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Stuck in Transition?

Croatia's Policy Toward Bosnia and Herzegovina

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EXECUTIVE SUMMARY AND RECOMMENDATIONS

When a new Croatian government was formed at the end of 2011 under SDP leadership, Prime Minister Zoran Milanović and Minister for Foreign and European Affairs, Vesna Pusić, took office and shortly thereafter announced their intention to make good relations with neighboring Bosnia and Herzegovina (BiH) a top priority of their policy of strong regional engagement. This decision to re-engage in BiH came after years of inactivity due to official Zagreb's all-consuming focus on its preparations for EU membership and at a time when the on-going structural political crisis in BiH had reached new heights. There were growing demands for action on the crisis from individual EU member states despite the EU itself being not willing to seriously re-engage and take action. The new government's BiH policy was to be a "principled policy" – one that would follow the state policy defined by former President Stipe Mesić in 2000 and accepted by all subsequent governments which was based on respect for the territorial integrity and sovereignty of Bosnia and Herzegovina and making it clear to BiH Croats that their capital is Sarajevo, not Zagreb. There was real hope in Zagreb that this was a new beginning. New opposition HDZ leader Tomislav Karamarko had generated further hope in a stronger, constructive BiH policy, on account of his political biography. But it soon became evident that there was no developed thinking or cohesive plan behind the basic declarations.

Three years on, and hopes for change have been dashed. Croatia's policy toward BiH has had little or no positive impact on relations between the two countries. Prime Minister Milanović's efforts got mired in the conflictual relations among the key political actors in Bosnia and Herzegovina. Like former President Ivo Josipović's earlier BiH policy initiative, it demonstrates that Croatia's leverage in Bosnia and Herzegovina, particularly over BiH Croat politics, has substantially diminished since the 1990s.

Foreign and European Affairs Minister Pusić attempted to make an impact working within the framework of the EU after Croatia became its 28th member, but her BiH plan received little support among member states, despite the fact that its main elements were almost identical to those of the later German-British initiative – now the EU's new and much-touted BiH policy. Pusić could do little more than insist that she thought of it first. The Pusić plan had presented a dramatic policy U-turn that left the BiH experts within her ministry largely marginalized. Now, toward the end of Pusić's term in office, those in her ministry in charge of BiH and the wider region appear to be skeptical of the prospects for the EU's new BiH initiative to succeed.

The BiH policy of all the top political players in today's Croatia – the Prime Minister, the Foreign and European Affairs Minister, the President, the opposition leader – seems to be schizophrenic. They seem to possess closely-held views that are both moderate and reality-based. They reject the idea of a third entity, repudiate the HDZ BiH's cooperation with the government in the Republika Srpska, and see the BiH Croat political leadership, along with the country's entire political elite, as corrupt and part of the problem - not a part of the solution. Yet these views hardly ever translate into public performance or policy. Instead, the government, president, and opposition repeatedly allow themselves to get drawn into paying public tribute to Croatia's 1990s policy legacy on BiH, which views the country solely through the lens of ethno-politics. While this conduct is considerably less invasive than it was under Croatian BiH policy in the

1990s, it nevertheless prevents Croatia from completely breaking with the past and setting aside the war legacy – which could now be done at a very low political price due to the current general disinterest of Croatian citizens regarding BiH. As a consequence, Croatia's already limited potential impact as an honest broker on Bosnia and Herzegovina both in its direct relations with BiH and within the EU framework is further reduced. In Brussels, for example, Croatia's MEPs are more vocal, but they are less respected than those of other new member states.

Another policy remnant of the recent past is the constitutional right granted to BiH Croats with dual citizenship to vote in Croatian elections. The practice of this right undermines the sovereignty and democratic development of both Croatia and Bosnia and Herzegovina.

For the next Croatian government and other relevant elements of the Croatian polity to be in a position to exert constructive influence on the EU's BiH policy, several policy adjustments must be undertaken:

- The new Croatian government and opposition politicians should take a firm and united stance against creation of a third entity in BiH and against further cooperation with the destabilizing political leadership in the Republika Srpska.
- Croatian government officials should end the practice of quiet, unofficial consultations with BiH Croat parties' representatives, and instead make relations with all BiH political actors – and civil society as well – transparent.
- Croatian government officials and opposition politicians should promote equality for BiH Croats through their support for initiatives and reform proposals that aim to create a more functional constitutional system in BiH by balancing collective and individual citizens' right in a way that secures a stable democracy, strong rule of law, and political accountability – not through an exclusively ethnic Croat filter.
- The new Croatian government and opposition politicians need to agree on constitutional changes to abolish the diaspora electoral unit for the Sabor as well as the voting rights of BiH citizens with dual citizenship and residence in BiH in Croatian presidential and parliamentary elections.
- The new Croatian government and opposition politicians need to agree on legislative changes to abolish the right of BiH citizens with dual citizenship and residency in BiH to run as candidates in Croatian elections, including elections for Croatian members in the European Parliament.
- The State Office for Croats Living Outside the Republic of Croatia should be dissolved and its role integrated with the foreign ministry's departments for developmental aid.
- Croatia must abandon its current maximalist approach regarding the dispute on the re-negotiation of BiH's interim trade agreement with the EU and negotiate a good faith compromise solution.
- Within the framework of the Berlin process and the most recent Western Balkans summit in Vienna, and based on the findings of the completed and forthcoming feasibility studies, Zagreb should seek a good faith compromise solution to the Pelješac bridge dispute.

Introduction

Almost two and-a-half years after entering the European Union as its 28th member, Croatia still finds itself in the process of redefining its foreign policy. The results of the upcoming general elections on November 8 will further shape this evolution. Re-inventing Croatian foreign and security policy in a more European, and less bilateral framework is particularly important for the country's relations toward its neighbors. The specific role of Croatia in the recent past presents a special challenge in the case of Bosnia and Herzegovina (BiH), with its now decade-long structural political and institutional crisis.

When the current Social Democratic Party (SDP)-led government took office in late 2011, it publicly declared that its reinforced regional policy would have a particular focus on BiH. Henceforth, Croatia would pursue a "principled policy" toward its immediate neighbor, with which it shares a 1,000 kilometer border. But what such a policy would entail and how it would be pursued was not articulated. Prime Minister Zoran Milanović and his Foreign and European Affairs Minister, Vesna Pusić, assumed the lead from President Ivo Josipović, who had filled a regional policy void left by the previous government with his symbolic reconciliation policy.

The Milanović government stepped into the fray after a decade in which official Zagreb had already substantially transformed its BiH policy. Elected to office as Croatian president in 2000 after the death of his wartime predecessor Franjo Tuđman, Stipe Mesić, who had broken with the Croatian Democratic Union (HDZ) over Tuđman's BiH policy during the war, made a U-turn in Zagreb's policy toward BiH. In 2000, immediately upon assuming office, he sent an unequivocal message to BiH Croats that their capital was Sarajevo, not Zagreb – a clear curtailment of Croatia's policy away from the aggressive nationalist and interventionist approach of the previous war decade. This policy was congruent with that of the SDP-led government of Prime Minister Ivica Račan, and was maintained as the state policy over the next decade (2000-2011) including during the two subsequent HDZ-led governments of Ivo Sanader and Jadranka Kosor. The government of Prime Minister Ivo Sanader began to channel financial assistance to BiH Croats through official governing institutions of the Federation of BiH, rather than directly to BiH Croat political structures as had been the case during the war and in the immediate post-war period. His successor, Jadranka Kosor, concurred with the SDP-led opposition in adopting constitutional changes which reduced the number of parliamentary seats in the Sabor elected from the so-called diaspora electoral unit from 12 to three. Kosor also prepared an amendment to the country's residence law that would stop the practice of BiH Croats with dual citizenship collecting social benefits from both Croatia and BiH. The amendment was adopted by the Sabor. However, this policy change was driven primarily by domestic political and economic interests in the run-up to EU accession – the reduction of the diaspora seats was a concession by the HDZ-led government to the SDP whose votes it needed for other constitutional changes necessary in the context of EU accession and cleansing the list of double-dipping social beneficiaries also aimed at reducing the burden to the budget. The political salience of BiH Croats in Croatian politics substantially diminished over time and BiH's presence in the Croatian media waned.

The rising political and institutional crisis in BiH became a specific challenge for Zagreb after the failure of

the Butmir talks,[1] and specifically after the 2010 BiH general elections. Croatia found itself confronted with increasing demands from both the EU and the US to re-engage in BiH, particularly to influence the country's Croat political leaders.

In October 2012, Democratization Policy Council (DPC) published a policy study entitled *Serbian and Croatian Policy in Bosnia-Herzegovina: Help or Hindrance? – How to Effectively Employ Western Leverage*.[2] The study examined the increasing involvement of both Serbia and Croatia in the politics of BiH, with active promotion by the West, based on the idea that the country's neighbors could and would make constructive contributions toward solving the structural political crisis in BiH. The study's Croatia chapter explored whether Croatia still had sufficient bilateral political leverage in Bosnia and Herzegovina to make a substantial impact or whether it would be more effective to prepare for its upcoming interventionist role within the framework of the EU as BiH's only EU member neighbor. The study also noted that Croatia's policy remained focused on ethnic Croats in BiH, including in relation to efforts it perceived as aiming to strengthen or consolidate the country as a whole.

This policy note presents a stand-alone update to DPC's 2012 study. It assesses the BiH policy of the Croatian government, the Croatian President, and other important Croatian political actors over the last three years, with a particular emphasis on how Zagreb has dealt with BiH within the scope of its capacity as an EU member state.

President Josipovic's symbolic reconciliation policy

After Foreign and European Affairs Minister Vesna Pusić took office, a struggle ensued between her and her ministry and President Josipović and his office over who would take the lead on regional policy. The Croatian Constitution assigns responsibility for foreign policy to *both* the president and the government without delineating a clear division of competences, thereby encouraging such turf battles.

Having expanded his regional cooperation policy to include BiH, President Josipović began to engage with BiH in the spring of 2010 with two closely-spaced visits that covered various parts of the country. During these visits, Josipović publicly apologized for Croatia's wartime role in Bosnia and Herzegovina and for war crimes committed. On his May 2010 trip, he visited the Republika Srpska (RS) and reached out to the entity's controversial leader, then Prime Minister Milorad Dodik. In addition, he started to engage with BiH Croats, visiting Mostar four times in two years – a major shift from his predecessor who had not been welcome in either Mostar or Banja Luka and had thus limited his presence in BiH to the capital Sarajevo. Former President Mesić kept his distance from both Dodik and the HDZ BiH as well as from other Croat ethnic parties. In contrast, Josipović's office had designed a BiH policy that was based on a misplaced (but EU-standard) belief that the carrot of future EU membership would impel BiH political leaders to reform

[1] Kurt Bassuener, "It's Time for a Plan B for Bosnia – the international policy needs a strategic rethink," European Voice, October 22, 2009, available at: http://www.politico.eu/article/it-is-time-for-a-plan-b-for-bosnia/.
[2] Kurt Bassuener and Bodo Weber, *Croatian and Serbian policy in Bosnia-Herzegovina: Help or hindrance? How to effectively employ Western leverage*, DPC, October 2012,
available at: http://democratizationpolicy.org/uimages/pdf/dpc_neighbors_study_final.pdf.

the dysfunctional institutional structures of their country. But Josipović's policy was also driven by an ethno-national view which looked at BiH exclusively through the lens of the three constituent peoples, with Croatia in the role of motherland of all Croats with the self-defined mission to protect the political interests of BiH Croats.[3]

President Josipović ultimately lost the fight with the Ministry for Foreign and European Affairs over directing policy toward Bosnia and Herzegovina. This concession of leadership coincided with the failure of his policy, which according to one former presidential office staffer, was never as cohesive as it seemed when viewed from the outside. This interlocutor noted:

> "There were strong divisions within the presidential office when Josipović raised the idea of a Bosnia policy initiative in 2010. His main foreign policy advisor, Joško Paro, was strongly against any engagement in BiH. He didn't believe Croatia could have a relevant impact on a bilateral level, but that a solution could only come through the EU framework. Romana Vlahutin, in charge of the Western Balkans, was in favor of a strong regional policy and engagement in Bosnia. Vlahutin prevailed and Paro later left to become ambassador to the US."

This same former staffer suggested that it was not so much the turf war with the Ministry for Foreign and European Affairs in 2012, but the looming failure of his policy initiative that led Josipović to cede policy leadership on BiH. He explained that in 2012 Josipović started to see the limitations of his regional policy, noting that:

> "With the change in government in Serbia and Nikolić entering the presidential office in Belgrade, the president had lost his natural partner [former Serbian President Boris] Tadić for his regional policy approach. In BiH, he saw that whatever policy he initiated would always be criticized by one ethnic political camp. He also got frustrated with Croat party leaders in BiH and developed a disdain toward [HDZ BiH president Dragan] Čović. President Josipović recognized the corrupt nature of the political class in Bosnia and at one point stated that 'all these Croat party leaders in BiH taken together probably deserve 30 years of prison for their criminal activities.' So he decided to abstain from further engagement on BiH despite intensified Western calls for Croatian involvement. In the end, the President arrived at Paro's position without Paro."[4]

Enter the Milanović government: travails of a "principled policy"

When Zoran Milanović became prime minister in December 2011, his government announced a foreign policy concentration on the Western Balkans region, noting that Bosnia and Herzegovina would be the top priority within that approach. With respect to BiH specifically, the government said it would pursue a "principled policy." What this actually meant was never defined. What it did include was a continuation of the policy initiated by former President Stipe Mesić, which emphasized respect for BiH's sovereignty and territorial integrity, the principle of non-interference in its internal affairs, and strong support for BiH's

[3] Ibid., pp.16-18.
[4] Interview with former Presidential office staffer, Zagreb, September 2015.

(blocked) EU-integration path. It also recognized that the ruling SDP-HNS (Croatian People's Party, led by Vesna Pusić) coalition assessed that it had no "natural partners" among BiH political parties for its policy. However, as part of the new policy, Prime Minister Milanović ended his predecessor's practice of holding regular meetings with BiH Croat party leaders in Zagreb. And Milanović visited not only the capital, Sarajevo, and West Herzegovina Canton, but also Central Bosnia Canton where the second largest concentration of Croats in BiH resided (Posavina Canton being the third).[5]

But Milanović began experiencing the attendant difficulties of delivering on the noble goal of a "principled policy" on his first official visit to BiH in February 2012, buffeted about as he was by BiH's internal coalition struggles. The visit took place in the midst of a government formation crisis in BiH at both Federation and state levels that would persist through to the general elections in 2014, pitting the two Bosnia and Herzegovina HDZ parties (HDZ BiH and HDZ 1990) against the SDP-led Federation government, with party leader and Foreign Minister Zlatko Lagumdžija calling the shots. Though Milanović had clashed with the Croat party leaders during his stay in West Herzegovina, Lagumdžija refused a breakfast meeting invitation in Sarajevo criticizing Milanović's trip as "over-ethnic," especially targeting his meeting with representatives of the Croat People's Assembly (Hrvatski Narodni Sabor, HNS), an *ad hoc* ethnic national body formed after the two HDZ parties failed to negotiate themselves into the Federation government in March 2011.[6] A Croatian diplomat in BiH added another detail to this episode, claiming that "on Milanović's first trip here, he offered to meet with Lagumdžija as Foreign Minister, but not as a party colleague. Lagumdžija wanted to host Milanović as SDP, he refused. This was a crucial moment in the relationship between the parties… So Milanović had better relations with [then head of BiH Council of Ministers Vjekoslav] Bevanda, despite the fact he's HDZ. The BiH political structure determines that – three constituent peoples…"[7]

The incident set the tone for a persistent frosty relationship between the ostensible "social democratic sister parties," which only became worse when Croatia entered the EU the following year. A Croatian SDP official, engaged in fostering relations with its BiH sister party at the time, explained that "the SDP was angry at us because of an initiative by Croatian MEPs in the European Parliament calling for federalization of BiH." The Croatian SDP's support for constitutional reform in Bosnia and Herzegovina based on "the principles of federalization," promoted by its MEPs in Brussels and also in inter-party communication, was identified by its sister party in Sarajevo as support for the demand for a third Croat entity."[8]

A third episode straining the official Zagreb-Sarajevo and inter-SDP relationship was Prime Minister Milanović's surprise visit to Mostar on February 9, 2014, following the outburst of violent social unrest throughout the Federation two days earlier. Demonstrators in Mostar burned government buildings, the

[5] *Croatian and Serbian policy in Bosnia-Herzegovina: Help or hindrance? How to effectively employ Western leverage*, pp.20-21.
[6] The SDP led an effort to develop coalitions at the entity and state levels around a platform, with the original intent of bringing the HDZ 1990 and perhaps even SDS on-side. This effort failed, leading to a "Platform coalition" consisting of the SDP, Party for Democratic Action (SDA), Radom za Boljitak, and Croat Party of Rights (HSP). This later collapsed. "Lagumdžija odbio Milanovića: Posjet je 'nacionalno obojen'," 24sata.hr, February 27, 2012, available at: http://www.24sata.hr/politika/bih-lagumdzija-odbio-rucati-s-milanovicem-zbog-hdz-a-255485.
[7] Interviews with Croatian diplomats, SDP RH officials, Zagreb-Sarajevo, September-October 2015.
[8] Interviews with SDP RH officials, Zagreb, September 2015.

HDZ BiH headquarters, and the office of the local branch of the (Bosniak) Party of Democratic Action (SDA). HDZ BiH leaders, including Ović and Bevanda, joined with Sarajevo-based and RS party leaders in attempting to deflect popular outrage away from themselves and to mischaracterize this citizens' outburst of frustration and rejection of BiH's entire political class as having an inter-ethnic character.[9] The background and motives for Milanović's visit remain opaque. Croatian policy analysts and policy-makers interviewed for this study were unclear as to what was behind the reason for Milanović's Mostar trip. Foreign Ministry officials explained that the trip "was solely the Prime Minister's initiative and decision, he did not coordinate with the Foreign Ministry. Even the Croatian Ambassador in Sarajevo had no clue until [Milanović's foreign policy advisor Neven] Pelicarić phoned him when they were already on the way to Mostar." Another Croatian diplomat added that "his cabinet announced the visit to Council of Ministers Chair Bevanda. We sent an official note to the (BiH) Foreign Ministry."

Assessments of the meaning of the visit and its impact differ. Milanović himself explained in Mostar that his trip aimed at "pouring oil on troubled waters." From Sarajevo he received strong criticism for having visited, among other protest sites, the burned HDZ headquarters, but not the SDA offices. A Croatian Foreign Ministry official judged the visit as an "*ad hoc* populist move without any policy vision or strategy." A Croatian policy analyst insisted "it obviously served to stabilize Čović." And a BiH Croat politician opined that it did "have a pacifying effect [on the tense atmosphere in Mostar"].[10]

While Milanović has since kept a lower public profile with respect to his policy on BiH, over the last two years, his own thinking appears to have gravitated toward sympathy for the HDZ BiH narrative. One Croatian policy analyst insisted that "Čović regularly comes to Zagreb – sometimes he informs his sister HDZ, sometimes he doesn't – and meets with Milanović. He obviously has some access to the Prime Minister." All interlocutors interviewed for this study link this policy shift to the replacement of the Prime Minister's advisors on BiH.

Two close associates of Milanović who are knowledgeable about BiH and the region, former Deputy Prime Minister Neven Mimica and foreign policy advisor Mato Škrabalo, left for Brussels after Croatia joined the EU. Milanović's current foreign and security advisors have no regional policy experience. All interlocutors interviewed for this study insist that Daria Krstičević, head of the *State Office for Croats Living Outside the Republic of Croatia,* has *de facto* become the Prime Minister's BiH policy advisor and has influenced Milanović's views on Bosnia and Herzegovina. Krstičević is a former BiH diplomat close to the HDZ BiH and to Čović, who left the diplomatic service after a conflict with then Croat member of the BiH Presidency,

[9] For more details see: Bodo Weber, *Inflammatory political rhetoric and hate speech in Bosnia and Herzegovina: political elites and the media*, DPC-AI Bosnia & Herzegovina Security Risk Analysis Study Paper Series Policy Note #1, available at: http://www.democratizationpolicy.org/uimages/AI-DPC%20BiH%20Security%20Risk%20Analysis%20Paper%20Series%201%20Hate%20%20Speech.pdf

[10] Interviews with political analysts, Croatian MFA officials, Croatian diplomats and BiH Croat politicians, Zagreb-Sarajevo, September-October 2015; „Milanović: Došao sam u Mostar smirivati strasti; Jasmila Žbanić: Marš kući!," *Slobodna Dalmacija*, February 9, 2014, available at: http://www.slobodnadalmacija.hr/Hrvatska/tabid/66/articleType/ArticleView/articleId/235515/Default.aspx; „Komšić i Izetbegović: Zašto je Milanović došao u Mostar? Najbolje bi bilo da nas pusti na miru!," *index.hr*, February 9, 2014, available at: http://www.index.hr/vijesti/clanak/komsic-i-izetbegovic-zasto-je-milanovic-dolazio-u-mostar-najbolje-bi-bilo-da-nas-pusti-na-miru/726620.aspx.

Željko Komšić, in 2008, settling in Zagreb. Milanović appointed her to the newly-established office for Croatian "diaspora" in 2012 in order to, as one Croatian analyst commented, "publicly demonstrate that Bosnian Croats are not forgotten." An SDP official explained that other party officials originally from BiH, such as assembly speaker Josip Leko or MPs Ivo Jelušić and Melita Mulić, have influence on the government's policy too, but that "all of them left Bosnia either just after birth or during their childhood. Krstičević is by far the one with the freshest insight." Milanović has begun to take Krstičević with him on his state visits to BiH. According to a Croatian analyst and several Western diplomats interviewed, Krstičević is also close to Nino Raspudić, an academic, publicist and political analyst from Mostar who holds a professorship at the Faculty of Philosophy in Zagreb. Raspudić is a proponent of a third Croat entity in BiH and belongs to a group of influential young academics in West Herzegovina. He publishes regular anti-Western commentaries in the Banja Luka daily *Nezavisne novine,* supporting the policy arguments of RS President Milorad Dodik and his government.[11]

With parliamentary elections in Croatia approaching, Bosnia and Herzegovina seems to have faded to the margins as a policy issue for the Prime Minister. It does not figure prominently in the ruling party's election campaign, which has been revitalized by the current refugee crisis and the populist spin in which the SDP and its leader have engaged to regain public dominance *vis-à-vis* its HDZ opponent. In that context, Milanović seems to oscillate between the two alternative positions in the Croatian political discourse over the country's role in the region – build a bridge for the Western Balkan countries to the EU, or hold the region at bay from membership. The latter position came into focus when the Prime Minister refused to sign the final declaration of the EU's recent Western Balkans summit in Vienna.[12]

Foreign and European Affairs Minister Pusić's BiH initiative

In light of the fact that President Josipović had given up on his own personal engagement with BiH in mid-2012, and that the Prime Minister only occasionally dealt with BiH, Minister of Foreign and European Affairs Vesna Pusić was able to take the reins in developing Croatia's policy toward BiH. Pusić and her ministry had put that task on hold for a full year as they had been consumed with the final tasks associated with Croatia's ultimately successful path to EU membership. Her earlier proposal to reform BiH's constitutional structure into five regions,[13] including one for each constituent people, was rejected outright by the US and altogether abandoned by her soon thereafter. Pusić had concluded that the

[11] Interviews with policy analysts and SDP party officials, Zagreb, September 2015; see also: Bodo Weber, *Inflammatory political rhetoric and hate speech in Bosnia and Herzegovina: political elites and the media.*

[12] Two annexes to the summit chair's final declaration, of which one was a non-binding commitment to resolve outstanding bilateral disputes among countries of the region, were signed by the prime ministers of the Western Balkans, but not by PM Milanović. Slovenia, too, refused to sign the annexes. Both the final declaration and the annexes are available at: http://www.bmeia.gv.at/en/european-foreign-policy/foreign-policy/western-balkans-summit-vienna-2015/. Interviews with policy analysts, Zagreb September 2015.

[13] She actually first articulated this idea while in opposition. See "Vesna Pusić: 'BiH ustrojiti kao pet teritoriajlni jedenica, uključujući hrvatska,'" *24sata.info*, November 13, 2009, available at: http://24sata.info//vijesti/regija/19902-vesna-pusic-bih-ustrojiti-kao-pet-teritorijalnih-jedinica-ukljucujuci-hrvatsku.html. She repeated it two years later in the 2011 election campaign. See also: "Vesna Pusić: Pet entiteta u BiH, u kojih jedan hrvatski, samo jedan od sugestija," herczegovina.info, November 13, 2011, available at: http://www.hercegovina.info/vijesti/vijesti/politika/vesna-pusic-pet-entiteta-u-bih-od-kojih-jedan-hrvatski-samo-jedna-od-sugestija/print:true.

political environment in BiH was not conducive to any form of constitutional or wider institutional reform. Within her ministry, those officials dealing with BiH at the time were sharply critical of the EU's approach, which was primarily driven by the European Commission and Germany. They strongly asserted that "the EU's integration toolbox is not sufficient to solve Bosnia's problems" and criticized the EU's approach to reduce its conditionality in the hope of spurring reform momentum.[14]

When Croatia joined the European Union in July 2013, Pusić finally had the time to pursue a new initiative for BiH. As a ministry official involved in the process explained:

> "We started with an internal brainstorming meeting that gathered colleagues in charge of or knowledgeable about BiH – [head of Western Balkans section] Željko Kuprešak, [former ambassador to Sarajevo] Tonči Staničić, [Croat diplomat of BiH origin] Hido Biščević and a couple of others. Then the minister took up the discussion. A plan was drafted, we handed the concept over to British Ambassador David Slinn to send it to London in November. The minister intended to present the plan to her EU colleagues at a meeting in Brussels, but the date was delayed several times for various reasons. A breakfast meeting was finally planned for February 2014, but then social unrest broke out in Bosnia and the meeting was postponed again, and finally took place in March."[15]

When Pusić finally got the chance to outline her plan to her European colleagues, she received very little support for it.[16] This seemed surprising, given the content of Pusić's plan for Bosnia and Herzegovina. The proposed policy concept, outlined in a document titled as a "Promemo" and in several of the minister's speeches, and partly reinforced by a not-fully-coordinated non-paper from Croatian Ambassador to the US, Joško Paro, represented a complete U-turn, considering the ministry's previous criticisms of the EU's policy toward BiH.[17] The plan hinged on an assertion that the EU's integration toolbox in fact did offer sufficient leverage to compel the necessary structural reforms in BiH. It identified the implementation of the European Court of Human Rights' Sejdić-Finci ruling as a condition too difficult to achieve at this time and the prime cause of BiH's stalled integration process. Instead, Zagreb proposed a vaguely defined "tailor-made accession process for BiH." Ambassador Paro in his non-paper even suggested skipping entirely the Stabilization and Association Agreement (SAA) step in BiH's accession.[18]

It is not completely clear what led to this radical policy shift. Several interlocutors with insight into ministry proceedings noted that within the ministry those most knowledgeable about Bosnia and Herzegovina and

[14] *Croatian and Serbian policy in Bosnia-Herzegovina: Help or hindrance? How to effectively employ Western leverage*, pp.21-22.
[15] Interviews with MVEP officials and European diplomats, Zagreb, September 2015.
[16] Ibid.
[17] Paro non-paper; "Promemo – Bosnia and Herzegovina," Croatian MFA document, March 2014, made public through: "Prijedlog za novu EU strategiju prema BiH", Radio Free Europe, March 13, 2014, available at: http://www.slobodnaevropa.org/content/prijedlog-za-novu-eu-strategiju-prema-bih/25294183.htm; "Speech at Johns Hopkins University," Washington DC, February 28, 2014 – available at http://www.mvep.hr/en/the-ministry/minister/speeches/speach-on-johns-hopkins-university_,7584.html.
[18] For a more detailed critique, see: Bassuener/Weber, *Outline for a Common Western Policy Pivot on BiH*, DPC Policy Brief, March 2014, pp.3-5, available at: http://www.democratizationpolicy.org/pdf/briefs/DPC Policy Brief Common Western Policy Pivot on Bosnia and Herzegovina.pdf.

critical of the content of the new initiative had been silenced and marginalized. Others cite Pusić's closeness with some European policy analysts supportive of the Commission and its member states backers' thinking on BiH. Interlocutors are clearer on the reasons why the initiative failed to get any traction, despite it being very close to the dominant thinking in Brussels and Berlin. Several European diplomats stationed in Zagreb observed that Pusić fumbled her delivery in Brussels. One insisted that "Pusić presented her baby at the FAC [Foreign Affairs Council] in an awkward way. She had done no advocacy, no lobbying, no alliance-building in advance." A Croatian Brussels-based correspondent added "people wondered what is this special accession status for Bosnia – there is nothing like this in the fabric of the EU integration process."[19] Another Sarajevo-based EU member state diplomat, upon first hearing of the Croatian way of thinking and its proposed infusion of funds, exclaimed "with whose money? Certainly not theirs!"[20]

Even worse for Foreign Minister Pusić, in May 2014 the British Foreign and Commonwealth Office and the German Auswärtiges Amt [German Foreign Office] started secret negotiations on a joint UK-German initiative on BiH that was mostly in line with Zagreb's proposal – but they kept Pusić and her ministry (as well as other EU members and allies) largely excluded from the process. As a Croatian foreign ministry official explained, "we had more contacts with the FCO than with Berlin thanks to the British Ambassador being very active on Bosnia while the then German Ambassador was completely inactive on Bosnia. But we weren't included by either London or Berlin. We approached the Chancellor's office, but they were not responsive, then we turned to the AA, same result. Then the minister tried to get in through regular phone calls to Steinmeier," without success. When the Aspen conference of Western Balkan foreign ministers scheduled for November 2014 neared, Pusić threatened to stay away and demanded to see the written Steinmeier-Hammond plan first. She decided to attend the day before the conference started, after receiving a copy of the minister's joint letter that presented the BiH initiative.

While Germany and the UK had kept Zagreb at arm's length during the process of developing their BiH initiative, it seems that Berlin at least had assigned a role to the Croatian government in the implementation of the future policy. In October 2014, prior to publication of the initiative, and before Minister Pusić was informed of its content, the Auswärtiges Amt Special Envoy for the Western Balkans and Turkey, Ernst Reichel, traveled to Zagreb. In a meeting with selected EU member states and the US Ambassador to Croatia, Reichel explained that the EU should tell Zagreb to press HDZ BiH leader Dragan Čović to undertake the necessary measures to implement the initiative. His counterparts tried to convince him that the time had long since passed when Zagreb had the influence to tell the BiH Croat party leaders what to do.[21]

After the initiative was made public and had gained the support of the majority of EU member states, there was little more that Pusić and the ministry could do except to claim original authorship over it (with some justification). At the December 2014 Foreign Affairs Council meeting at which the initiative was officially approved, Pusić argued against Sejdić-Finci having been mentioned only once in the Council's

[19] Interviews with policy analysts, European diplomats and Croatian correspondants, Zagreb-Brussels, September 2015.
[20] Discussion with EU member state diplomat, Sarajevo, March 2014.
[21] Interviews with Western diplomats and political analysts, Zagreb, September 2015.

final draft conclusions and not twice as the first draft had foreseen – and won that round. Pusić has since kept a low profile on BiH, concentrating on her bid to become the next UN Secretary General. Officials in her ministry that were interviewed in autumn 2015 expressed skepticism about the prospects for success of the new EU BiH initiative.[22]

The Croatian Ministry of Foreign and European Affairs launched its last BiH initiative after the October 2014 general elections. It proposed that an EU integration ministry be established, and offered support and a transfer of knowledge based on Croatia's own experience. The initiative, which has never been made public, was presented through the British Embassy in Sarajevo to Dragan Čović and the other party leaders, but gained no political traction. As a frustrated ministry official explained, "Čović is only interested in ministries where the money is; so are the other party leaders."[23]

The opposition – HDZ, Karamarko and Croatia's New President

Parallel to Milanović taking office, the election of Tomislav Karamarko as the new president of main opposition party HDZ initially boosted hope for a constructive Croatian policy toward BiH. Karamarko had been Mesić's chief of cabinet when Mesić shifted his predecessor's BiH policy. Karamarko himself was known to have distanced himself from Tuđman's 1990s policy. He had previously been married to a Bosniak, the daughter of respected Zagreb academic Osman Muftić. Yet his public political performance on BiH since 2012 has dashed hopes that he would chart a new, constructive course, as Karamarko seems to have shifted to a more conservative, nationalist policy line. He attempted to re-unite the two BiH HDZ parties (unsuccessfully convincing HDZ 1990) and criticized the government's announcement in May 2012 to give up on the idea for construction of a bridge at the peninsula of Pelješac, which is opposed by the BiH authorities (and local authorities in Croat-populated Neum in BiH).

The rationale for his apparent policy shift appears to be opportunistically political rather than philosophical. Interlocutors familiar with Karamarko's way of thinking on BiH insist that "Karamarko is a moderate. In private talks he supports the unity of BiH as a value Croatia needs to uphold, labels a third entity a stupid idea, which Bosnian Croats are incapable of achieving because they would have to do it by force, neither can they expect Croatia will do it for them, and resists Čović's messing with Dodik." According to one interlocutor, Karamarko's plan was to re-unite the two HDZ parties and for both party leaders, Dragan Čović and Božo Ljubić, to step down. His plan failed.

According to another interlocutor, within the Croatian HDZ opinions with respect to Bosnia and Herzegovina remain divided, noting that, "on Bosnia most influential are MP Ivan Šuker, who is originally from BiH and party General Secretary Milijan Brkić – he originally entered the Sabor on the diaspora list and returned many of the Herzegovinian hardline party members and officials from the 1990s to the core of the party."

[22] Interviews with MVEP officials, European diplomats, Zagreb, September 2015 and with Croatian diplomats, Berlin, November 2014.
[23] Interviews with MVEP officials, Zagreb, September 2015.

In the current election campaign for the Sabor, BiH does not figure high on the HDZ's agenda in Croatia. But the party does traditionally campaign for BiH Croat votes. At a joint rally with the HDZ BiH in Orašje in October 2015, Karamarko announced that if the HDZ wins the election, he will make Croatia's relations with the diaspora a top priority of the government's policy, including increasing the number of polling stations for Croatian elections in BiH.[24] (Changes to the Constitution in 2011 have enabled this possibility.) Also, Karamarko made a surprise announcement that a future HDZ government would seek to secure for BiH Croat veterans, former members of the Croatian Defence Council (HVO), "near equal rights" in Croatia with those that Croatian Army veterans enjoy. Doubts have been raised as to whether this announcement was serious, because, if implemented, it could have serious budgetary and political implications, as it would amount to an implicit recognition of Croatian aggression on the territory of BiH during the 1992-95 war in Bosnia and Herzegovina. Karamarko concluded his campaign speech by stating that "we will return to the program of Dr. Tuđman." As one interlocutor commented, "it is campaign time, so you will hear none of the moderate statements you could get from Karamarko and other party officials until recently – not even in private talks."[25]

Enter "Barbie"[26]

Croatian President Kolinda Grabar-Kitarović (HDZ) was elected in an upset victory in January 2015 and is a newcomer to the BiH issue. A former ambassador to Washington DC and former Assistant Secretary General for Public Diplomacy at NATO, she is an Atlanticist who was detached from domestic national discourse. Neither do her foreign and security policy advisers have a regional policy background. As an interlocutor with access to the President's thinking on the subject claimed, she "shares the moderate positions of Karamarko on Bosnia. You could see this in the television debate with the four presidential candidates. Right-wing candidate Milan Kujundžić expressed strong positions against a third entity and Čović's cooperation with Dodik. Kolinda less explicitly agreed, but she did agree." Yet the same interlocutor also noted that because in the run-up to the second round of voting between Grabar-Kitarović and Josipović polls showed a tight race, "she got blackmailed by Čović to change her policy positions in order for him to secure her the votes of Bosnian Croats." These proved important. Another interlocutor stated that "I am not sure she got blackmailed, but she surely had to adjust her policy positions, you could see that in her public performance." Those competing imperatives were also visible during her first state visit to BiH in September 2015, which brought her to Mostar, Sarajevo, and Banja Luka. "It was a clear balancing act between her moderate thinking and the need to de-conflict the relationship with the HDZ BiH due to the upcoming parliamentary elections in Croatia and the need of the Croatian HDZ to secure Bosnian Croat votes," the interlocutor explained.[27]

[24] "BiH nam je draga kao I Hrvatska, jer hrvatski narod ima dvije domovine," *Večernji list*, October 9, 2015, available at: http://www.vecernji.ba/bih-nam-je-draga-kao-i-hrvatska-jer-hrvatski-narod-ima-dvije-domovine-1029587.
[25] Interviews with policy analysts and Western diplomats, Zagreb, September 2015; „Karamarko: Izjednačiti prava hrvatskih branitelja u Hrvatskoj i BiH," *poskok.info*, available at: http://poskok.info/wp/karamarko-izjednaciti-prava-hrvatskih-branitelja-u-hrvatskoj-i-bih/; "BERBA GLASOVA U BiH- Karamarko obećao izjednačavanje HVO-a i HV-a, zašto je to preizborna laž?," available at: http://posusje-online.com/?p=4664.
[26] "Barbie wins," *The Economist*, January 17, 2015,
available at: http://www.economist.com/news/europe/21639580-grumpy-electorate-turfs-out-incumbent-barbie-wins.
[27] Interviews with policy analysts, Zagreb, September 2015.

Croatia in Brussels – national interests or effective lobbying?

When it joined the EU, Croatia gained leverage to influence the Union's policy – including its enlargement policy toward the Western Balkans. However, judging from the experience of all prior new members, it takes some time to adjust to Brussels' procedures and mechanisms to effectively utilize them. Also, a palpable divide exists between the old and the new member states, which limits policy impact. Yet the experience of Croatia's new representatives in Brussels, at least regarding regional issues, has been considerably different from that of their predecessors.

As a Brussels-based correspondent summed up Croatia's performance to date, "Croatian political culture has not yet adjusted to the Brussels machine. The thing they know best is Serbia and Bosnia, but the others look at them with suspicion, saying 'they have national interests.' This is partly the result of too much interest in BiH, but no substance." A European diplomat added that "Zagreb still doesn't know how to act in Brussels, [they are] very secretive on their policies. Diplomats only reveal their plans when discussions reach high-level platforms like the PSC. All are literally waiting for Pusić to make decisions on the plane to Brussels."[28]

In contrast, Croatia's MEPs have had an unusually significant impact in the European Parliament – but this has mainly been judged negatively by their MEP colleagues. As a parliamentary staffer explained:

> "With Croatian MEPs entering the Committee for Foreign Affairs [ATEF] the situation has become very, very unpleasant. It's not just the HDZ MEPs like Davor Štier, Dubravka Šuica or conservative MEP Ruža Tomašić permanently insisting on the federalization of BiH, which means a third entity. It's also Jozo Radoš who has hijacked the European liberals in parliament for the Croat agenda. And Tonino Picula [SDP], while operating with more care, is also operating within the same ethnopolitical framework. The HDZ MEPs had completely turned [former conservative German MEP and BiH rapporteur] Doris Pack around, the 2014 EP Bosnia resolution was all about federalization. With the new rapporteur, [Cristian] Dan Preda, the situation is much better now."

He added that "the situation is even worse in the inter-parliamentary group for Bosnia and Kosovo, which has been swamped by Croat MEPs – they make up five out of 13 members with Picula presiding." While their performance has earned them the disdain of their non-Croatian MEP colleagues in Brussels, some of the Croatian MEPs, such as Picula and the HDZ parliamentarians, have had a large influence on the Croatian public. This stands in contrast to their influence within their parties. Both Picula and Štier had been marginalized by their party leaderships due to their popularity and positioned very low on the party lists for the 2014 European Parliament elections. They nevertheless re-entered the EP thanks to the preferential voting system in Croatia.[29]

[28] Interviews with European diplomats and Brussels correspondents, Zagreb-Brussels, September 2015.
[29] Interviews with EP staffers and Croatian correspondents, Brussels, September 2015.

Croatia's support for its BiH "diaspora" and the double citizenship legacy

The Croatian government's financial support for BiH Croats has remained subject to political suspicion despite the substantial reduction in the flow of funds during the mandate of Prime Ministers Sanader and Kosor. The establishment of the *State Office for Croats Living Outside the Republic of Croatia* in 2012 has in some way been part of this policy transformation. It has led to more transparency and the re-channeling of funds to a limited number of larger projects, such as support for the Croat university in West Mostar or hospitals in Mostar and Nova Bila (in central BiH, near Travnik). The board that directs project funding includes representatives of the Ministry of Foreign and European Affairs, among others. Yet critics insist that progress to ensure the transparency of funding to BiH Croats has nevertheless been limited. An NGO representative dealing with Croatia's developmental aid policy described the Office as a "very closed institution." One example of Croatian funds being used to influence the BiH domestic agenda is illustrative. The Office granted funds to a Mostar-based Croat think tank, the Institute for Social and Political Research (IDPI). The institute promotes political positions that are almost identical to those of the HDZ BiH; it heavily promotes the "federalization" of BiH while at the same time demonstrating sympathy for the idea of a Croat-majority third entity, which they label as a legitimate political aim. Croatian civil society organizations attacked the Office in 2013 for a public announcement on the upcoming census in BiH published on the institutions' website that called for Croats to declare themselves as ethnic Croats and their language as Croatian calling it blunt meddling in their neighbor's sovereignty. The announcement was subsequently removed.[30]

The policy of dual citizenship for BiH Croats, including the right to vote in Croatian presidential and parliamentary elections has remained a troubling legacy of the 1990s. In the case of a tight race, the votes of BiH citizens with Croatian passports neither residing in Croatia nor paying taxes in Croatia can still have a decisive impact on domestic policy, as was demonstrated in the recent Croatian presidential elections. The number of votes cast in Bosnia and Herzegovina in the presidential election rose from seven to seventeen thousand between the first and second round of voting. Grabar-Kitarović still won by a margin of 35,000 votes, but with 200,000 BiH Croats holding the right to vote, they could have potentially decided the election.[31] This influence will be more limited in the upcoming parliamentary elections, with only three seats still determined through the diaspora list. But BiH Croats can prove decisive in close elections. As one Croat diplomat observed, "speaking personally, it's not politically correct that BiH Croats are allowed to vote in Croatia! We should have a referendum on that. Why should they choose our representatives?"[32]

Even more worrying is the potential for serious conflicts of interest to arise from the active political participation in Croatia of BiH Croats holding dual citizenship. For example, in 2014, Željana Zovko, a BiH diplomat and at the same time secretary for international affairs of the HDZ BiH, campaigned in Croatia on the Croatian HDZ ticket for a seat in the European parliament. She failed, but since her party president

[30] Interviews with political analysts and NGO activists, Zagreb, September 2015; "'Maknite naputke s interneta i ispričajte se građanima BiH'," *telnet.hr*, September 9, 2013, available at: http://www.tportal.hr/vijesti/svijet/285589/Maknite-naputke-s-interneta-i-ispricajte-se-gradanima-BiH.html; on IDPI see: www.idpi.ba.

[31] The authors wish to express their gratitude to Professor John Hulsey at James Madison University for his election data analysis from the 2015 Croatian presidential election.

[32] Interviews with Croatian diplomats, Zagreb and Sarajevo, September and October 2015.

Dragan Čović has returned to the BiH State Presidency, she has returned to BiH diplomatic service and was appointed ambassador to Italy in August 2015.[33] This highlights just one of the many problems that can stem from such porous citizenship rights policies between two neighboring states.

Bilateral disputes with BiH – no end in sight

In 2012, with Croatia nearing completion of its preparations to join the EU, a number of bilateral disputes, most of which had remained dormant since the 1990s, suddenly became the object of hasty, last minute negotiations between Croatia and Bosnia and Herzegovina. These included the non-implementation by Croatia of Annex G to a UN-mediated succession agreement on the division of property of Socialist Yugoslavia among its successor states, and the ratification of an agreement on the demarcation of the 1,000 kilometer-long border between the two countries.

Within the context of the latter dispute, the Milanović government revived a plan for the construction of a bridge on the peninsula of Pelješac that would span the 12 kilometer-long tiny BiH coastal strip at the town of Neum that divides Dalmatia. The plan also touched upon the regulation of BiH's maritime border at and around the peninsula. In May 2012, it seemed a solution was at hand, with Prime Minister Milanović announcing that the bridge option was dead. Instead, an alternative idea for a land corridor through Neum municipality was discussed between Zagreb and Sarajevo. But new HDZ leader Karamarko saw an opportunity for jingoistic political posturing and started attacking the government for abandoning a plan that even his predecessor Jadranka Kosor had basically dropped during her term as prime minister. Under public pressure, Milanović changed course and only two months later announced that the bridge remained an option. The government applied to the European Commission for co-financing because building the bridge would be much more expensive than a land corridor and since Croatia was in an economic recession the government was not in a position to finance the project on its own.[34]

Finally, with Croatia becoming an EU member and having to withdraw from the Central European Free Trade Area (CEFTA), the two countries needed to re-negotiate their bilateral trade regime – within the framework of BiH's SAA. As members of CEFTA, the two countries had free trade. With Croatia leaving CEFTA, BiH would still have been able to export to Croatia on a duty-free basis, based not on CEFTA, but on BiH's SAA interim trade agreement as earlier agreed with the EU, but its products would have to meet EU standards. Croatia would have to pay tariffs for a limited number of their products (15) exported to BiH, as defined in the SAA interim trade agreement for exports from the EU to BiH. Yet as a result of Croatia joining the EU, BiH had to renegotiate the SAA interim trade agreement with the whole EU backing the Croatian position. Zagreb insisted during these negotiations on its ability to continue to export to BiH without customs duty for all of its products, to include the 15 for which BiH had been guaranteed full protection until the country becomes an EU member itself. With Zagreb having access to large amounts

[33] Interviews with Croatian diplomats and policy analysts, Zagreb and Sarajevo, September and October 2015, Croatian State Election Commission data.

[34] Kurt Bassuener/Bodo Weber, Croatian and Serbian policy in Bosnia and Herzegovina: Help or hindrance? DPC Policy Study October 2012, pp. 24-27, available at: http://www.democratizationpolicy.org/uimages/pdf/dpc_neighbors_study_final.pdf.

of EU structural funds, especially for its agriculture, and most BiH products traditionally exported to Croatia not meeting EU standards, this unevenly-balanced arrangement favoring Croatia would inflict massive economic damage on the economy of BiH. Zagreb's attempt to fully preserve its free trade regime with BiH while enjoying the benefits of EU membership has produced an additional bilateral dispute. BiH is now under pressure from the entire EU on Croatia's behalf to relent. With the full collective might of the EU standing behind Croatia's negotiating position this bilateral dispute turned into a conflict between BiH and the EU.

Three years later, *none* of these bilateral disputes have been resolved. Though the Croatian government announced in autumn 2012 that it would put an old border demarcation agreement to a vote in the Sabor, this never happened, and the issue remains off the agenda. There has been no movement on the succession issue either. Regarding the Pelješac bridge dispute, the parties had agreed with Brussels for the EU to fund several feasibility studies before the European Commission would decide if it will support the project, including with financial support. An environmental impact assessment is still pending. Zagreb officials in 2015 publicly stated that the EU had approved the project – a move that forced the European Commission to issue a denial.[35]

Neither is there any movement in the negotiations over the interim trade agreement. As BiH state and EC officials interviewed insist, Croatia's maximalist position to have a customs free regime for all its exported products to BiH within the scope of the SAA interim trade agreement has no legal foundation. Croatian officials stress that their approach has been standard procedure in the case of previous new member states and that Croatia's other neighbors have in the meantime agreed to adjust their interim trade agreements accordingly. These assertions are true. However, BiH would suffer considerably greater economic disadvantage than those other neighbors, due to its volume of trade with Croatia. Zagreb's approach clearly contradicts earlier statements that Croatia would not misuse its position as a new EU member state *vis-à-vis* other (potential) candidate countries from the region. With its maximalist approach, the Croatian government succeeded in unifying the BiH political elite against it. This was the first time in a decade that the elites – including RS President Dodik and his SNSD government – joined forces in defense of a state interest. Significantly, even the HDZ BiH is against Zagreb's position.[36]

Conclusions and recommendations

When Prime Minister Zoran Milanović and Foreign and European Affairs Minister Vesna Pusić took office at the end of 2011 and announced they would make good regional relations a top policy priority, hopes ran high that Zagreb could play a constructive role and have a positive impact on Bosnia and Herzegovina's long-term structural political and institutional crisis. There was even a sense that the new opposition leader, HDZ president Tomislav Karamarko, might be on board with the policy shift. More than three years

[35] "EC says decision on Peljesac bridge within 3 months of application," dalje.com, July 16, 2015, available at: http://arhiva.dalje.com/en-croatia/ec-says-decision-on-peljesac-bridge-within-3-months-of-application/550352.
[36] Interviews with BiH MFA officials, EU Delegation to BiH officials, Sarajevo, October 2015, policy analysts, Zagreb, September 2015.

later, these hopes have been dashed. The baseline policies adopted by President Mesić fifteen years ago – respect for BiH's territorial integrity, support for its EU integration path, making it clear to BiH Croats that their capital is Sarajevo – remain in place. Yet Croatia's policy since 2010 has been almost wholly counterproductive. The efforts of first Josipović and then Milanović and finally Pusić with respect to improving relations with BiH were doomed from the start, and ended up with little to no palpable effect or even provoked conflicts with some elements of the BiH political elite and some BiH officials. These polices were predicated on the false assumption that BiH Croats are somehow uniquely disadvantaged by non-representation. But lack of representation and accountability are fundamental principles enshrined in the Dayton system – they are disadvantageous for all BiH's citizens and constituent peoples. Furthermore, Croatia (like Serbia) was encouraged within the EU to involve itself as a moderating influence on co-ethnics in BiH, because the EU was itself unwilling to directly confront political malpractice with the power and influence it has at its disposal. On the EU stage, in Brussels, Croatia failed at this task for reasons that are mostly common among all previous new member states, while demonstrating a parochial fervor which alienated many member states and MEPs.

While Croatia's leverage in Bosnia and Herzegovina today is substantially diminished, it is handicapped in making effective use of what leverage it does possess. This is so because the policy of all the top political players in today's Croatia on BiH can be characterized as schizophrenic. Numerous actors in the two main political camps reputedly hold moderate, reality-based views that reject a third entity, repudiate the HDZ BiH's cooperation with the government in the Republika Srpska, and rightly see the BiH Croat political leadership, along with the country's entire political elite, as corrupt and part of the problem, not as part of the solution. Yet they repeatedly get drawn into paying public tribute to Croatia's 1990s policy legacy on BiH, which looks at the country solely through the lens of ethno-politics – despite the fact that the majority of Croatians' interest in BiH is marginal at best. This situation leaves Croatia's MEPs in Brussels more vocal, but less respected than those of other new member states. And it reduces Croatia's overall potential influence within the EU. This is most visible in the ruling SDP's and HDZ's support for "federalization" of BiH. While a majority of the proponents of the idea are probably well-intentioned, they either can't or don't want to understand that such an undefined and unsuitable idea in the BiH political context will be understood and used by the HDZ BiH as support for some form of third entity, while at the same time will be perceived in Sarajevo precisely the same way. That once hopeful promise of constructive and positive engagement in BiH was lost, but it can be recovered.

For the next Croatian government and other relevant elements of the Croatian polity to be in a position to exert constructive influence on the EU's BiH policy, several policy adjustments must be undertaken:

- The new Croatian government and opposition politicians should take a firm and united stance against creation of a third entity in BiH and against further cooperation with the destabilizing political leadership in the Republika Srpska.

- Croatian government officials should end the practice of quiet, unofficial consultations with BiH Croat parties' representatives, and instead make relations with all BiH political actors – and civil society as well – transparent.

- Croatian government officials and opposition politicians should promote equality for BiH Croats through their support for initiatives and reform proposals that aim to create a more functional constitutional system in BiH by balancing collective and individual citizens' right in a way that secures a stable democracy, strong rule of law, and political accountability – not through an exclusively ethnic Croat filter.

- The new Croatian government and opposition politicians need to agree on constitutional changes to abolish the diaspora electoral unit for the Sabor as well as the voting rights of BiH citizens with dual citizenship and residence in BiH in Croatian presidential and parliamentary elections.

- The new Croatian government and opposition politicians need to agree on legislative changes to abolish the right of BiH citizens with dual citizenship and residency in BiH to run as candidates in Croatian elections, including elections for Croatian members in the European Parliament.

- The State Office for Croats Living Outside the Republic of Croatia should be dissolved and its role integrated with the foreign ministry's departments for developmental aid.

- Croatia must abandon its current maximalist approach regarding the dispute on the re-negotiation of BiH's interim trade agreement with the EU and negotiate a good faith compromise solution.

- Within the framework of the Berlin process and the most recent Western Balkans summit in Vienna, and based on the findings of the completed and forthcoming feasibility studies, Zagreb should seek a good faith compromise solution to the Pelješac bridge dispute.