



Bosnia: Current Issues and U.S. Policy

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Summary

In recent years, many analysts have expressed concern that the international community's efforts over the past 15 years to stabilize Bosnia are failing. Milorad Dodik, President of the Republika Srpska (RS), one of the two semi-autonomous "entities" within Bosnia, has obstructed efforts to make Bosnia's central government more effective. He has repeatedly asserted the RS's right to secede from Bosnia, although he has so far refrained from trying to make this threat a reality. A RS referendum, scheduled for June 2011, aimed at attacking the legitimacy of a central government-level court, may lead to a confrontation with the international community. Ethnic Croat leaders in Bosnia have called for the creation of a third, Croat "entity," threatening a further fragmentation of the country. After two major Croat parties were excluded from the government of the Federation (the other autonomous "entity" in Bosnia), they refused to recognize its legitimacy and formed their own assembly. Bosnia has failed to form a central government, more than six months after October 2010 elections.

The Office of the High Representative (OHR), chosen by leading countries and international institutions, oversees implementation of the Dayton Peace Accords, which ended the 1992-1995 war in Bosnia. It has the power to fire Bosnian officials and impose laws, if need be, to enforce the Dayton Accords. However, the international community has proved unwilling in recent years to back the High Representative in using these powers boldly, fearing a backlash among Bosnian Serb leaders. As a result, OHR has become increasingly ineffective, according to many observers.

The international community has vowed to close OHR after Bosnia meets a series of five objectives and two conditions, ending direct international oversight. However, the failure of Bosnia to achieve these objectives and conditions has led the European Union to consider plans to enhance its role, while leaving OHR to more limited tasks. The EU's main inducement to enlist the cooperation of Bosnian leaders—the prospect of eventual EU membership—has so far proved insufficient. The prospect of NATO membership has also had little effect. In April 2010, NATO foreign ministers agreed to permit Bosnia to join the Membership Action Plan (MAP) program, a key stepping-stone to membership for NATO. However, the ministers stressed that NATO will not accept Bosnia's Annual National Plan under the program until the entities agree to the registration of defense installations as the property of the central government. Dodik has rejected doing so for installations on RS territory.

Some observers are concerned that the combination of internal tensions within Bosnia and a declining international role could perhaps lead to violence and the destabilization of the region as a whole. This could be more likely if the RS tried to secede from Bosnia. However, there are factors acting against conflict, including the lack of support for war among Bosnians, the reduction in the level of weaponry in the country since the war, and, the fact that neighboring Serbia and Croatia would not see a conflict as being in their interest, given their desire for EU membership.

According to the USAID "Greenbook," the United States provided just over \$2 billion in aid to Bosnia between FY 1993 and FY 2009. However, the U.S. role in the country has declined in recent years as the EU role has increased. The Obama Administration has stressed the importance of maintaining a close partnership with the EU in dealing with Bosnia. Like the EU, the United States has urged Bosnian politicians to agree to constitutional and other reforms to make Bosnia's central government institutions more effective, so that the country can become a better candidate for eventual NATO and EU membership.

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Background

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

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

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

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

Bosnia at a Glance

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

Population: 4.6 million (July 2009 est.)

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

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

Political Leaders:

Bosnian central government

collective Presidency: Nebojsa Radmanovic (Serb), Bakir Izetbegovic (Bosniak), Zeljko Komsic (Croat)

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

Republika Srpska (largely Serb entity)

President: Milorad Dodik

Prime Minister: Aleksandar Dzombic

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

President: Zivko Budimir (Croat)

Prime Minister: Nermin Niksic (Bosniak)

Source: CIA World Factbook.

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

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

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

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

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

(...continued)

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

institutions, including the United States, Russia, France, Germany, Britain, Italy, Canada, Japan, Turkey, and the EU Commission and Presidency.

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

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

The state consolidation process suffered a serious setback in April 2006, from which it has not recovered. A constitutional reform package pushed by the United States and EU was defeated in the Bosnian parliament by a narrow margin. The relatively modest proposal would have replaced the three-member collective central government presidency with a single presidency, increased the powers of the Prime Minister, and strengthened the central Bosnian parliament. The electoral campaign in the run-up to Bosnia’s October 2006 general elections was notable for its nationalist tone, making reform efforts more difficult. Bosnian leaders made an effort to restart constitutional reform in late 2008 and early 2009, but it did not produce an agreement. Another round of constitutional reform talks, brokered by the United States and the European Union, took place in October and November 2009 at the Bosnian army base at Butmir, near the capital, Sarajevo. No agreement was reached at these talks, either. After the failure of the Butmir talks, constitutional reform remained on the back burner as campaigning got underway for Bosnia’s October 2010 general elections.

Current Situation

Political Situation

Bosnia is currently in a familiar situation—political deadlock. Over six months have passed since Bosnia held general elections on October 3, 2010, and no new central government has been formed. The situation does not appear to augur well for the country’s ability in the near future to enact reforms needed to advance its integration into Euro-Atlantic institutions.

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

In the vote for the central government collective presidency, Haris Silajdzic, the outgoing Bosniak representative, was defeated in his reelection bid. Silajdzic called for a strong central government and the abolition of the country's two semi-autonomous entities. Silajdzic's replacement is Bakir Izetbegovic from the Party of Democratic Action (SDA in Bosniak). Although he is less confrontational than Silajdzic, he is unlikely to agree to wholesale concessions to a hard-line Serbian stance.

The two other presidency members won reelection. The Serbian member of the central government presidency, Nebojsa Radmanovic, is a supporter of Milorad Dodik, the paramount leader among Bosnian Serbs. The Croat member of the presidency, Zeljko Komsic, is from the multi-ethnic, but predominantly Bosniak, Social Democratic Party (SDP). However, as he was elected within the Federation with key support from Bosniak voters, he may not be seen by many Bosnian Croats as the main representative of their community. That role may be taken by Dragan Cavic, leader of the Croatian Democratic Community (HDZ, in Croatian) and Bozo Ljubic of the HDZ 1990 party. They have called for the creation of a new, Croat entity within Bosnia, to join the two current entities. The United States and the EU have opposed such a step, viewing it as further weakening Bosnia's already fragile institutional structure.

Dodik, formerly RS Prime Minister, easily won election as President of the Republika Srpska. His party, the Alliance of Independent Social Democrats (SNSD, in Serbian), also secured a majority in the Republika Srpska parliament. During the campaign, Dodik said that Bosnia was being kept alive artificially by foreigners, that a functioning Bosnia was a "mirage," and that alternatives such as peaceful dissolution of the country should be discussed.³ Dodik has also demanded that OHR be withdrawn from Bosnia as soon as possible, without preconditions. He has called for reversing many of the achievements of state consolidation efforts conducted under OHR's guidance, including establishment the Bosnia and Herzegovina Court and prosecutor's office. After the election, Dodik reached agreement with Serbian opposition parties in the Republika Srpska parliament that constitutional reform packages brokered by the international community in 2006 and 2008-2009 cannot serve as a starting point for possible future negotiations.

Some observers believe that Dodik's strategy within Bosnia has been to obstruct the functioning of Bosnian institutions so much that the Bosniaks, Croats, and the international community will eventually agree to let the Republika Srpska become independent. Dodik also expressed support for the partition of Kosovo, perhaps seeing it as a model for Bosnia.

Negotiations on Forming a New Central Government

Negotiations between the main parties on forming a new central government have made little progress so far. Dodik has refused to permit his party to form a central government with the Social Democratic Party, led by Zlatko Lagumdžija, despite the fact that the SDP won the most seats in the elections. Both leaders opposed the 2008-2009 constitutional reform effort brokered by the United States and EU—Dodik because it went too far toward centralization and Lagumdžija because it did not go far enough.

Dodik also insists on the principle of rotation of offices among the main ethnic groups. He is demanding the foreign ministry for his own party, replacing the current incumbent Sven Alkalaj. Dodik has also said that a representative from a Croat party should take over as Chairman of the

³ Bosnian Serb SNRA news agency dispatch, March 22, 2010, from the Open Source Center.

Council of Ministers. For its part, the SDP has put forward Lagumdžija as its candidate for this post.

Another problem is a quarrel between Lagumdžija and the HDZ and HDZ 1990, the two largest Croat parties, over how many government posts the two parties should receive in the central government and in the Federation, which failed to form a new government for five months. This issue is just the latest in a long-term crisis facing the Federation. Infighting between Bosniak and Croat leaders in the Federation and the complicated division of powers and bureaucratic overlap between the Federation government and the ten canton governments within the Federation has created a dysfunctional situation that has hindered the Federation's economic development and threatens the fiscal collapse of Bosnia as a whole. A report by the International Crisis Group suggests that constitutional reform at the Federation level would not only improve the dire situation in the Federation itself, but provide momentum for reform at the central government level.⁴

On March 17, 2011, the Federation parliament approved a new Federation government, led by the SDP. It includes small Croatian parties, but not the HDZ and the HDZ 1990. These two parties claimed the government was formed illegally. They asked the Central Election Commission (CEC) for a ruling on the issue. The Commission ruled that the government was illegal, but the High Representative annulled the decision of the CEC, allowing the new government to continue working.

In addition to concerns about its legality, the HDZ and HDZ 1990 do not see the government as legitimate. They claim it does not represent Croat interests, since they, having received the most Croat votes in the election, are not participants. The HDZ and HDZ 1990 established a "Croat National Assembly" of municipalities and cantons with a Croatian majority. Such an organization could become a parallel government, further weakening Bosnia's cohesion. Croat leaders deny that this is the case, but say they will practice civil disobedience toward the government while staying within the law. Dodik has backed the HDZ and HDZ 1990's efforts, perhaps hoping that the conflict will do further damage to Bosnia's unity. The crisis in the Federation is also making the formation of a new central government even more difficult.

In any case, even if a new central government emerges to replace the current caretaker government, it may not be any more effective, in part because it will have to be composed of disparate political forces with incompatible political programs. Another factor that will likely inhibit the effectiveness of the government is the fact that the impact of a parliamentary majority in the Bosnian political system has less significance than in other systems, as representatives of an ethnic group, even if in a minority, can veto any decision that it feels does not accord with their interests.

Opinion polls in Bosnia show a broad-based disgust with the Bosnian political class, including their squabbling over government posts (and the privileges and opportunities for corruption that come with them), while the country continues to suffer serious problems with unemployment and poverty. In a poll done for the National Democratic Institute in August 2010, 87% of the citizens said the country was moving in the wrong direction, with only 12% saying their lives had

⁴ International Crisis Group, Federation of Bosnia-Herzegovina—A Parallel Crisis, September 28, 2010, at <http://www.crisisgroup.org/en/regions/europe/balkans/bosnia-herzegovina/209-federation-of-bosnia-and-herzegovina-a-parallel-crisis.aspx>

improved in the past four years.⁵ Yet the October 2010 elections resulted in many of the same ethnically based parties and leaders being returned to power, and no viable nonnationalist alternative taking hold. This paradox is explained by some observers by the nature of the Dayton system and the election laws, which favor ethnically based politics. Other experts also point to reflexive fear and distrust of the other ethnic groups, a lingering effect of the war.

Economic Situation

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

Nevertheless, despite these problems, living standards improved in Bosnia before the global economic crisis; real wages increased by 44% between 2000 and 2007. Real GDP increased by 30% in the same period, and by 5.4% in 2008. The global economic crisis caused a drop in real GDP of 3.1% in 2009. Since then, Bosnia's economy has begun a slow recovery. The Economist Intelligence Unit estimates that real GDP rose by 0.8% in 2010. Bosnia may have been affected less by the crisis than other eastern European countries because it is less heavily indebted than many of them. The fact that its currency, the convertible mark, is tightly linked to the Euro through a currency board system may help Bosnia to weather global financial shocks.⁶ Nevertheless, living standards remain low for many Bosnians and unemployment remains a severe problem. Official statistics put the unemployment rate at 43.3%. Other measures, which take into account employment in the unofficial, "gray" economy put it at 24.3%

In May 2009, the International Monetary Fund offered Bosnia a \$1.6 billion loan over three years. The IMF has sought budget cuts in the RS and Federation, including trimming the cost of government bureaucracy and veterans benefits. Implementation of these plans has been more difficult in the Federation, where a weaker and more divided government has had trouble standing up to the powerful veterans' lobby.⁷ The IMF loans are crucial not only for their own sake, but also because loans from the World Bank and budgetary support from the EU are also conditioned on meeting IMF conditions.

⁵ See http://www.ndi.org/files/NDI_Bosnia_Poll_Report_August_2010.pdf

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

⁷ Economist Intelligence Unit Country Report: Bosnia and Herzegovina, March 2011.

International Role in Bosnia

There has been a debate about the future role of the international community in Bosnia. The Peace Implementation Council (PIC) has appeared eager to end the direct international oversight of Bosnia through the OHR. This may partly be due to “political fatigue” after having played such a prominent role in the country for over 14 years. Since 2007, the High Representative has been reluctant to use his wide-ranging Bonn powers to impose legislation and fire obstructionist officials, due to a lack of political support for such actions by leading countries in the PIC. Since March 2009, Valentin Inzko, formerly Austria’s ambassador to Slovenia, has been the High Representative.

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

The EU is considering a plan proposed by EU foreign policy head Catherine Ashton and EU Enlargement Commissioner Stefan Fuele to separate the functions of the OHR from those of the European Union Special Representative (EUSR). The EU delegation in Bosnia, which currently mainly oversees EU aid projects, would also take over the political role of the EUSR. OHR would be left with a few specific tasks to perform directly arising from the Dayton Peace Agreement. The EU Delegation would focus on encouraging Bosnia to make the reforms needed for EU integration. The head of the EU delegation would not have the powers to veto legislation and remove local officials that OHR has had (but now rarely uses), but will have to persuade local leaders to cooperate using other tools, such as aid and the prospect of EU membership.⁸

The EU has added another possible means of persuasion for EU officials faced with intransigence by Bosnian leaders. In March 2011, the EU Council approved a decision on imposing a ban on travel to EU countries and asset freezes on persons whose actions threaten Bosnia’s sovereignty and territorial integrity, threaten the security situation in Bosnia, or undermine the Dayton Peace Accords. The Council would decide to put a person on the list based on the recommendation of a member state or that of the EU foreign policy chief.

The RS leadership has wrangled with OHR and the international community on the OHR’s Bonn powers. On May 14, 2009, the RS parliament passed a resolution which said that the parliament will review all powers transferred from the RS to the central government at the direction of OHR since the Dayton Peace Accord was signed in 1995. The resolution said that the RS should launch legal challenges to have the powers returned to the RS. The resolution also called for the High

⁸ International Crisis Group, *Bosnia: Europe’s Time to Act*, January 11, 2011, at <http://www.crisisgroup.org/en/regions/europe/balkans/bosnia-herzegovina.aspx>

Representative to stop using his Bonn powers. On June 20, Inzko used his Bonn powers to annul the RS parliament resolution. Dodik and the RS government remained unrepentant after the decision, casting doubt on its real value.

In another battle over OHR's role in December 2009, Inzko extended the role of international judges and prosecutors trying war crimes cases for another three years, after the Bosnian state parliament failed to pass legislation extending their stay. Inzko said that international judges and prosecutors dealing with organization crime and corruption could remain only in an advisory capacity. Nevertheless, the RS parliament passed legislation rejecting the decision.

In April 2011, the Republika Srpska parliament, acting on the proposal of President Dodik, voted to call a referendum on the Court of Bosnia and Herzegovina and the Bosnia and Herzegovina Prosecutor's Office, in another effort to undermine the legitimacy of these central-level institutions. The referendum may be held in June 2011. Press reports claim that the EU could impose a visa ban and an asset freeze on Dodik if he moves forward with the referendum.

The EU-led peacekeeping force in Bosnia, dubbed EUFOR Althea, has a current strength of about 1,600 troops. Its role is to maintain a safe and secure environment in Bosnia, as well as to assist Bosnia to reform its security sector. Some EU countries have called for a sharp reduction in EUFOR, perhaps in part due to the strains they face in deploying forces to Afghanistan and elsewhere. Press reports claimed that the EU foreign ministers backed away from reducing EUFOR in early 2010, concerned about the negative political signal a withdrawal could give to intransigent Bosnian political leaders. However, some countries have already reduced their forces without waiting for a formal decision; Britain and France already have fewer than 10 personnel each in EUFOR.

As direct control declines, the international community expects to continue to encourage reform in Bosnia by providing aid, advice, and the eventual prospect of joining NATO and the EU. In November 2006, NATO leaders invited Bosnia to join its Partnership for Peace (PFP) program, which provides Bosnia with assistance in improving its armed forces and making them interoperable with NATO. At their April 2008 summit in Bucharest, the Allies agreed to upgrade its relationship with Bosnia by launching an Intensified Dialogue.

In April 2010, NATO foreign ministers agreed to permit Bosnia to join the Membership Action Plan (MAP) program, a key stepping-stone to membership for NATO aspirants. However, the ministers stressed that NATO will not accept Bosnia's Annual National Plan under the program until the entities agree to the registration of defense installations as the property of the central government. Dodik has rejected doing so for installations on RS territory. As part of its effort to receive a MAP, the Bosnian presidency agreed in April 2010 to send a peacekeeping contingent to the NATO-led International Security Assistance Force (ISAF) in Afghanistan. Bosnia currently has 45 troops in ISAF serving as part of a Danish contingent in the conflict-prone Helmand region

In June 2008, Bosnia signed a Stabilization and Association Agreement (SAA) with the European Union. The SAA offers Bosnia increased aid and advice and recognizes it as a potential membership candidate. In 2011, Bosnia is slated to receive 108.1 million Euro (\$160.5 million) in

EU aid under the Instrument for Pre-Accession Assistance (IPA). Aid under IPA is expected to increase to 110.2 million Euro (\$165 million) in 2012.⁹

It is unclear whether these incentives are strong enough for Bosnian leaders to change their policies. The November 2010 report by the European Commission on Bosnia's efforts to become an EU membership candidate was sharply critical, noting that Bosnia had made "limited" progress in fulfilling the political criteria for membership and "little further progress" in creating a functioning market economy.¹⁰ However, Bosnian leaders have shown some capacity to respond to narrowly focused conditions in order to receive benefits in the short term that are highly coveted by their populations. In November 2010, the EU announced that citizens of Bosnia would be able to travel visa-free to the EU. The EU granted this right after Bosnian leaders undertook steps to tighten border management and migration policies.

In early 2011, German Chancellor Angela Merkel summoned leaders of the main parties in Bosnia to talks in Berlin on the formation of a new central government, as well as a possible agreement on a package of constitutional reform and other measures. One issue reportedly under discussion was a change in the Bosnian constitution to comply with a ruling of the European Court of Human Rights that said that the constitution violates the European Convention on Human Rights because it restricts eligibility for Bosnia's collective presidency and membership in the House of Peoples (one of the two houses of the Bosnian parliament) to members of the three major ethnic groups. Another issue was the passage of legislation to confirm the powers already transferred to the central government in the fifteen years since the Dayton accords. Finally, Germany is pushing for a "European clause" for the constitution. The clause would reportedly bar an ethnic group from vetoing legislation needed for the country's EU integration. So far, the German efforts have not produced results.

U.S. Policy

The United States has strongly supported Bosnia's integration into Euro-Atlantic institutions. However, the U.S. role in the country has declined in recent years. There have been no U.S. peacekeeping troops in Bosnia since 2004, when a NATO-led peacekeeping force was replaced by the current EU-led force. Some observers have claimed that the U.S. political role in Bosnia has also declined, particularly since the failure of constitutional reforms in 2006, despite strong U.S. pressure on the Bosnian parties at the time. The Obama Administration has touted the close working relationship it has maintained with the EU on Bosnia as a key success of its policy.

The United States provided large amounts of aid to Bosnia. According to the USAID "Greenbook," the United States provided just over \$2 billion in aid to Bosnia between FY 1993 and FY 2009. Aid levels were high in the years immediately after the 1992-1995 war, when the country was rebuilding. However, aid totals gradually declined thereafter, and current US aid to Bosnia is relatively modest.

According to the FY 2012 Congressional Budget Justification for Foreign Operations, in FY 2010 Bosnia received \$42.84 million in U.S. aid, including \$36 million in aid for political and

⁹ Bosnia and Herzegovina: Financial Assistance, at the EU Commission website, http://ec.europa.eu/enlargement/potential-candidates/bosnia_and_herzegovina/financial-assistance/index_en.htm

¹⁰ For more on the Commission report, see http://ec.europa.eu/enlargement/pdf/key_documents/2010/package/conclusions_bosnia_en.pdf

economic reform in the Aid to Europe, Eurasia, and Central Asia (AEECA) account; \$4 million in Foreign Military Financing (FMF); \$0.99 million in International Military Education and Training (IMET) funds; and \$1.85 million in the Nonproliferation, Antiterrorism, Demining, and Related (NADR) account. FY 2011 aid for Bosnia is expected to roughly equal FY 2010 levels. The Administration's FY 2012 foreign aid request includes \$50.25 million in aid to Bosnia, including \$39 million in AEECA funding; \$5 million in FMF; \$1 million in IMET aid, and \$5.25 million from the NADR account.

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

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

Biden appeared to tacitly underscore continued U.S. support for the framework of the Dayton Peace Accords by saying Bosnia could integrate into Euro-Atlantic institutions as a state "with two vibrant entities." However, he said that Bosnia needed a functioning central government that controls the national army, prevails where there is a conflict between central and local laws, has an electoral system that does not exclude any group, has the power to raise revenue, and has the authority to negotiate with the EU and other states to implement its obligations. Biden warned that the United States would not support the closure of OHR until the five objectives and two conditions were met.¹¹

In October 2010, Secretary of State Clinton visited Sarajevo. During a "town hall" meeting with students and civil society representatives, Clinton said Bosnia should take action on key issues, including "bolstering your commitment to a sovereign state, one that delivers results for all of its citizens by passing reforms that will improve key services, attract more foreign investment, make government more effective and accountable. These reforms are needed for their own sake, but they are also needed if your country is to fulfill the goal of becoming part of the European Union and NATO."¹²

In March 2011, Deputy Secretary of State Steinberg and Assistant Secretary of State Philip Gordon visited Bosnia in order to urge Bosnian leaders to form a new government quickly. Steinberg also met with European Union Managing Director for Europe and Central Asia Miroslav Lajcak. In a statement by a State Department spokesman on March 8, the Administration said it was "deeply concerned" over the failure to form governments at the Federation and central government level. It called on Bosnian leaders to build "broad-based" coalition governments so that the country can undertake reforms needed for the country's Euro-Atlantic integration. The

¹¹ A text of Vice President Biden's speech can be found at the White House website at http://www.whitehouse.gov/the_press_office/Prepared-Remarks-Vice-President-Joe-Biden-Addresses-Parliament-of-Bosnia-and-Herzegovina/

¹² The transcript of the meeting can be found at the State Department website at <http://www.state.gov/secretary/rm/2010/10/149333.htm>

statement called on those parties that are blocking the sending of delegates to the Federation House of Peoples (a key step toward forming a new Federation government) to stop doing so, and for those who were planning to convene the House of Peoples without those delegates to refrain from such a step. This appeal was ignored by the Bosnian parties.

Policy Concerns

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

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

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

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

The international community has not considered trying to broker a peaceful breakup of Bosnia. This is despite the possibility that Bosnia's shortcomings as a state may not be primarily due to the inherent flaws of the Dayton accords, the alleged lack of skill of international overseers, or the foibles of particular Bosnian politicians. Instead, it can be argued that many of the failures ultimately stem from a more fundamental problem—the fact that at least a large minority of the population (Bosnian Serbs and many Croats) never wanted to be part of an independent Bosnia. International rejection of partition is in part due to strong opposition by the Bosniaks, who would

have the most to lose in such an arrangement. A mainly Bosniak Bosnia would be a small, landlocked country surrounded by less than sympathetic neighbors. In contrast, Bosnian Serb and Croat nationalists would hope for support from and eventual union of territories they control with Serbia and Croatia respectively.

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

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

Figure I. Map of Bosnia and Herzegovina



Source: CRS.

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