



## **CRS Report for Congress**

# **Bosnia: Overview of Current Issues**

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### **Summary**

Over 12 years since the Dayton accords ended the 1992-1995 Bosnian war, Bosnia's future is still in question. Nationwide elections in October 2006 brought to power leaders with highly divergent positions on the country's future governing arrangements, and ushered in a prolonged period of political tensions. As a result, many areas of Bosnia's reform agenda stalled in 2007, although some signs of progress became evident at the end of the year. Bosnia's political situation has also been affected by uncertainties surrounding Kosovo's future status and the potential for regional instability in early 2008. Bosnia has made slow and unsteady progress toward Euro-Atlantic integration: it formally joined NATO's Partnership for Peace (PfP) program in December 2006 and is close to securing a Stabilization and Association Agreement (SAA) with the European Union (EU). In early 2007, the international community postponed plans to close out its overseeing role in Bosnia, and may consider another postponement in early 2008; a small EU military force contributes to a secure environment. This report provides an overview of prominent current issues in Bosnia that may be of interest to Members of the 110<sup>th</sup> Congress. It may be updated as events warrant.

### **Introduction and U.S. Policy**

The Dayton peace agreement,<sup>1</sup> reached in November 1995 with U.S. leadership, ended a brutal three and one-half year ethnic and territorial conflict in Bosnia-Herzegovina that erupted after the dissolution of the state of Yugoslavia. The Dayton agreement outlined a common state of Bosnia and Herzegovina comprised of two entities, the Bosniak (Muslim)-Croat Federation and the Republika Srpska (RS), under the authority of an international representative and a NATO-led peacekeeping presence.

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<sup>1</sup> Full text of the Dayton accords can be found at [<http://www.oscebih.org>]. The constitution is in Annex 4. The accords were signed in Paris on December 14, 1995, and are sometimes referred to as the Dayton/Paris agreement.

Central Bosnian governmental institutions include a three-member presidency, Prime Minister and Council of Ministers, and bicameral state Parliament. Under the Dayton constitution, central governing powers were kept weak, with many governing functions remaining at the Federation and RS entity level, which have their own governments and parliaments. Below the entity level are cantons and municipalities in the Federation and municipalities only in the RS. At the international level, Dayton mandated an Office of the High Representative (OHR) to oversee international activities in Bosnia and bear authority to impose decisions and remove officials. As the security situation improved, NATO gradually reduced its presence in Bosnia and turned over peacekeeping duties to the European Union (EU) in December 2004.

Most observers agree that Dayton was a great achievement in that it ended the war and laid the foundation for consolidating peace. However, many observers also believe that the Dayton agreement, as a document derived from compromises and reflecting wartime circumstances, cannot by itself insure Bosnia's future as a functioning democratic state.<sup>2</sup> In particular, Bosnia's multi-layered and ethnically-defined governing structures have presented significant challenges to its efforts to integrate into the European Union and NATO. Political differences among Bosnia's leaders and vested interests in the status quo continue to hinder efforts to strengthen Bosnia's central governing institutions and administrative capacity. The pull of Euro-Atlantic integration has fostered a degree of cooperation on this front, but political consensus across ethnic lines on key governing arrangements is still elusive.

Since early 2005, the Bush Administration has renewed emphasis on "unfinished business" in the western Balkan region. A major thrust of U.S. policy has been to resolve the unsettled status of Kosovo, a U.N.-run province of Serbia that seeks independence. The United States has also sought to bolster Bosnia's further development as a unified, democratic, and stable state capable of integration with Euro-Atlantic institutions. The Administration has supported Bosnia's Euro-Atlantic aspirations and has encouraged Bosnia's leaders to consolidate state structures and erase the major political divisions that Dayton accommodated.<sup>3</sup> Some Members of the 110<sup>th</sup> Congress retain an interest in Bosnia's progress since Dayton, its path toward NATO membership and EU integration, as well as its record of cooperation on war crimes issues.

## **State Consolidation Efforts and the Post-2006 Election Situation**

As noted above, the Bush Administration and the EU have sought to promote further constitutional reform to improve the governing effectiveness of Bosnia's political institutions and overcome some of the dysfunctional aspects of the post-Dayton legacy. Among other things, a stronger Bosnian state could contribute to greater self-sufficiency in Bosnia's peaceful and democratic development, an improved ability to address pressing political and economic concerns including combating organized criminal and international terrorist activity, and improved prospects for Euro-Atlantic integration. In March 2005,

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<sup>2</sup> For example, Lord Paddy Ashdown, the outgoing High Representative in Bosnia, called Dayton "a superb agreement to end a war, but a very bad agreement to make a state." "Farewell, Sarajevo," *The Guardian* (U.K.), Nov. 2, 2005.

<sup>3</sup> See statement of Undersecretary of State for Political Affairs R. Nicholas Burns, Senate Committee on Foreign Relations, Nov. 8, 2005.

the Council of Europe's Venice Commission concluded that Bosnia's current constitutional arrangements were neither efficient nor rational, and that state-level institutions needed to become far more effective for Bosnia to move closer to EU integration.<sup>4</sup>

Several milestone political and economic reforms have been reached by Bosnia's state and entity institutions in recent years, often with extensive input from and pressure by the international community. The Bosnian parties agreed in early 2005 to comprehensive defense and security reforms on merging the formerly rival forces into an integrated army controlled by the central government.<sup>5</sup> Additional landmark agreements on intelligence and information services, state prosecution offices and justice ministry, and border and customs services, among others, further expanded central state competencies and institutions. Bosnia's economy has also achieved significant growth in recent years, although unemployment still exceeded 40% in 2007.

At a Washington meeting in November 2005 to commemorate the 10<sup>th</sup> anniversary of the Dayton accords, Bosnia's leaders signed a "Commitment to Pursue Constitutional Reform," a document in which the leadership pledged to embark on a process of constitutional reform to create stronger and more efficient democratic institutions. Such reforms were envisioned to include creating a single presidency instead of the current tri-partite presidency, strengthening the Prime Minister's office, and strengthening the Bosnian parliament. Negotiations on a reform package continued through early 2006, with the intention to complete them in time for scheduled general elections in October. In March 2006, seven Bosnian parties agreed to a package of constitutional reforms, and the tri-partite Bosnian presidency likewise adopted it. Despite this broad consensus, the measure failed in Bosnia's lower house of parliament on April 24, missing the required two-thirds majority by two votes. Some Bosnian Croat and opposition Muslim deputies opposed the bill. U.S. and other international officials publicly decried the outcome as a major setback to the state consolidation process. After the vote, several parties reiterated their commitment to continue negotiations toward reaching a consensus on constitutional reforms, which many recognize to be essential for eventual integration with the European Union, although few believed this could be achieved before upcoming elections.

**October 2006 Elections and Aftermath.** On October 1, Bosnia held elections for the three-member Bosnian presidency, the Bosnian parliamentary assembly, the parliaments of the two entities, the RS presidency, and the Federation's cantonal assembly. Overall turnout was 55% and the conduct and administration of the electoral process were generally praised.<sup>6</sup> The election campaign featured heightened nationalist rhetoric among parties still largely representing distinct ethnic groups. While the hold on power of the wartime nationalist parties was weakened, the relatively hardline positions of the nominally moderate victorious parties pointed to new challenges to building national consensus across ethnic lines on key issues. For example, the Party for BiH (headed by former Prime Minister Haris Silajdzic), has promoted the dismantling of the

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<sup>4</sup> Text of the report can be found at [<http://www.venice.coe.int>].

<sup>5</sup> See "Defense Reform Fact Sheet," NATO Headquarters Sarajevo, July 21, 2005, available at [<http://www.afsouth.nato.int>].

<sup>6</sup> These were the first elections since Dayton to be administered entirely by Bosnian authorities.

entity structure in favor of greater state centralization. Conversely, Milorad Dodik, the leader of Alliance of Independent Social Democrats in the RS, has promoted greater federalism, and has on occasion threatened to call for a referendum on independence for the RS. Ethnic Croat parties are generally supportive of greater rights for the country's ethnic Croat community. After several months of negotiations, a new seven-party coalition government was formed in February 2007, headed by Bosnia's first ethnic Serb Prime Minister, Nikola Spiric.

Bosnia's new leading politicians retained much of their hardline and uncompromising positions throughout 2007, contributing to a deteriorating political environment, provoking intermittent policy crises, and inviting "utmost concern" at the international level.<sup>7</sup> Some speculated that the international High Representative would use his authority to remove Silajdzic and Dodik from power. Bosnia Prime Minister Spiric actually did resign late in the year in protest of the High Representative's decision to streamline central Bosnian decision-making processes, but was later reinstated.

Above all, the issue of police reform and restructuring took over as a proxy for the earlier (and still ongoing) debate over constitutional reforms, and became tied up with Bosnia's efforts to secure an association agreement with the EU (see below). Police reforms have been a particularly thorny area of security sector reform because they relate to the power relationship between the entities and the central government. The governing parties reached a major milestone in this area in October-November 2007 by agreeing on a set of principles and action plan on police reforms that appeared to meet EU conditions on police consolidation. Under these agreements, Bosnia is to have police forces that are centrally funded, centrally managed, and not subject to political interference. Despite this sign of compromise, Bosnia's leaders will be challenged in 2008 to implement their commitments on the police as well as search for areas of consensus in revived efforts to achieve constitutional reforms.

## **Euro-Atlantic Integration**

Along with the other western Balkan states, Bosnia and Herzegovina seeks eventual full membership in the European Union and NATO. Both institutions have committed to the region's full integration, once various conditions have been met. For a variety of reasons, Bosnia has encountered a greater degree of difficulty in meeting some of the conditions compared to other western Balkan countries.

**European Union.** At its June 2003 Thessaloniki summit, the EU committed to integrate all of the countries of the western Balkans and created new instruments to foster closer ties to the EU, including the Stabilization and Association Agreement (SAA), the first step toward eventual EU accession. Numerous hurdles slowed Bosnia's progress in negotiating and concluding a SAA, leaving Bosnia as potentially the only state in the region without a formal relationship with the EU. Significant recent progress in defense and security sector reforms, including the latest breakthrough commitments on police reforms, paved the way for the EU to "initial" a SAA with Bosnia in December 2007. The SAA is expected to be signed in early 2008 once a series of laws implementing the police reforms are prepared.

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<sup>7</sup> Declaration by the Steering Board of the PIC, Oct. 31, 2007, S/2007/651 (Nov. 5, 2007).

Beyond the defense and police reform issue, the EU has also prioritized the need for further reforms in Bosnia's public administration and public broadcasting. Bosnia's level of cooperation with the international war crimes tribunal has also been of concern. While the RS has dramatically improved its cooperation with The Hague in recent years, the ongoing ability of wartime Bosnian Serb leaders Radovan Karadzic and Ratko Mladic to elude capture has kept international attention on this issue.

**NATO.** For several years, Bosnia, along with Serbia and Montenegro, had been the only former Yugoslav state that had not yet joined NATO's Partnership for Peace (PfP) program. As noted above, Bosnia's government agreed to sweeping defense reforms in 2004 and 2005 to unify the armed forces structure and command and to create a professional military. In July 2006, Bosnia's presidency decided to merge the armed forces into a unified Bosnian army by the end of 2007. With these achievements on transforming the armed forces, the only remaining hurdle to Bosnia's PfP aspirations had been the RS' still incomplete cooperation with The Hague war crimes tribunal, especially with regard to arresting fugitive war crimes suspects such as Radovan Karadzic. In a somewhat unexpected development, NATO leaders at the November 2006 Riga summit invited Bosnia, Serbia, and Montenegro to join PfP (without achieving full cooperation with the war crimes tribunal), and all three states did so in December. A small, residual NATO presence in Sarajevo has provided the Bosnian government with advice and assistance on defense reform issues, and is also engaged in efforts to capture and detain remaining war criminals.

## International Role

The international community has long played a dominant role in postwar Bosnian affairs. The international community's role is currently in a state of transition, as responsibility for governance and security shifts to Bosnian control. Both the Office of the High Representative, which wielded extensive political authority for many years, and the international security presence have evolved considerably since the end of the war.

**Office of the High Representative (OHR).** Successive High Representatives have frequently exercised considerable executive power, under the so-called "Bonn powers" authority, to break through political stalemates, push difficult reforms forward, and even remove obstructionist leaders.<sup>8</sup> An earlier High Representative, Lord Paddy Ashdown, freely wielded his powers during his tenure, making binding decisions and taking action against or removing officials thought to support Radovan Karadzic. While an effective mechanism, the High Representative's office came under increasing criticism for allegedly stymieing Bosnia's political development. Ashdown completed his term in January 2006 and was succeeded by German politician Christian Schwartz-Schilling, who emphasized a "hands off" approach. Schwartz-Schilling did not stay long in his post, and was succeeded by Slovak diplomat Miroslav Lajcak in July 2007. Lajcak became embroiled in controversy following his decision in October to streamline decision-making in Bosnia's Council of Ministers in an effort to break the deadlock over difficult police reforms. The measure briefly precipitated another political crisis with the RS that was

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<sup>8</sup> At its December 1997 conference in Bonn, the Peace Implementation Council (PIC), the international oversight body for the OHR, extended the High Representative's mandate to include imposing laws and removing officials.

quickly smoothed over with a negotiated agreement with all three ethnic community parties on reformed voting rules in the central government and parliament. Lajcak did not resort to taking action to remove politicians, as some thought he might.

In June 2006, the Peace Implementation Council (PIC), which oversees the OHR, decided to “immediately begin preparations to close” (OHR) by June 30, 2007, in “the interest of all for Bosnia to take full responsibility for its own affairs.”<sup>9</sup> In its place, but with a smaller presence and different mandate, the Office of the EU Special Representative was to be enhanced but without the OHR’s Bonn powers (currently, the High Representative is “double-hatted” as the EU’s Special Representative). Behind the rationale of the planned OHR closure was the belief the EU accession process, with its comprehensive and stringent political, economic, and legal requirements, could provide sufficient impetus for Bosnia’s political leaders to carry out sustainable reforms. Critics have been concerned that Bosnia’s prospects for EU membership remain distant and may not provide enough of an incentive for competing political leaders to pursue reforms. Perhaps in recognition of Bosnia’s stalled progress, the PIC decided in late February 2007 to extend the OHR until mid-2008, without reducing its powers. The PIC meeting on February 26-27, 2008, may consider a further extension of the OHR mandate in view of Bosnia’s political stalemate throughout much of 2007 as well as concerns about regional instability arising from Kosovo’s possibly imminent independence. Several international officials have criticized statements by Serbian and RS officials drawing parallels between the status of Kosovo with that of the RS.

**EUFOR/NATO.** At the end of 2004, NATO concluded its SFOR mission in Bosnia and turned over peacekeeping duties to a European Union military force, EUFOR, to ensure continued compliance with Dayton and contribute to a secure environment in Bosnia. Initially at a strength of over 6,000 multinational troops, EUFOR was reconfigured in 2007 and reduced to about 2,500 troops. NATO maintains a small headquarters presence in Sarajevo that provides assistance to the Bosnian government and undertakes counter-terrorism and intelligence operations and missions to detain indicted war criminals.<sup>10</sup> On November 21, 2007, the U.N. Security Council extended the authorization for the EU and NATO presence in Bosnia for another year (Resolution 1785).

The EU also took over the U.N. police monitoring and advisory mission in Bosnia in 2003. The EU Police Mission (EUPM) in Bosnia currently comprises about 150 international police officers and its mandate runs through 2009 (as requested by the Bosnian presidency). The mission of the EUPM is to assist Bosnia achieve a sustainable, professional, and multi-ethnic police service. A major focus of EUPM activity has been on combating organized crime and corruption.

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<sup>9</sup> Communiqué by the PIC Steering Board, June 23, 2006, available at [<http://www.ohr.int>].

<sup>10</sup> For more information, see CRS Report RS21774, *Bosnia and the European Union Military Force (EUFOR): Post-NATO Peacekeeping*, by Julie Kim.