a broad consensus in order for a referendum decision to be valid. The SNP and the NS have threatened a referendum boycott unless key demands are met.⁶⁴ Firstly, they insist that Montenegrin citizens resident in Serbia should be able to participate in a referendum. Secondly, they say that for a decision in favour of independence to be valid, a majority of the entire electorate should be required, and not just a majority of those who voted. According to the referendum law that was passed in February 2001, only citizens who have been resident in Montenegro for a minimum of two years are entitled to participate, and the required majority is 50 per cent of those who voted, plus one, provided that at least half of registered voters have participated.⁶⁵ These provisions are similar to ones contained in the previous referendum law, under which Montenegrins voted in favour of joining the FRY in 1992.

Experts of the Warsaw-based OSCE Office for Democratic Institutions and Human Rights (ODIHR) carried out an assessment of the government's draft referendum law.⁶⁶ This assessment found that the draft represented a "substantial improvement" on the previous law, but that there was still room for improvement in some areas. On the subject of the citizenship and two-year residency requirement, the ODIHR experts expressed concern, especially as the fact that the residency requirement had been raised from one year might result in individuals who had previously been allowed to vote being excluded. On the number of votes required to approve a referendum question, the ODIHR experts judged that the stipulation that a majority of votes cast be required, provided that a majority of eligible voters have participated, is reasonable. In addition to this report, the ODIHR has recommended, from the point of view of promoting stability, the merits of a qualified majority vote in a referendum.⁶⁷ The ODIHR emphasises that this is a recommendation, and that there is no agreed international standard on the basis of which to insist upon the type of qualification demanded by the pro-Yugoslav parties, that a majority of all eligible voters in favour of the question be required.

The United States entered the debate in March 2001, expressing its concern over the referendum law.⁶⁸ The US government lent its support to the position of the SNP and the NS that eligibility to vote should not be restricted to people resident in Montenegro. It also noted, echoing the complaints of the SNP and the NS, that theoretically the referendum decision could be passed by a mere 25 per cent of

⁶³ Statement by NS leader Dragan Šoc, reported in *Vijesti*, 5 March 2001. Šoc had earlier stated that an NS coalition with the SNP would depend on the removal of Momir Bulatović as party leader (*Vijesti*, 29 January 2001).

⁶⁴ For example, statement by NS deputy president Predrag Popović, reported in *Vijesti*, 21 February 2001. The NS had also threatened a boycott over alleged pro-independence bias in state media (*Vijesti*, 31 January 2001).

⁶⁵ *VIP Daily News Report*, 20 February 2001.

⁶⁶ "Assessment of the Draft Referendum Law for Conducting Referendum Elections in the Republic of Montenegro", OSCE-ODIHR, Warsaw, 27 January 2001.

⁶⁷ OSCE-ODIHR press release, Warsaw, 9 March 2001.

⁶⁸ US government statement reported in *Vijesti*, 6 March 2001.

eligible voters. The Montenegrin authorities reacted defensively, noting that they had prepared the law in consultation with the OSCE (passing over the fact that they did not take on board all of ODIHR's recommendations), but holding out the possibility that amendments to the law could still be made.⁶⁹

Given the importance of the issue and its divisiveness in Montenegro, ODIHR's recommendation that some form of qualified majority be required, perhaps along the lines suggested by the SNP and the NS, does indeed have much merit. Of course, the theoretical scenario that the decision might be carried by only 25 per cent of eligible voters is implausible. But there is a strong argument for saying that it would be wise to build in a requirement for a broad consensus in order for such an important issue to be carried. Nevertheless, as ODIHR has pointed out, there are no grounds, based on any international standard, for objecting to the required majority that has been incorporated into the law. An argument against insisting that a majority of all eligible voters be required is that that would count all abstainers as no-voters, which is patently wrong, given that a proportion of eligible voters never votes.

The suggestion that Montenegrins in Serbia should be able to participate is hard to justify and impractical, given the difficulties that would be involved in registering eligible voters. Montenegrins resident in Serbia vote in Serbian elections, just as Serbs resident in Montenegro vote in Montenegrin elections and will be eligible to vote in a referendum. Leaders of the pro-Yugoslav parties have in any case indicated that they would not finally insist on this point.⁷⁰

Potentially the most damaging scenario would be that a referendum boycott by the SNP and the NS would raise the temperature and cast doubt in the minds of opponents of independence as to the validity of the process and the outcome. Such a boycott should be firmly discouraged. It should be noted, however, that a boycott could possibly scupper independence plans, if it meant that the necessary majority of eligible voters did not vote.

If the constitutional provision requiring that a two-thirds parliamentary majority ratify a constitutional change is respected, then the need to obtain a broad consensus for such an important decision is in any case built in. Again, the 22 April parliamentary will be crucial. Depending on the outcome, there may be room for various types of compromise. Senior figures in the DPS and the SDP declare that they expect a convincing victory for the pro-independence parties. However, they have indicated that compromise solutions regarding Montenegro's status could be looked at if their victory fell well short of expectations. In this case, the type of compromises, mentioned earlier, that have reportedly been canvassed by Belgrade, may come into play. It is impossible to define a cut-off point that would represent a sufficiently convincing majority. Perhaps a 55 per cent majority for independence would not be overwhelming, but it might be hard to ignore the will of a 60 per cent majority, even if the parties favouring independence did not have a two-thirds parliamentary majority. Neither can it be ruled out that pro-Yugoslav parties would decide not to oppose the will of the

⁶⁹ Statements by the president of the DPS Executive Committee, Miodrag Vuković (*Vijesti*, 7 March 2001), and by parliamentary speaker Svetozar Marović (*Vijesti*, 8 March 2001).

⁷⁰ For example, Predrag Bulatović stated that the SNP would not boycott a referendum if the law was amended to require a majority of registered voters for a decision to be valid (*Vijesti*, 16 February 2001).

majority, and would, if necessary, enable the two-thirds majority to change the constitution to be reached.

A further factor which may give Djukanović pause for thought, especially if the DPS/SDP victory on 22 April is less than convincing, is the reported unhappiness in sections of his own party with the pro-independence course. There have been repeated reports that some leading party figures, including parliamentary speaker Svetozar Marović, are less enthusiastic about independence and more open to compromise than is Djukanović. There has also been speculation that figures opposed to independence were deliberately not put forward as candidates for the April 22 election. In March 2001 the DPS lost control of the northern municipality of Berane to pro-Yugoslav parties after the mayor announced that he was quitting the DPS. There are also reports of dissatisfaction among other senior DPS figures at the local level.⁷¹

VI. A NEW RELATIONSHIP

As this paper has already argued, the challenge in redefining the relationship between Montenegro and Serbia is to ensure that the process is satisfactory, that it is done without undue acrimony, and that a solution can be found that is acceptable to both parties. As the above analysis of the outlook for Montenegro's elections indicates, depending on the outcome, various models of relationship may be on the table. However, whether a single-state or a two-state solution emerges, many of the practical issues involved in any future arrangement are the same.

There is no reason for the Montenegrin and Serbian authorities to delay in exploring such practical issues and seeking solutions acceptable to both. There is no sense in leaving such important details as citizenship, a single market (which both say they want), a unified monetary policy, taxation matters, competition and environmental regulation, cooperation over education and healthcare provision and a host of other matters to the end of the process. It is precisely such matters which should be at the heart of the process of defining how a new relationship will work.

Montenegro and Serbia need to begin by defining what key interests each of them needs to ensure in any future relationship. Only then will it be possible to identify ways of finding common ground. From the perspective of Montenegro, key interests include the following:

- Montenegro should have control of all security forces on its territory, including the military. (The Yugoslav navy should be reduced and reformed to suit Montenegro's needs.) While the present authorities in Belgrade appear relatively benign, Montenegro needs to be assured that never again will it face threats from its bigger neighbour. This need not preclude cooperation in defence matters under some kind of joint command structure, perhaps similar to NATO.

⁷¹ *VIP Daily News Report*, 27 and 28 March 2001.

- The Montenegrin government has signalled its readiness to have a common monetary policy. The mechanisms for this would need to be such as to ensure that Montenegro will never again be subject to the kind of irresponsible monetary policy that has repeatedly been practised by Belgrade in the past decade.⁷²
- The Montenegrin government is concerned that it should have direct access to international financial institutions, fearing that its needs will be inadequately served if contact with the IFIs is through the medium of Belgrade.
- Montenegro should be able to pursue its own foreign relations, including with its other neighbours, and in areas such as foreign economic relations. This need not preclude joint foreign policy initiatives in areas of mutual interest.
- Montenegro has introduced a highly liberal, open foreign trade regime, with simpler procedures and lower tariffs than those currently employed by Serbia. As a small economy with limited diversity, such an open economy is in Montenegro's best interest. Any future arrangement with Serbia should not jeopardise Montenegro's approach in this area.
- Montenegro, in contrast to Serbia, does not impose visas on foreign visitors. Given the importance attached to reviving Montenegro's tourism industry, it is vital that this policy is continued for EU and other European visitors.
- Any future arrangement should guarantee complete freedom of movement, without the need of passports, and employment for citizens of Serbia and Montenegro, throughout both republics. Whatever state structure is adopted, citizenship of either republic should not be a bar to full equal rights in the other.
- Property rights of individuals and enterprises in each republic should be guaranteed (while giving due attention to restitution claims for property confiscated under communism). Just arrangements should be made for the division of federal property in both republics.

In addition, there are numerous practical areas of common interest for which arrangements will need to be made, whatever the future relationship. These include:

- **Pensions.** Already Montenegro has had to take on the payment of the pensions of former federal employees who had been left un-provided for by Belgrade. The position of people who earned their pensions in one republic but who now reside in the other is complicated by the fact that Serbia and Montenegro now use different currencies.
- **Healthcare.** Each republic should pay for medical treatment of its citizens in the other. Given Montenegro's small size and limited capacity to provide specialist treatment, it is important that a mechanism be found that would

⁷² For the time-being, this would probably mean that Montenegro should retain the D-Mark/ Euro as its currency. A medium-term solution might be the adoption of a currency board, as already employed in, for example, Bulgaria.

allow Montenegrins to continue to travel to Serbia for treatment, and which would ensure appropriate compensation for the Serbian healthcare service.

- **Higher education.** Many Montenegrin students study in Serbia, and as domestic students do not have to pay. Arrangements should be made to ensure that Serbian higher educational establishments receive appropriate compensation for admitting Montenegrin students, enabling Montenegrins who choose to study in Serbia to continue to do so.

VII. CONCLUSION: INTERNATIONAL ENGAGEMENT

For its part, the international community should help Montenegro and Serbia to find a mutually satisfactory basis for their new relationship. The international approach until now of seeking to pressurise Montenegro into drawing back from independence has not worked and has not been constructive. Neither is it necessary, given that, as this paper has argued, the consequences of Montenegrin independence need not be seriously destabilising. This approach has actually discouraged Belgrade from engaging in meaningful dialogue, believing that it had the international community on its side.

What needs to be avoided at all costs is any attempt to exert leverage on Montenegro as a means of dissuading it from moving towards independence. Given the fragility of Montenegro's institutions and public finances, such an approach by the international community would be the most destabilising imaginable. Rather, the international community should continue its efforts to assist the Montenegrin authorities to carry out necessary reforms. Its assistance should not, as was the case in 2000, be primarily directed at filling gaps in the government's budget. Such an approach has encouraged profligacy (including a sharp increase in public sector wages in 2000)⁷³ and aid dependency, and has allowed public finances to get out of control. Greater conditionality should be imposed on aid to Montenegro. It should be tied to progress in reform, and not to political considerations such as the status of the republic.

In several of the areas in which Montenegro and Serbia need to define their future relationship, the EU in particular should be well-placed to provide assistance based on its own experience. Such assistance would be especially valuable in areas, such as the single market and the customs regime, concerning which both sides would like to find common ground, but where interests have diverged in recent times. Other areas of practical significance in which the EU could provide valuable assistance might include tax harmonisation and investment and competition policies. These are all areas in which, despite belonging to the same state, Serbia and Montenegro have not been integrated.

The international community might also be able to offer its services as a mediator or facilitator in attempts to bring the Serbian and Montenegrin positions closer together. Such a service is unlikely to be useful until it is clearer what Montenegro's opening negotiating position will be, following elections and a possible referendum. But this should not stop Belgrade and Podgorica from immediately beginning to discuss the practical arrangements of their future

⁷³ See Montenegro Economic Trends (MONET) 3, October 2000, published by CEPS and the Institute for Strategic Studies and Prognoses (ISSP), Podgorica.

arrangement, as already stressed. It is precisely in such details that Serbia and Montenegro may find the common ground that will make it easier to resolve the status issue. And the international community may be able to assist in proposing arrangements in many areas.

The success of any international mediating or facilitating role would depend on the real will of both Belgrade and Podgorica to resolve the issues between them in a satisfactory manner. The EU may not be best placed to fulfil this mediating or facilitating role. In part this is because it does not include the United States or Russia, both key players in the Balkan region, and in part because since the Council of Ministers decision of 22 January 2001 the Union is widely perceived in Montenegro as having lost credibility as a neutral player. Rather, the appointment of an individual, high profile, experienced mediator, backed by a small team with relevant expertise, may be the most effective way for the international community to facilitate negotiations between Serbia and Montenegro. Such an effort could potentially be placed under the auspices of a regional security organisation such as the OSCE, which would give it the weight of that organisation and its member states, including the EU countries, the United States, Russia and all of the neighbouring countries in the region.

Podgorica/Brussels, 28 March 2001

About the International Crisis Group...

The International Crisis Group (ICG) is a private, multinational organisation committed to strengthening the capacity of the international community to anticipate, understand and act to prevent and contain conflict.

ICG's approach is grounded in field research. Teams of political analysts based on the ground in countries at risk of crisis, gather information from a wide range of sources, assess local conditions and produce regular analytical reports containing practical recommendations targeted at key international decision-takers.

ICG's reports are distributed widely to officials in foreign ministries and international organisations and made available to the general public via the organisation's internet site, located at www.crisisweb.org. (which drew more than a million visitors during 1999). The organisation works closely with governments and the press to highlight key issues identified in the field and to generate support for its policy prescriptions. The ICG Board - which includes prominent figures from the fields of politics, diplomacy, business and the media - is also involved in helping to bring ICG reports and recommendations to the attention of senior policy-makers around the world. The ICG Board is chaired by former Finnish President Martti Ahtisaari; Gareth Evans, for nearly eight years Australia's Foreign Minister, took over in January 2000 as ICG's President and Chief Executive.

ICG is headquartered in Brussels, with advocacy offices in Washington D.C., New York and Paris. The organisation currently operates field projects in thirteen crisis-affected countries and regions worldwide: Bosnia and Herzegovina, Albania, Macedonia, the Federal Republic of Yugoslavia, Algeria, Burundi, Rwanda, the Democratic Republic of Congo, Sierra Leone, Zimbabwe, the Ferghana Valley of Central Asia, Burma and Indonesia.

ICG raises funds from the European Union, governments, charitable foundations, companies and individual donors. The following governments have provided funding during 2000: Australia, Austria, Canada, Denmark, Finland, France, Germany, Ireland, Japan, Luxembourg, the Netherlands, Norway, the Republic of China (Taiwan), Sweden, Switzerland and the United Kingdom. Private sector donors include the Fares Foundation, the William and Flora Hewlett Foundation, the Charles Stewart Mott Foundation, the Open Society Institute, the Smith Richardson Foundation and the U.S. Institute of Peace.

February 2001

ICG REPORTS AND BRIEFING PAPERS

Released since January 1999

BALKANS

ALBANIA

The State of Albania, Balkans Report N°54, 6 January 1999

Albania Briefing: The Refugee Crisis, 11 May 1999

Albania: State of the Nation, Balkans Report N°87, 1 March 2000

Albania Briefing: Albania's Local Elections, A test of Stability and Democracy, 25 August 2000

BOSNIA

Brcko: A Comprehensive Solution, Balkans Report N° 55, 8 February 1999

Breaking the Mould: Electoral Reform in Bosnia & Herzegovina, Balkans Report N° 56, 4 March 1999

Republika Srpska: Poplases, Brcko and Kosovo – Three Crises and Out? Balkans Report N°62, 6 April 1999

Why Will No-one Invest in Bosnia and Herzegovina? Balkans Report N°64, 21 April 1999

Republika Srpska in the Post-Kosovo Era: Collateral Damage and Transformation,

Balkans Report N°71, 5 July 1999

Rule over Law: Obstacles to the Development of an Independent Judiciary in Bosnia and Herzegovina,

Balkans Report N°72, 5 July 1999

Balkans Briefing: Stability Pact Summit, 27 July 1999

Preventing Minority Return in Bosnia and Herzegovina: The Anatomy of Hate and Fear,

Balkans Report N°73, 2 August 1999

Is Dayton Failing? Policy Options and Perspectives Four Years After, Balkans Report N°80, 28 October 1999

Rule of Law in Public Administration: Confusion and Discrimination in a Post Communist Bureaucracy,

Balkans Report N°84, 15 December 1999

Denied Justice: Individuals Lost in a Legal Maze, Balkans Report N°86, 23 February 2000

European Vs. Bosnian Human Rights Standards, Handbook Overview, 14 April 2000

Reunifying Mostar: Opportunities for Progress, Balkans Report N°90, 19 April 2000

Bosnia's Municipal Elections 2000: Winners and Losers, Balkans Report N°91, 28 April 2000

Bosnia's Refugee Logjam Breaks: Is the International Community Ready? Balkans Report N°95, 31 May 2000

War Criminals in Bosnia's Republika Srpska, Balkans Report N°103, 02 November 2000

Bosnia's November Elections: Dayton Stumbles, Balkans Report N°104, 18 December 2000

Turning Strife to Advantage: A Blueprint to Integrate the Croats in Bosnia and Herzegovina,

Balkans Report N° 106, 15 March 2001

KOSOVO

Unifying the Kosovar Factions: The Way Forward, Balkans Report N°58, 12 March 1999

Kosovo: The Road to Peace, Balkans Report N°59, 12 March 1999

Kosovo Briefing: Atrocities in Kosovo Must be Stopped, 29 March 1999

Kosovo Briefing: The Refugee Crisis, 2 April 1999

Kosovo: Let's Learn from Bosnia, Balkans Report N°66, 17 May 1999

The New Kosovo Protectorate, Balkans report N°69, 20 June 1999

Kosovo Briefing: Who Will Lead the Kosovo Albanians Now? 28 June 1999

The Policing Gap: Law and Order in the New Kosovo, Balkans Report N°74, 6 August 1999

Who's Who in Kosovo, Balkans Report N°76, 31 August 1999

Waiting for UNMIK: Local Administration in Kosovo, Balkans Report N°79, 18 October 1999

Violence in Kosovo: Who's Killing Whom? Balkans Report N°78, 2 November 1999

Trepca: Making Sense of the Labyrinth, Balkans Report N°82, 26 November 1999

Starting From Scratch in Kosovo: The Honeymoon is Over, Balkans Report N°83, 10 December 1999

Kosovo Albanians in Serbian Prisons: Kosovo's Unfinished Business, Balkans Report N°85, 26 January 2000

What Happened to the KLA?, Balkans Report N°88, 3 March 2000

Kosovo's Linchpin: Overcoming Division in Mitrovica, Balkans Report N°96, 31 May 2000

Reality Demands: Documenting Violations of International Humanitarian Law in Kosovo 1999,

27 June 2000

Elections in Kosovo: Moving toward Democracy? Balkans Report N°97, 7 July 2000

Kosovo Report Card, Balkans Report N°100, 28 August 2000

BALKANS continued...

Reaction in Kosovo to Kostunica's Victory, Balkans Briefing, 10 October 2000

Religion in Kosovo, Balkans Report N°105, 31 January 2001

MACEDONIA

Challenges and Choices for the New Government, Balkans Report N°60, 29 March 1999

Toward Destabilisation? Balkans Report N°67, 21 May 1999

Macedonia Briefing: Government Holds Together, Eyes Fixed on Upcoming Presidential Poll, 11 June 1999

Macedonia Briefing: Update of Recent Political Developments, 14 June 1999

Macedonia: Gearing up for Presidential Elections, Balkans Report N°77, 18 October 1999

Macedonia's Ethnic Albanians: Bridging the Gulf, Balkans Report N°98, 2 August 2000

Macedonia government expects setback in local elections, Briefing Paper, 4 September 2000

MONTENEGRO

Montenegro Briefing: Milosevic to Move on Montenegro, 23 April 1999

Montenegro Briefing: Calm Before the Storm, 19 August 1999

Montenegro: In the Shadow of the Volcano, Balkans Report N°89, 21 March 2000

Montenegro's Socialist People's Party: A Loyal Opposition?, Balkans Report N°92, 28 April 2000

Montenegro's Local Elections: Testing the National Temperature, Background Briefing, 26 May 2000

Montenegro's Local Elections: More of the Same, Briefing Paper, 23 June 2000

Montenegro: Which way Next? Balkans Briefing, 30 November 2000

SERBIA

Sidelining Slobodan: Getting Rid of Europe's Last Dictator, Balkans Report N°57, 15 March 1999

Milosevic's Aims in War and Diplomacy, Balkans Report N°65, 11 May 1999

Yugoslavia Briefing: Wanted for War Crimes, 1 June 1999

Back to the Future: Milosevic Prepares for Life After Kosovo, Balkans Report N°70, 28 June 1999

Transforming Serbia: The Key to Long-Term Balkan Stability, Balkans Report N°75, 10 August 1999

Serbia's Embattled Opposition, Balkans Report N°94, 30 May 2000

Serbia's Grain Trade: Milosevic's Hidden Cash Crop, Balkans Report N°93, 5 June 2000

Serbia: The Milosevic Regime on the Eve of the September Elections, Balkans Report N°99, 17 August 2000

Current Legal Status of the Republic of Yugoslavia (FRY) and of Serbia and Montenegro,

Balkans Report N°101, 19 September 2000

Yugoslavia's Presidential Election: The Serbian People's Moment of Truth, Balkans Report N°102, 19 September 2000

Federal Republic of Yugoslavia Sanctions Briefing, Balkans Briefing, 10 October 2000

Serbia on the Eve of the December Elections, Balkans Briefing, 20 December 2000

REGIONAL REPORTS

War in the Balkans, Balkans Report N°61, 19 April 1999

Balkan Refugee Crisis, Balkans Report N°68, 1 June 1999

Balkans Briefing: Stability Pact Summit, 27 July 1999

ICG REPORTS AND BRIEFING PAPERS (continued)

Released since January 1999

AFRICA

ALGERIA

Algeria: The Press in Crisis, Algeria Report N°2, (Africa Report N°8), 11 January 1999

Algérie: La Crise de la Presse, Algeria Report N°2 (Africa Report N°8), 11 January 1999

The People's National Assembly, Algeria Report N°3, (Africa Report N°10), 16 February 1999

Assemblée Populaire Nationale: 18 Mois de Législature, Algeria Report N° 3, (Africa Report N°10) 16 February 1999

Elections Présidentielles en Algérie: Les Enjeux et les Perspectives,

Algeria Report N°4, (Africa Report N°12), 13 April 1999

The Algerian Crisis: Not Over Yet, Africa Report N°24, 20 October 2000

La Crise Algérienne n'est pas finie, Africa Report N°24, 20 October 2000

BURUNDI

Burundi: Internal and Regional Implications of the Suspension of Sanctions, Burundi Report N°3,

(Africa Report N°14), 27 April 1999

Le Burundi Après La Suspension de L'Embargo: Aspects Internes et Régionaux, Burundi Report N°3,

(Africa Report N°14), 27 April 1999

Quelles Conditions pour la reprise de la Coopération au Burundi? Burundi Report N° 4, 27 April 1999

Proposals for the Resumption of Bilateral and Multilateral Co-operation, Burundi Report N°4,

(Africa Report N°13), 27 April 1999

Burundian Refugees in Tanzania: The Key Factor in the Burundi Peace Process, Central Africa Report N°12, (Africa Report N°19), 30 November 1999

L'Effet Mandela: Evaluation et Perspectives du Processus de Paix Burundais,

Central Africa Report N°13, (Africa Report N°20), 18 April 2000

The Mandela Effect: Evaluation and Perspectives of the Peace Process in Burundi,

Central Africa Report N°13, (Africa Report N°20), 18 April 2000

Unblocking Burundi's Peace Process: Political Parties, Political Prisoners and Freedom of the Press,

Africa Briefing, 22 June 2000

Burundi: Les Enjeux du Débat. Partis Politiques, Liberté de la Presse et Prisonniers Politiques,

Africa Report N°23, 12 July 2000

Burundi: The Issues at Stake. Political Parties, Freedom of the Press and Political Prisoners,

Africa Report N° 23, 12 July 2000

Burundi Peace Process: Tough Challenges Ahead, Africa Briefing, 27 August 2000

Burundi: Ni guerre ni paix, Africa Report N° 25, 1 December 2000

DEMOCRATIC REPUBLIC OF CONGO

How Kabila Lost His Way, DRC Report N°3, (Africa Report N°16), 21 May 1999

Africa's Seven Nation War, DRC Report N°4, (Africa Report N°17), 21 May 1999

The Agreement on a Cease-Fire in the Democratic Republic of Congo, DRC Report N°5, (Africa Report N°18), 20 August 1999

Kinshasa sous Kabila, à la veille du dialogue national, DRC Report N°6, (Africa Report N°19), 21 September 1999

Scramble for the Congo: Anatomy of an Ugly War, Africa Report N° 26, 20 December 2000

From Kabila to Kabila: Prospects for Peace in the Congo, Africa Report N°27, 16 March 2001

RWANDA

Five Years after the Genocide: Justice in Question, Rwanda Report N°1, (Africa Report N°11), 7 April 1999

Cinq Ans Après le Génocide au Rwanda: La Justice en Question, Rwanda Report N°1, (Africa Report N°11), 7 April 1999

Uganda and Rwanda: Friends or Enemies? Central Africa report N°14, (Africa Report N°15), 4 May 2000

AFRICA continued...

ZIMBABWE

Zimbabwe: At the Crossroads, Africa Report N°22, 10 July 2000

Zimbabwe: Three Months after the Elections, Africa Briefing, 25 September 2000

ASIA

BURMA/MYANMAR

Burma/Myanmar: How Strong is the Military Regime?, Asia Report N° 11, 21 December 2000

INDONESIA

East Timor Briefing, 6 October 1999

Indonesia's Shaky Transition, Indonesia Report N°1, (Asia Report N°5), 10 October 1999

Indonesia's Crisis: Chronic but not Acute, Indonesia Report N°2, (Asia Report N°6), 31 May 2000

Indonesia's Maluku Crisis: The Issues, Asia Briefing, 19 July 2000

Indonesia: Keeping the Military Under Control, Asia Report N°9, 5 September 2000

Aceh: Escalating Tension, Asia Briefing, 7 December 2000

Indonesia: Overcoming Murder and Chaos in Maluku, Asia Report N° 10, 19 December 2000

Indonesia: Impunity Versus Accountability for Gross Human Rights Violations, Asia Report N°12, 2 February 2001

Indonesia: National Police Reform, Asia Report N°13, 20 February 2001

Indonesia's Presidential Crisis, Indonesia Briefing, 21 February 2001

Bad Debt: The Politics of Financial Reform in Indonesia, Asia Report N° 15, 13 March 2001

CAMBODIA

Back from the Brink, Cambodia Report N°4, (Asia Report N°4), 26 January 1999

Cambodia: The Elusive Peace Dividend, Asia Report N°8, 11 August 2000

CENTRAL ASIA

Central Asia: Crisis Conditions in Three States, Asia Report N°7, 7 August 2000

Recent Violence in Central Asia: Causes and Consequences, Central Asia Briefing, 18 October 2000

Islamist Mobilisation and Regional Security, Asia Report N°14, 1 March 2001

ICG Board of Trustees

Martti Ahtisaari, Chairman

Former President of Finland

Stephen Solarz, Vice-Chairman

Former U.S. Congressman

Gareth Evans, President

Former Foreign Minister of Australia

Morton Abramowitz

Former U.S. Assistant Secretary of State; former U.S. Ambassador to Turkey

Hushang Ansary

Former Iranian Minister and Ambassador; Chairman, Parman Group, Houston

Louise Arbour

*Supreme Court Judge, Canada;
Former Chief Prosecutor, International Criminal Tribunal for former Yugoslavia*

Oscar Arias Sanchez

Former President of Costa Rica; Nobel Peace Prize, 1987

Ersin Arioglu

Chairman, Yapi Merkezi

Paddy Ashdown

Former Leader of the Liberal Democrats, United Kingdom

Zainab Bangura

Director, Campaign for Good Governance, Sierra Leone

Alan Blinken

Former U.S. Ambassador to Belgium

Emma Bonino

Member of the European Parliament; former European Commissioner

Maria Livanos Cattau

Secretary-General, International Chamber of Commerce

Wesley Clark

Former NATO Supreme Allied Commander, Europe

Jacques Delors

Former President of the European Commission

Mou-Shih Ding

Former Secretary-General to the President, Taiwan

Uffe Ellemann-Jensen

Former Foreign Minister of Denmark

Gernot Erler

Vice-President, Social Democratic Party, German Bundestag

Mark Eyskens

Former Prime Minister of Belgium

Yoichi Funabashi

Journalist and author

Bronislaw Geremek

Former Foreign Minister of Poland

I.K.Gujral

Former Prime Minister of India

Han Sung-Joo

Former Foreign Minister of Korea

El Hassan bin Talal

Chairman, Arab Thought Forum

Marianne Heiberg

Senior Researcher, Norwegian Institute of International Affairs

APPENDIX C

Elliott F Kulick

Chairman, Pegasus International

Joanne Leedom-Ackerman

Novelist and journalist

Todung Mulya Lubis

Human rights lawyer and author

Allan J MacEachen

Former Deputy Prime Minister of Canada

Graça Machel

Former Minister of Education, Mozambique

Barbara McDougall

Former Secretary of State for External Affairs, Canada

Matthew McHugh

Counsellor to the President, The World Bank

Christine Ockrent

Journalist

Timothy Ong

Chairman, Asia Inc magazine

Wayne Owens

President, Center for Middle East Peace and Economic Co-operation

Cyril Ramaphosa

Former Secretary-General, African National Congress; Chairman, New Africa Investments Ltd

Fidel Ramos

Former President of the Philippines

Michel Rocard

Member of the European Parliament; former Prime Minister of France

Volker Ruhe

Vice-President, Christian Democrats, German Bundestag; former German Defence Minister

Mohamed Sahnoun

Special Adviser to the United Nations Secretary-General

William Shawcross

Journalist and author

Michael Sohlman

Executive Director of the Nobel Foundation

George Soros

Chairman, Open Society Institute

Pär Stenbäck

Former Minister of Foreign Affairs, Finland

Thorvald Stoltenberg

Former Minister of Foreign Affairs, Norway

William O Taylor

Chairman Emeritus, The Boston Globe

Ed van Thijn

Former Minister of Interior, The Netherlands; former Mayor of Amsterdam

Simone Veil

Former Member of the European Parliament; former Minister for Health, France

Shirley Williams

Former British Secretary of State for Education and Science; Member House of Lords

Grigory Yavlinsky

Member of the Russian Duma

Mortimer Zuckerman

Chairman and Editor-in-Chief, US News and World Report