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CROATIAN AND SERBIAN POLICY IN BOSNIA-HERZEGOVINA:

H E L P O R H I N D R A N C E?

HOW TO EFFECTIVELY EMPLOY WESTERN LEVERAGE

A DPC Policy Study

by Kurt Bassuener and Bodo Weber

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EXECUTIVE SUMMARY

Since the middle of the previous decade, Bosnia and Herzegovina's political and state institutions have degenerated. Thus, for example, since the general elections of October 2010, the country has had fewer than four months of an elected, fully functional state-level Council of ministers, while political actors, mostly but not exclusively from the Republika Srpska (RS) increasingly question the legitimacy of the state itself. The West remains disunited over how to best apply its policy instruments to help overcome the deepening structural crisis. Yet what united them over the last couple of years was a renewed focus on the role of the neighboring countries – Serbia and Croatia.

For much of the decade following their democratic breakthroughs in 2000, Croatia and Serbia were self-absorbed, unlike their predatory roles toward BiH in the 1990s. Serbia began its re-entry into BiH politics soon after Milorad Dodik took power in the RS in 2006; Croatia in 2010. But their engagement was not merely driven by the deterioration in BiH or internal political dynamics. Instead, the West hoped that Belgrade and Zagreb could be called upon to assist.

At the same time, Croatian President Ivo Josipović's initiative promoting regional reconciliation with his Serbian counterpart, Boris Tadić, was welcomed by the international community – and especially by the EU. It also made "regional cooperation" into a buzzword, despite the fact that the EU's integration process was already supposed to be promoting improved bilateral relationships in the western Balkans.

The prevailing assumption made by Western policymakers was that the influence of the neighbors would be significant, and in the main benign, to the interest of BiH's stabilization and functionality. This was hitherto not systematically examined. DPC's research into this basic assumption included over four dozen interviews with diplomats and policymakers in the three countries in question, Ankara, Berlin, Brussels, London, Rome, and Washington. The authors have concluded that this policy delivered few positive tangible results. Belgrade and Zagreb's engagement has generated additional complications, sometimes encouraging the retrograde policies that they were called upon to rein-in in.

BIH'S NEIGHBORS RE-ENTER THE POLITICAL SCENE

Serbia

The launch of democratic politics following the ouster of autocrat Slobodan Milošević in October 2000 pressed Serbian authorities to focus on immediate domestic concerns and the loss of Kosovo. While supporting Bosnian Serb nationalists was not a top popular or political priority, it was never completely abandoned. Milorad Dodik, who became Republika Srpska Prime Minister in March 2006, found a partner in Prime Minister Vojislav Koštunica to reinvigorate the moribund special parallel relations between Serbia and the RS.

President Boris Tadić, leader of the Democratic Party, led a superpresidency with a technocratic prime minister. His election was an avowed goal of western policymakers, who hoped that in addition to promoting a European Serbia, he would assist in restraining the increasingly strident RS Prime Minister. Instead of this, his government maintained and deepened the relationship forged with Milorad Dodik; the two met 23 times between 2009 and 2011, compared to one official visit to Sarajevo by Tadić. President Tadić regularly repeated that Belgrade, as a "guarantor of Dayton," supported any constitutional arrangement forged by the two entities and three constituent peoples, and that he was against externally driven solutions. Yet he and his foreign minister Vuk Jeremić were demonstratively supportive of Dodik, who continued to amplify his anti-state and anti-Dayton pronouncements and activities. Tadić, Jeremić and then-Interior Minister Dačić all linked BiH territorial integrity to Serbia's at some point, with Dačić openly musing prior to elections both BiH and Kosovo could be partitioned, with parts annexed to Serbia. Throughout his term, Tadić was never warned by western powers that his support for Dodik would jeopardize his avowed EU aspirations. He was allowed to have it both ways, while still presenting himself as essential.

The new Progressive-Socialist coalition government in Serbia, led by President Tomislav Nikolić and Prime Minister Ivica Dačić, has no need of Dodik's aura as a tough Serb patriot "who can say no" to the West. But while the nature of the Belgrade-Banja Luka relationship has changed, it is too early to tell whether Serbia will continue, in effect, to back Dodik.

Croatia

For a decade, Croatia had judiciously extricated itself from BiH. President Stjepan Mesić launched the trend explicitly by telling BiH Croats that Sarajevo, not Zagreb, was their capital. The Croatia-Federation of BiH special parallel relationship, already fading, was effectively mothballed. But the policy of focusing on Croatia's needs and aspirations was one that spanned the political divide, being pursued by both the governments of the Social Democrat Ivica Račan, and his two HDZ (Croatian Democratic Union) successors, Ivo Sanader and Jadranka Kosor. While all bilateral, post-Yugoslav disputes between Croatia and BiH remained open throughout this period, they rarely made either headlines or waves..

Croatia became re-engaged in BiH beginning in early 2010, with the election of a new president, Ivo Josipović. He and his advisors took advantage of the fact that regional reconciliation could become a presidential prerogative and program. In addition to forging an apparently close relationship with his Serbian counterpart, President Tadić, Josipović visited BiH twice in spring 2010, including a visit to Banja Luka to meet with RS Prime Minister Milorad Dodik, during which he made no comments regarding Dodik's ever-more virulent attacks on the state and its institutions. The EU and other external actors were inclined to view Croatia's burgeoning engagement in a positive light. The aftermath of the October 2010 general elections in BiH drew Croatia deep into the country's ethno-national political swamp, with the president's office pressing the case for "legitimate Croat representatives" from the two largest Croat parties, the HDZ BiH and HDZ 1990, to be included in the Federation government. These efforts were unsuccessful, generating frictions that continue to rankle, and affecting the new SDP-led government of Prime Minister Zoran Milanović. After the unpleasant experiences of 2011-12, he and Foreign Minister Vesna Pusić apparently wish to pursue a "principled policy" toward BiH, not aligned with any political actors or parties. But what this would mean in practice remains ethereal.

Croatia's entry into the EU in July 2013 will have a major impact on BiH's economy – and its politics. Croatia's position in a number of outstanding bilateral disputes with BiH has already been bolstered by its impending EU membership; its leverage increases as its entry draws closer. What sort of policy Croatia will pursue toward BiH – and what sort of policies it will press for within the EU – remains a known unknown even nine months after the Milanović-government has taken office. What is clear, however, is that the EU has not made Croatia's path toward membership contingent on its behavior vis-à-vis BiH.

The European Union

The European Union has assumed the role of lead actor in the international community's Bosnia policy, as it has on the wider Balkan stage. The EU's window on the region is through its enlargement process. It is also the inspiration for the regional cooperation script. That ought to have made the EU the natural driver of international policies toward Serbia and Croatia.

Yet looking at the EU's performance as a whole, the Union has left much of its potential leverage unused – for various reasons. The EU, both from Brussels and from its delegations in the region, has not integrated its policies toward regional actors regarding BiH. Unresolved structural and political constraints explain the mismatch between the EU's potential leverage and its actual performance. These include: lack of a coherent regional strategy for the western Balkans that integrates the main challenges (Kosovo and BiH) in a single policy; failure to devise a coherent approach toward dealing with regional and bilateral issues in the EU integration; difficulty of making the EU's post-Lisbon arrangements work, particularly the continued rivalry between the EEAS and the DG Enlargement; occasional ructions among and between the EU and Turkey; and, finally, widely divergent diagnoses and risk assessments on BiH among EU members – particularly in camps led by Germany and the UK.

These constraints impede systematic coordination with other key players like the US and Turkey in dealing with BiH's neighbors. They have also prevented the EU from wielding its greatest potential leverage – the enlargement process – to resolve the bilateral disputes that hamstring regional cooperation. The discrepancy between the EU's professed insistence on the importance of regional cooperation and its actual performance manifests itself most starkly in this area. The seemingly interminable Slovenian-Croatian border dispute does not seem to have been a learning experience for decision makers in Brussels. After seven years of accession negotiations, Croatia has not resolved any of the many open bilateral issues with BiH.

Unless the EU surmounts least some its structural constraints, its engagement with Bosnia's neighbors will remain stuck in improvisation. As matters stand, the EU appears to be unilaterally abandoning much of its potential leverage, leaving a vacuum no other actors can adequately fill.

The United States

US policymakers see the policies of Milorad Dodik as the prime generator of instability in BiH. They therefore hoped that President Tadić could and would intercede with Dodik to moderate his behavior, even though they were also uncertain as to how much leverage Tadić might in fact exercise. While Tadić said he couldn't control Dodik, he did benefit from the hope Washington invested in his potential to do so. In the end, American policymakers were vocal about feeling shortchanged. While crediting Tadić with high-visibility, symbolic acts aimed at assuaging wartime grievances, their view was that he never really tried to affect Dodik's policies.

Like their European counterparts, American officials admit that Kosovo has absorbed most of their now-limited attention to the region, leaving BiH far from the top of the US agenda in its dealings with Belgrade.

The US views Croatia's recent involvement in BiH in a more benign light than that of Serbia. But the participation of Josipović's office in the Federation government crisis of early 2011 was widely regretted. The US also told Zagreb that Foreign Minister Pusić's early pronouncement suggesting a five-region BiH with three ethnic-majority units was unhelpful. But Zagreb has latterly been seen as having made a number of positive gestures since, as well as withdrawing from BiH's political arena, focusing on the immediate concerns of EU entry. In Washington's discussions with the Zagreb authorities on BiH, the latter's support for "legitimate Croats" still is raised, but most time is spent on practical issues relating to trade. Most US officials interviewed appear relatively unconcerned about outstanding bilateral disputes between Croatia and BiH, though others point to the potentially massive losses that could accrue to BiH's economy if trade-access issues remain unresolved.

Turkey

Foreign Minister Ahmet Davutoğlu has led a high-profile effort to employ Turkey's rising global economic and political clout to foster improved bilateral and intra-regional ties in the western Balkans, and specifically between BiH and its larger neighbors. It has aimed to foster region-wide processes through the Southeast Europe Cooperation Process, but this has been resisted from within the region and in the EU. In 2009, Ankara launched two trilateral processes including BiH and Turkey, first with Serbia, and then with Croatia. Several bilateral issues between Serbia and BiH were addressed as a result of these efforts. But Ankara devised the process aiming to build trust, not to resolve all outstanding bilateral issues. While Turkey aims to pursue the trilateral processes with both Serbia and Croatia, they are presently stalled.

Since Turkey sees Serbia as the geopolitical core of the region, its relationship with Belgrade is paramount. It does not raise the issue of Kosovo's independence, which it otherwise strongly supports, with Belgrade. Nor does it discuss problems in BiH with Serbia; it prefers to deal with these directly in BiH through the mechanisms provided to the international community by Dayton.

Conclusions

Despite years of international calls for regional reconciliation and cooperation among the main combatants of 1991-95 (Croatia, Serbia and Bosnia and Herzegovina) there remains no integrated Western – and specifically no EU – policy to propel these processes forward. This includes an absence of political coordination both within the EU and with the other key international players, as well as the fact that the West's Kosovo-Serbia and Bosnia policies are not coordinated or mutually reinforcing. For this reason, Croatia and Serbia both have numerous unresolved bilateral disputes with BiH, including those involving territory and property ownership.

The hopes entertained by Western officials that the neighbors would help them fix the multiple ills afflicting Bosnia must by now have been dashed. Nevertheless, the neighbors could still play a constructive role if given the right incentives. This depends largely on whether the West develops a coherent joint policy to contend with BiH realities.

The fact that Croatia and Serbia are now directly re-engaged in BiH makes it likely that if something goes badly wrong in Bosnia, there is a serious risk that they will become a part of it, instead of helping to contain it. The good news is that this dynamic can be remedied by reasonable policy adjustments and manifest political will on the part of the EU and other Western powers, particularly the US and Turkey. Simply put, both Zagreb and Belgrade need to be made to understand that they have much to lose by not being constructive.

Policy Recommendations

To all Western governments and organizations involved in BiH and the region:

- Develop a joint policy approach on engaging BiH's neighbors that integrates both the EU's and the other international actors' Bosnia and Kosovo policies. The major Western players, the EU, the EU member states, the US and Turkey should set aside their differences over Bosnia and join forces based on their common understanding of the necessity and possibility for Croatia and Serbia to play a more constructive role in BiH. They should agree on joint messaging and coordinated performance vis-à-vis Zagreb and Belgrade. In addition, their continued engagement with Serbia on solving the Kosovo issue must not lead them to downplay these messages to Belgrade. Encourage Croatia's espousal of a "principled policy" toward BiH by reaching an understanding with the President, Prime Minister and Foreign Minister to back systemic constitutional reform in BiH. This should not be viewed merely through lens of the "Croat question" or be limited to the Federation. Encourage the relevant actors in Zagreb to re-engage as soon as possible in trilateral forums with BiH, Serbia, and Turkey.
- Encourage the new president and prime minster in Belgrade to "re-set" their relations with BiH by making a point of visiting Sarajevo at least as often as they visit the RS – and similarly meet with their state counterparts more frequently than with entity leaders.
- Make clear to Serbian authorities that Belgrade's relationship with the West, especially the EU, is directly dependent upon how its policies affect the internal integration of BiH and its ability to progress toward its Euro-Atlantic aspirations. Dayton's sanction of RS-Serbia Special Parallel Relations notwithstanding, Western governments should press Belgrade to de-emphasize them.
- Press Belgrade to de-emphasize its role as "guarantor" of the Dayton Peace Accords. BiH's internal structure must be determined solely internally.

To the European Union:

- Give regional cooperation a more pronounced and defined place in EU enlargement processes and make the solution of open bilateral issues part of conditionality in the accession process. The Commission should find institutional solutions to deal with these cross-cutting issues in a systematic, coordinated fashion.
- Demand that Croatia and BiH come to mutual and binding agreement on all outstanding bilateral issues – borders, transit through Neum, access to Ploče harbor, implementation of Annex G of the Treaty on State Succession, and the number and location of phytosanitary/ veterinary border crossings – prior to December 31, 2012.
- Emphasize to Belgrade that it should resolve all its outstanding bilateral disputes with BiH in the near-term for the sake of its "European perspective".

- Ensure EC Progress Reports conform to the ground reality, ending the practice of "accentuating the positive."
- The EC should screen the RS's expanding harmonization of economic law with that of Serbia under the RS-Serbia special parallel relations regime in BiH's EU integration process, determining on whether it disturbs BiH's single economic space.
- EU member states and the EC should stop tolerating drastic deviations from the joint European Western Balkans policy by individual member states that have detrimental effects on regional relations.
- Continue the current outreach to Ankara with the aim of a future joint performance on regional cooperation matters in the Western Balkans.

To Croatia:

- Prepare a government policy strategy as future EU-member for active participation in designing the EU's Western Balkan, particularly BiH policy
- Harmonize economic policy towards BiH with foreign policy priorities and principles.
- The Croatian government should resist populist attacks by the opposition and stick to its original plan to put the Croatia-BiH 1999 border agreement to the Sabor for ratification by simple majority vote.
- The opposition HDZ's leadership should stop instrumentalizing bilateral issues like the border agreement and Pelješac bridge for populist ends and return to the moderate, constructive approach of former Prime Minister Jadranka Kosor, the previous HDZ leader.
- The government and the opposition should cooperate in a joint information campaign and a de-politicized discussion with the citizens of the southern Dalmatian part of Croatia to explain the issues of Neum and the border agreement.

To Serbia:

- Tell RS authorities and Bosnian Serbs that their capital is Sarajevo.
- Impress upon RS officials and citizens that division of the state of BiH is not an option and would be opposed by Serbia.
- State officials should cease linking the future of the state of BiH with the future of the Serbia-Kosovo conflict in public statements.
- Make agreements and MoUs signed under the RS-Serbia special parallel relations publicly available.
- Cease giving BiH citizens from the RS preferential treatment in Serbia, particularly in health care and education. Such opportunities should apply to all citizens of BiH.

To both BiH's neighbors:

- End the practice of RS and BiH Croat officials circumventing BiH authorities when visiting Belgrade and Zagreb by refusing to meet officials who do not come through the embassy.

- Ensure that all visits by government officials to BiH, whether official or political in nature, are run past the BiH Ministry of Foreign Affairs. Respect BiH state-level institutions' authority, such as that of MOFTER, in cross-border investment projects (such as recent hydropower investment deals with RS). Such arrangements should be screened to ensure compliance with various international conventions. RS (and FBiH) officials must be made to understand they cannot circumvent the state in dealings with neighbors.

INTRODUCTION: BOSNIA AND HERZEGOVINA'S NEIGHBORS BACK IN THE FRAY

In May 2009, US Vice President and former Senator Joseph Biden made his first official visit in his new role to the Balkans, starting with Bosnia and Herzegovina (BiH). At the Parliamentary Assembly in the Bosnian capital Sarajevo, he bluntly told the political elites that their country was heading in the wrong direction and that the US was "worried." This statement made him simultaneously the most direct and most senior international official to spotlight the serious deterioration in the country's political climate and reform process. Biden next visited Belgrade, where he pressed Serbia's government for stronger engagement to help reverse Bosnia's political decline, particularly by exerting influence on Republika Srpska's leadership.[1]

Biden's message in Belgrade was emblematic of a policy shift that had been underway for some years: the re-entry of Serbia and, then, Croatia into Bosnia and Herzegovina's internal politics.

The democratic transitions in these once-predatory neighboring countries and their refocus on their own domestic priorities allowed for state-building reforms to be introduced in Bosnia and Herzegovina from 2000-05 in a less conflicted and contested regional environment. In 2006, these reforms stalled, and then began to unravel. The simultaneous and pronounced shift in the international community's engagement in BiH not only allowed for increased involvement in BiH by Belgrade and later Zagreb. It was also actively promoted by the West, particularly the EU, but also by the US, Turkey, and other states actively engaged in Bosnia, with the purported aim of exerting a moderating influence on the Serb and Croat political elites in BiH. For example, German Chancellor Angela Merkel reiterated this appeal during her visits to Zagreb and Belgrade in August 2011.[2]

A policy shift has been underway for some time, actively promoted by the West: the re-entry of Serbia and Croatia into BiH's internal politics

The return to active engagement in BiH marks a shift for both Serbia and Croatia – particularly, and most recently, by the latter. Former Croatian President Stjepan Mesić's regular admonitions that BiH Croats should pursue their interests in Sarajevo rather than Zagreb was a radical break from the Tudjman era – and made him a hated figure among BiH's Croat political class. Meanwhile, Croatia's own efforts to join the EU consumed ever-increasing political energy. Although Serbia never made such a clean break (for example, President Vojislav Koštunica's frequent references to the Drina River as the "backbone of the Serbian nation"[3] and his obvious disdain for the BiH state government), its attention was more focused on the travails of transition and the loss of Kosovo. In both countries, BiH had ceased to be a mobilizing popular issue, even if it remained an emotive factor for nationalist elites.

The relations between BiH and its immediate neighbors have two functions from the point of view of

Western – and especially EU – policymakers. First is the desire for Belgrade and Zagreb to assist in reversing the retrograde dynamic prevailing in BiH's internal politics. Second, normalization of bilateral relations and resolution of outstanding disputes with neighbors is an integral part of the EU enlargement process.

Yet the results of the West's increased reliance on – and ceding of leverage to – Belgrade and Zagreb seem to be questionable at best if success if to be measured by progress in BiH itself.

In recent years, Croatia has re-entered Bosnian politics on two levels. Upon taking office as president in 2010, Ivo Josipović made regional reconciliation and cooperation his main preoccupation. After establishing a close relationship with Serbian President Boris Tadić, he visited BiH twice in spring 2010, filling his agenda with acts of symbolic reconciliation. The second of these trips, to Banja Luka in May 2010, reached out to the RS leadership. This represented a marked shift from his predecessor's policy of habitual public critiques of then RS Prime Minister Milorad Dodik. President Josipović and Prime Minister Jadranka Kosor both engaged in efforts following the general elections in BiH in October 2010 to ensure the inclusion of the principal Croat parties (HDZ BiH and HDZ 1990) in the Federation government. Both these entries into BiH politics proved ineffectual. The Federation government-formation crisis ended in March 2011 with the two HDZs left outside after their rejection of an internationally brokered compromise. Nor has the improved relationship between Zagreb and the RS government – especially the new entity president, Dodik – delivered any tangible results.

Serbia and Republika Srpska amplified their special parallel relations in 2006. In addition, since then Serbia has re-entered Bosnian politics in two ways. Belgrade's political posturing in 2009-10 provoked fissures in the bilateral relations between Serbia and Bosnia over various issues: accreditation of the BiH ambassador to Serbia, manipulations with international war crimes arrest warrants, and domestic prosecutions of figures who served in various positions in the Republic of BiH during the war. These moved Western actors to pressure Belgrade to retreat. In addition, Belgrade became increasingly entangled in Bosnian internal affairs when RS officials, first and foremost Prime Minister / President Dodik, systematically attacked and attempted to delegitimize the foundations of the Bosnian state, calling it a temporary expedient with no long-term future. Although Serbian officials, including President Tadić and Foreign Minister Vuk Jeremić, delivered *pro forma* statements of fealty to BiH territorial integrity, these lukewarm declarations were contradicted by their unqualified support for Dodik and repeated remarks linking Serbian and BiH territorial integrity – e.g., if Kosovo can be independent, then this sets a precedent for the RS. This double game has irritated Western policymakers, and has led on occasions to increased (yet still limited) pressure on Belgrade, to no avail.

Judging from these outputs, the Western – EU, US, and Turkish – policy of actively engaging Bosnia's neighbors to help resolve its political crisis seems to have borne little fruit, beyond some *pro forma* improvement in bilateral relations. It does not seem that there is any articulated foundational concept undergirding this Western policy approach; nor is there any collective assessment of what engagement with Croatia and Serbia on Bosnia and Herzegovina can realistically deliver. Further, there has been no

objective assessment of what the real limitations and consequences (intended or not) of engaging BiH's neighbors on its internal political developments have been or could be. Integrated policies regarding BiH and Kosovo, including strategic use of the EU's enlargement instruments toward Serbia regarding both BiH and Kosovo, also seem to be lacking. Finally, coordination between the EU and the US appears weak, including the lack of a joint policy that integrates Turkey's activities in efforts to improve bilateral relations in the region.

This study addresses these issues by exploring the impact of Western policies of engaging Bosnia-Herzegovina's neighbors on BiH's deepening structural, political and institutional problems. It will first assess the policies of Serbia and Croatia toward BiH in the context of that country's ongoing and deepening political crisis. Particular emphasis is given to the Belgrade-Banja Luka and Zagreb-Mostar relationships: the level and nature of the influence the neighboring countries have on the RS and BiH Croat political elites – and vice versa. In that context, it also assesses these countries' economic relations with Bosnia and Herzegovina and its entities. The study then analyzes the key Western players' policy of engaging Bosnia's neighbors, focusing on the EU (including both the EC and new EEAS, but also individual member states), the US, and Turkey. The policies' underlying presumptions, strategies, and main political instruments are likewise assessed, as is the degree of coordination among the key EU actors and between them, the US and Turkey. In addition, the relationship between these actors' Bosnia policies and those relating to the ongoing Kosovo-Serbia impasse is reviewed. Finally, the study assesses the potential practical use of the EU enlargement toolbox in regard to bilateral regional relations aimed at promoting a constructive role for BiH's neighbors.

Research for this study was conducted by the authors between May and July 2012. It is based on a study of the available literature and documentary materials, as well as upon over four dozen interviews conducted with policy makers, government officials, political analysts, and civil society representatives in and from the three Western Balkan countries in question. International community officials in Ankara, Berlin, Brussels, London, Rome, and Washington were also interviewed.

The study aims at delivering actionable policy recommendations for Western capitals on how best to employ their leverage with Belgrade and Zagreb to assist in arriving at a durable solution to Bosnia's structural, political and institutional crises. The authors aim to clarify the potential for an integrated strategy and to set out the costs of continued *ad hoc* improvisation. In addition, the authors hope the research findings will serve to raise public awareness in Croatia and Serbia of the possible effects of an ever-more destabilized BiH on their own countries and highlight the need to adopt more farsighted and constructive roles in promoting a structural and popularly legitimate resolution to Bosnia's institutional and political dysfunctionality.

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The opinions expressed in this study are solely those of the authors.

Sarajevo and Berlin, October 2012

I. Serbia – Tadić and Jeremić's Double Game and the Intensification of Republika Srpska – Serbia Special Relations

In contrast to Serbia's direct role in the Bosnian war and its Dayton aftermath during the 1990s, for five years following the fall of the Milošević regime in October 2000, the country was largely detached from developments in Bosnia and Herzegovina. Serbian politics were consumed by the challenges of transition. The international community, pursuing a state-building policy in BiH through 2005, had a strong interest in keeping its eastern neighbor out of Bosnian affairs.

From 2005, when true-believing nationalist Vojislav Koštunica became Serbia's prime minister, a certain re-engagement could be observed. This coincided with a shift in the international approach in BiH. Western policy makers essentially declared victory, shifting towards a non-interventionist, EU-integration process-based approach. In March 2006, Milorad Dodik became prime minister of Republika Srpska (RS). He was soon to become the country's key political heavyweight. Kostunica, with his nationalistic political agenda, started to intensify relations with the RS, which resulted in the signing of an Agreement on Special Parallel relations in 2006.[4] The possibility of special relations had been secured by the Dayton Accords, and an original agreement to this effect had been signed with the Federal Republic of Yugoslavia (Serbia-Montenegro) right after the war in 1996. Also in 2006, Prime Minister Koštunica arranged a deal by which Serbia's public telecommunication company bought Telekom Srpske as the centerpiece of a re-launched privatization process.[5] This enabled Dodik's government to keep the entity budget stable through his first term, despite other negative economic developments. But the Koštunica government's outspoken nationalistic rhetoric damaged bilateral relations with Bosnia as a whole. The interstate Council for Cooperation between then Federal Yugoslavia and BiH, established after the end of the Miloševic regime in 2001, was effectively moribund after 2005.[6]

Tadić Takes Over

In 2008, Serbia elected a president and government that had campaigned on an explicitly pro-European agenda. Due to the deepening political-institutional crisis unfolding in Bosnia, Western governments began engaging with Belgrade to seek its help. US Vice President Joe Biden's May 2009 visit to Belgrade, following his speech in Sarajevo, was but the most visible example of this phenomenon. But this new context did not result in a qualitative change in Belgrade-Sarajevo relations, at least not for the better. Indeed, several steps taken by Serbian authorities in 2009 and 2010 pushed bilateral relations to their lowest point in almost a decade, with some acts continuing through to 2011.

Several steps taken by Serbian authorities in 2009 and 2010 pushed bilateral relations to their lowest point in almost a decade

In 2009, the Serbian government refused to accredit the newly appointed BiH ambassador to Serbia (who happened to be a Bosniak), repeating a move made by the preceding Koštunica government in 2007. The decision effectively involved Serbia in BiH internal politics, as it sided with RS efforts to entrench the "rotational principle" and to ensure that the ambassador was an ethnic Serb.[7] During this period, there were no state-level meetings and the inter-state council remained frozen, while high-level Serbian officials intensified their contacts with RS officials.

Even more inflammatory was Serbia's filing of dubiously based arrest warrants and extradition requests for former officials of the wartime Republic of BiH who were travelling within the EU. Serbian human rights groups described these warrants as part of a concerted effort to recast the nature of the wars of the 1990s, as well as a sign of the politicization of the of the office of the Serbian war crimes prosecutor.[8] Wartime Vice President Ejup Ganić was held in Britain for nearly four months in 2010, pending an extradition hearing. A year later, wartime deputy commander of the RBiH Army Jovan Divjak was detained on the same basis in Vienna. He had to remain in Austria pending a ruling on the extradition request. Agreement on cooperation between the two countries on war crimes prosecutions was likewise impeded by Belgrade's proposal that an indictee's current country of residence should determine jurisdiction, as opposed to where the putative crimes were committed. This would leave many war crimes cases involving Bosnian Serb defendants to Serbia's judiciary.[9]

New Turkish Foreign Minister Ahmet Davutoğlu took the lead in an intensive Western diplomatic engagement beginning in 2009 to halt and reverse the deterioration of bilateral relations. The Istanbul Declaration, signed in April 2010 by Serbian President Boris Tadić and the then-chair of the BiH Presidency, Haris Silajdžić, was the most visible part of this effort.[10] It did achieve some tangible results: Belgrade subsequently gave in on the accreditation conflict, the Serbian Parliament passed a declaration that at least indirectly recognized the genocide committed in Srebrenica in 1995, and President Tadić attended the 15th anniversary commemoration there in July 2010. A year later he finally paid his first official visit to Sarajevo. Meetings between Serbia's and BiH's heads of state also became more frequent and regular – either through the framework of Ankara's trilateral Turkish-Bosnian-Serbian policy (most recently in Serbia at Karađorđevo in April 2011) or in the context of President Tadić and Croatian President Josipović's regional reconciliation initiative, first on the Croatian island of Brioni in July 2011, later on Bosnia's Mt. Jahorina in February 2012.[11]

These diplomatic efforts did not, however, affect Belgrade's policy of seeking domestic prosecutions of alleged war crimes suspects from BiH. This source of deterioration in bilateral relations began to run dry, however, after the courts in London and Vienna quashed the two most high-profile extradition requests. The British court criticized the extradition request of Serbia's war crimes prosecutor as an exercise in "politicization."[12]

Though these frictions between Belgrade and Sarajevo lessened, there was no progress toward resolving most other substantial bilateral issues, which remain open. "There hasn't been any progress in any of

the bilateral issues for a decade" as one expert on Serbian-Bosnian interstate relations has put it.[13] Border demarcation between Serbia and Bosnia and Herzegovina (in the eastern RS) remains unresolved. There is also a dispute over the use of hydropower potential on the riparian border (Bajina Bašta, Zvornik), as well as over the Belgrade-Bar (Montenegro) rail line, which traverses BiH territory for a short distance. Following several years' hiatus, the Interstate Diplomatic Commission for the Serbia-BiH State Border resumed meeting in 2010 and 2011, but without results thus far.[14] Resolution of bilateral property issues also remains frozen. In 2001, the post-Yugoslav states signed a UN-brokered agreement on succession. Annex G stipulates that all "private property and acquired rights of citizens and other legal persons" from one state in any other successor state "shall be recognized, and protected and restored… persons unable to realize such rights shall be entitled to compensation."[15] While BiH has implemented the agreement, Serbia has not. A Milošević-era decree by which the Serbian authorities seized such properties remains in force. Thus large assets of formerly socialist Yugoslav enterprises in Serbia, most of which were based in BiH, remain out of their reach, although all Serbian property in BH has been returned.[16]

The Tadić – Jeremić Double Game – Rhetorical Support of BiH Sovereignty vs. Practical Support for Dodik

The central role of then-RS Prime Minister Milorad Dodik in attacking Bosnia and Herzegovina's state institutions from a nationalist angle led to a deepening political paralysis. Tadić's government apparently felt compelled to position itself accordingly on BiH developments. President Tadić and Foreign Minister Jeremić (both members of the Democratic Party – DS) seemed to divide their roles in a good cop-bad cop routine, with Jeremić in the latter, pro-Dodik role. International actors expressed frustration at their mutually contradictory statements, but never was Tadić held to account for his foreign minister's often belligerent statements. Western fears that Tadić's seeming weakness might lead to a full-fledged reflowering of assertive Serbian nationalism gave him – and Serbia – carte blanche to pursue "nationalist-light" policies without opprobrium.

Between 2009 and 2011, Tadić made only one official visit to BiH - in the same period, he met with Dodik 23 times

Tadić and Jeremić regularly stressed support for BiH's territorial integrity and sovereignty. Serbia, they insisted, wanted a stable Bosnia for its own interests. For these reasons, Bosnia and Herzegovina needed to become a functional state. They were both categorical that this could only be accomplished on the basis of agreement among the three constituent peoples and two entities. The time for externally driven solutions had passed. President Tadić also started to insist on Serbia's role as a "guarantor" of the Dayton Peace Accords.[17] While at first blush constructive and moderate, such carefully worded statements did not at all contradict Dodik's efforts to define the terms of BiH's limited statehood. In fact, they strengthened his hand.

President Tadić and his government demonstrated almost unlimited support for Dodik and the RS leadership, with whom they dramatically intensified contacts. From 2009 on, Tadić and Jeremić engaged

regularly in meetings with RS officials, particularly Dodik himself. Between 2009 and 2011, Tadić made only one official visit to BiH. Yet, in that same period, he met with Dodik *23 times* (four in 2009, 11 in 2010 and eight in 2011).[18] The two leaders met both in the RS and in Serbia. In addition to visiting Dodik in Banja Luka, Tadić travelled to Pale, Trebinje, Višegrad, and Dodik's hometown of Laktaši. They jointly attended several sporting events. On his visit to the wartime RS capital, Pale, Tadić opened a Serbian government-financed primary school named "Serbia." Belgrade had not informed BiH state authorities about his visit before entering Bosnian territory, thereby generating recriminations and frictions. In addition to one-on-one meetings, there were three joint meetings of the Serbian and RS governments – in June and August 2010 and in February 2011. In autumn 2010, Tadić and Jeremić both actively supported Dodik's ruling party, the SNSD, in the BiH general election campaign, including taking part in high-visibility rallies.[19] After Dodik's electoral success, Tadić took part in his inauguration as RS President, declaring that "Dodik is my friend and political associate."[20]

Yet Tadić maintained ostentatious neutrality when Dodik, in April 2011, initiated an RS National Assembly (RSNA) decision on a referendum challenging the powers of the High Representative and seeking popular endorsement for two dozen other inflammatory "conclusions", so launching an open conflict with the international community. Though the majority of Peace Implementation Council members interpreted the RSNA decisions as an attack on Dayton, Tadić declared the conflict to be a BiH internal matter, stating that "the question of this referendum we treat as an internal BiH political question, in which we won't interfere." Yet only two days after the referendum decision, Jeremić met with Dodik in Banja Luka and said there was "nothing disputable" about the RSNA's initiative and accused the international community of imposing "colonial rule" over BiH.[21]

Dodik's regular public attacks on the territorial integrity of BiH have elicited no reaction from Belgrade officials.

In January 2012, Republika Srpska celebrated the 20th anniversary of its foundation on January 9, 1992, three months before the outbreak of war. The celebration turned into a demonstration by entity officials of the self-perceived "statehood" of the RS. It was attended by many Serbian officials, including President Tadić, Prime Minister Mirko Cvetković, and Deputy Prime Minister Ivica Dačić. Dodik presented Tadić with a "state" decoration during the ceremony. In Belgrade, the Archive of Yugoslavia [*sic*] hosted an exhibition on the 20-year history of the RS National Assembly.[22]

Dodik's regular public attacks on the territorial integrity of BiH have elicited no reaction from Belgrade officials. But in April 2012, he drew applause from Serbian Prime Minister Cvetković and Minister for the Diaspora Srđan Srečković for a speech he gave at a Serb diaspora gathering in Belgrade in which he explained that RS policies are aimed at achieving BiH's disintegration. The event, widely reported in the Serbian and BiH media, prompted no comment from President Tadić.[23] It is also consistent with Foreign Minister Jeremić's stance that the current Serbian Ambassador to BiH does not have a reference to

Bosnia and Herzegovina on his business card. It presents him instead as Serbia's "ambassador in Sarajevo."[24]

In the context of Serbia's contention with the US and most EU member states over the independence of Kosovo, Serbian officials like the (then) interior minister and head of Socialist Party of Serbia (SPS) Dačić or former Foreign Minister Jeremić at times departed from their ritualistic insistence on BiH's territorial integrity and drew a direct line between the status of Kosovo and that of Republika Srpska. Thus, for example, Jeremić, in a speech to a gathering of Serbian ambassadors at the Ministry of Foreign Affairs in December 2007, stated that

> because Serbia is the pivot country of the Western Balkans, the regional spill-over effect to imposed independence would not be negligible: for the geopolitical dynamic of the Western Balkans is such that what negatively affects one country adversely affects events beyond its borders. Throughout the region, stability would not take root, democracy would be undermined, the legitimacy of borders would be called into question, and prosperity would remain elusive.[25]

The intensification of Republika Srpska-Serbia special relations

Under Tadić Serbia and the RS also revived their so-called special parallel relations. The 2006 agreement, (signed by President Tadić and then-Prime Minister Koštunica on behalf of Serbia, effectively copied the 1996 original between the RS and the then Federal Republic of Yugoslavia. Koštunica initiated the new agreement after Montenegro opted for independence and the FRY ceased to exist. The special relations arrangement was a concession by the West to Belgrade at Dayton that helped enable Milošević to secure the Pale regime's acquiescence. It ran parallel to the arrangement guaranteed to Zagreb in relation to the Federation of BiH in the Washington Agreement of March 1994. That latter relationship became dormant after President Tudjman's death. For about a decade, Belgrade did not make much use of the 1996 pact. The 2006 successor foresaw the establishment of a coordination council to consist of the presidents and prime ministers of Serbia and the RS. The council met three times during the DS-led Serbian government's mandate: in November 2008, June 2010, and February 2011. The last two meetings also included both parties' entire governments, an innovation that was meant to prevail in future twice-yearly gatherings.[26]

The concrete effects of this revival of special relations have been underwhelming. The construction of a new bridge over the Drina river border between Serbia and northeastern BiH at Rača and the reconstruction of the old narrow-gauge steam railway line between Užice (in western Serbia) and Višegrad (in eastern Bosnia) in order to promote tourism, both financed by the Serbian government, are the only major investment projects. A report by the RS government from 2011 lists 39 agreements signed by the

Intensified "special parallel relations" seem to have remained largely symbolic

two governments or individual ministries, most of them in 2010-11. Those include one agreement on cooperation between the RS Ministry of Economic Relations and Regional Cooperation, headed by close Dodik confidante and advisor Željka Cvijanović,[27] and the Serbian MFA. Based on the cooperation agreement in 2011, five officials from this RS ministry, which acts as a shadow RS MFA, received training at the Serbian ministry in Belgrade. In the field of economic cooperation, the Serbian side has provided subsidies for Serbian citizens to buy RS-produced furniture and credits for RS citizens to buy tractors and cars built in Serbia. To promote tourism between Serbia and the RS, Belgrade offered subsidies for Serbian citizens to vacation in the RS, and discounted accommodation for RS citizens at Serbia's mountain resort at Kopaonik.[28]

In their totality, intensified "special parallel relations" seem to have remained largely symbolic, delivering very limited economic benefits to either party. "This intensification seems to primarily have served nationalistic propaganda purposes for both sides, with little to no substantial benefit for neither Serbia or the RS" noted one interviewee with insight into Serbia's RS-relations.[29] The greatest concrete benefit for RS citizens seems to be the special access rights they now enjoy in Serbia's health-care and education systems. BiH citizens from the RS are treated as Serbian citizens, unlike those from the Federation. "This clearly is a discrimination against BiH citizens from the Federation" one interviewee noted. [30] The Serbian government started to promote applications for dual citizenship and in 2012, making the acquisition of Serbian citizenship free to RS citizens.[31] The number of RS citizens taking up Serbian citizenship seems to have increased as a consequence (no official data are available). But this has not had any apparent effect on RS citizens' self-identification: only 250 RS citizens with dual citizenship voted in the April 2012 Serbian parliamentary election at Serbia's consulate in Banja Luka.[32]

The Bosnian Serbs and the RS in Serbia's New Diaspora Policy

The RS and its representatives also gained additional attention during Tadić's time in office in the context of the Serbian government's revival of its diaspora policy. In 2011, the Serbian parliament passed a "Strategy for Preserving and Strengthening Relations of the Mother Country with the Diaspora and Serbs in the Region," following two years of preparation led by the Ministry for the Diaspora. This initiative included all ministries, some NGOs, as well as certain prominent (and nationalistic) historians.[33] It followed a 2009 Law on the Diaspora and Serbs in the Region that had laid the institutional foundation for Serbia's diaspora policy: an assembly and a council for the diaspora and Serbs in the region. This strategic document avers that four million Serbs live outside Serbia and defines the strategy's aim of strengthening ties with Serbs in the diaspora and the region. As a rationale for the new diaspora policy, the document cites the economic benefit Serbia enjoys through remittances and direct investments in its economy, as well as alleging discrimination against Serbs in the region by the authorities in other ex-Yugoslav states. The document proposes setting aside additional seats in parliament for the diaspora through the establishment of a special diaspora constituency or electoral unit. This concept was pioneered by independent Croatia's first president, Franjo Tudjman, in 1995. The proposal leaves open whether that electoral unit would include Serbs in the region (as Croatia's does), or just those farther afield. The strategy contains a separate chapter on Serbs in the region that emphasizes the centrality of

Republika Srpska: "The RS should represent the most important field of interest and one of the state and national foreign policy priorities of the Republic of Serbia." It calls on the Foreign Ministry to "defend the rights of the RS before the EU, US, Council of Europe, OSCE and UN," and asks for all Serbian ministries to enable all RS citizens who so desire to receive Serbian citizenship. In addition, it calls on the Ministry of Economy and Regional Development to invest in RS regions that are underpopulated or in "zones of great strategic interest" – naming, among others, Brčko and Posavina. It also asks the Ministry of Education to "continue the process of uniting the two educational systems."[34]

Making Sense of Serbia-RS relations

The confusing policy of the Tadić government vis-à-vis Bosnia/the RS can only be understood by the straddle President Tadić attempted to pull off: being "pro-Europe" on Serbia's terms. Tadić's foreign and regional policy was largely shaped in the context of EU integration and the dispute with the West (and much of the world) over the recognition of Kosovo's independence. These two issues got Tadić and the DS elected and they remained predominant in the country's political agenda. As a result, Tadić's policy was largely declarative, tactical, and ideologically conformist. He approached the issues of EU integration and Kosovo from two tactical entry points, which largely shaped the government's overall policy and determined its limits. First, Tadić used the image of his governing coalition as the only truly democratic, pro-European political force in Serbia to blackmail the West into refraining from applying too much pressure over Kosovo and other painful political reform issues. Otherwise, he would lose the next elections and unregenerate nationalistic parties would come back into power. He also capitalized on divisions among the EU's 27 members, learning that effective lobbying among member states can help circumvent hard reform conditions. This was used to considerable effect in regard to ICTY conditionality[35] and Kosovo independence, which five EU member states do not recognize.

Tadić's Bosnia/RS policy was also pursued within this overarching framework. Despite the intensification of Serbia-RS relations since 2008, BiH and the RS remained marginal political issues, both for the Serbian general public and for political elites.[36] Tadić's conformist policy instrumentalized longstanding Serb nationalism for short-term domestic political ends, mostly to relieve pressure over Kosovo and other pressing issues, particularly economic stagnation and serious public finance problems. There was no real strategic vision, but plenty of tactical maneuvering.[37] "Tadić's Bosnia/RS-policy was that of a tactical relationship without any policy vision" as one political observer has put it.[38] And a principal tactical maneuver for Tadić was to use his close relationship with Dodik to cover his right flank in Serbian politics: to hope that proximity to Dodik would allow him to gain nationalist credibility without vocally or explicitly espousing recidivist Serbian nationalism at home.

This led to Tadić and his subordinates paying respect to Serb nationalism. Tadić brought key nationalist intellectuals from the 1980s and '90s, such as Dobrica Ćosić and his own father, Ljubomir Tadić, into an informal advisory council. This policy gave the wider circle of nationalist intellectuals assembled around the journal *Nova srpska politicka misao* ("New Serbian Political Thought") renewed cachet and legitimacy. This circle promotes the idea that the creation of the RS was Serbia's only success in the wars

of the 1990s, and defines RS independence as a long-term strategic goal, to be delivered by defending the RS government's interpretation of the Dayton Agreement.[39]

Yet Tadić and his circle of foreign policy advisors openly and regularly admitted in off-the-record conversations with Western officials and regional counterparts that Dodik was a problem and a source of instability. "Tadić openly told us that Dodik is a problem, that he is creating trouble for Belgrade," a former state official from a neighboring country noted. But this acknowledgement had no discernible influence on actual policy.[40] Dodik seemed to have the upper hand in the relationship, since, according to one former senior Western official, "Tadić needed Dodik more than Dodik needed Tadić."[41] Dodik has had maneuvering space to ignore and/or defy the international community, due to a manifest lack of Western will to confront him since he came to power in 2006. Tadić and Belgrade never had anything similar.[42] This was, in fact, part of Dodik's political leverage in Serbia: he was the Serb who could tell the West "no" and get away with it. Tadić and other Serbian officials implored Western officials not to ask them to control Dodik, because they simply could not deliver.[43] While such pleas reflected the prevailing power relationship between Belgrade and Banja Luka, they were also cop-outs. Tadić and company considered it would be too big and too risky a step "to tell Bosnian Serbs that their capital is Sarajevo," let alone to confront Dodik openly: "that would have had a political price,…and why should we pay that price for a legacy from the Milošević era for which we carry no responsibility?" – which is how several high-level DS functionaries put it in interviews.[44]

"a tactical relationship without any policy vision"

As for responsibility, one element of Tadić's governing style came up repeatedly in interviews with a host of domestic, regional, and international observers. He held all the reins of power in what one EU official termed a "super-presidency with a bureaucrat as a prime minister." One MEP described it as a subversion of the democratic process, "a parallel structure." And yet, paradoxically, he somehow evaded responsibility for Serbia's policies: problems were blamed on Foreign Minister Jeremić and others. According to another MEP, "Tadić was not ever responsible for anything." International actors were apparently content at the time to see Tadić as indispensible, and refused to hold him to account for his government's ultimately unhelpful policies toward BiH.[45]

State of Economic Relations

Belgrade's economic leverage over Banja Luka is also limited, despite the fact that Serbia's trade and other economic relations with BiH are concentrated on the RS. Serbia is the net beneficiary of the interstate balance of trade, including under the RS-Serbia special parallel relationship in the field of economy. In 2010, Serbia was BiH's third largest trading partner. It was the second largest exporter to BiH (with 10.5% of all exports to the BiH market), selling KM 1.429 billion worth of goods – or about €731 million. Serbia ranked third as a market for BiH exports (12.6% of the total), importing KM 894

million (about €457 million) in products from BiH. The balance of trade is therefore heavily in Serbia's favor, with only 62.6% of Serbian imports to Bosnia covered by BH exports to Serbia in 2010. Serbia mostly exports industrial products as well as agricultural produce and processed foodstuffs. (These alone account for around 40% of total exports.) For its part, Bosnia exports mostly semi-finished and raw materials for industrial processes. Serbia is the largest foreign direct investor in BiH, with €820 million in direct investments between 1994 and 2010. Yet this amount is heavily concentrated in a few large transactions. The purchase of Telekom Srpske by Telekom Srbija in 2007 alone accounts for €646 million. The investments of the Delta Group, which has built a chain of supermarkets in the RS, also account for a large share. Investments by BiH in Serbia in that same period, which includes nine years after the fall of Milošević, total a mere $100 million.[46]

Belgrade's economic leverage over Banja Luka is limited

Two political factors inherited from the immediate postwar period affect Serbia-BiH trade relations.[47] The first is the application of non-tariff barriers by Serbia. Such informal mechanisms breach the Central European Free Trade Agreement (CEFTA), to which both Serbia and BiH belong, and serve to disadvantage Bosnian exports to Serbia. The second factor is the domination of Serbian-based supermarket chains in the RS. These supermarkets promote Serbian brands and foodstuffs, marginalizing RS agricultural production on the domestic market. As a result, the RS agricultural sector has oriented its production towards the Croatian market. This, however, will no longer be a viable option for RS producers when Croatia joins the EU next year. According to economic analysts in both Serbia and BiH, this continuing and quasi-colonial economic relationship between Serbia and the RS serves the political elite in the Banja Luka, despite the negative impact it has on RS producers and others who rely on agriculture for their livelihoods. Neither factor affords Belgrade much economic leverage over Banja Luka – leverage which might in other circumstances be used for political ends.

Foreign investments in the RS, to the limited extent the RS government is able to attract any, do not depend on Serbia. This seems to hold even when Serbia is directly involved. In 2011, Serbia's public energy company signed a contract with its RS and Italian counterparts to construct a hydroelectric power station on the River Drina, which forms the riparian state border near the Serbian town of Bajina Bašta. Driven by pressing budget problems to seek external financial infusions through large investment projects, the RS bypassed the state-level BiH Ministry of Foreign Trade and Economic Relations (MOFTER), which has jurisdiction in such matters. Banja Luka thereby made both Serbia and Italy complicit in undermining the sovereignty of Bosnia and Herzegovina. The RS Government sent the project for MOFTER approval only in March 2012, more than six months after signing the contract. Economic experts in Serbia expect Italy (which has been assiduously working to establish a dominant position in the Western Balkan energy

Banja Luka made Serbia and Italy complicit in undermining the sovereignty of Bosnia and Herzegovina

sector), not Serbia or the RS, to reap most of the benefits of the project, which will carry electricity via Montenegro into the Italian national grid.[48]

Dodik's Effort to Establish Political Influence in Serbia

Dodik's relative power in the RS-Serbia relationship encouraged him to try to expand his visibility one influence in Serbia's own public space. "Dodik has enlarged his influence in Serbia due to Belgrade's weakness in RS-Serbia relations," one interviewee explained.[49] Banja Luka put key ideologists from *Nova srpska politička misao* circle on the RS payroll, giving them positions at the University of Banja Luka's Faculty for Political Science, established after Dodik became RS Prime Minister in 2006. Among them was Nenad Kecmanović, the wartime Pale regime's intellectual *eminence grise,* and historian Slobodan Antonić, one of the authors of Serbia's diaspora strategy.[50] The RS government sponsored two supposedly academic conferences on the RS in 2009 and 2010 (held in BanjaLuka and Belgrade, respectively), drawing participants from that same intellectual circle. As a keynote speaker, Milorad Dodik spoke on the RS's strategy of preparing for the future independence of the entity. The doyen of the nationalist old guard, Dobrica Ćosić, praised Dodik as the only true national politician among the Serbs: "a type of politician that is missing nowadays in Serbian politics."[51]

BiH in general and the RS in particular remain marginal issues in Serbian politics and public discourse

According to Serbian media experts, the RS has likewise invested money in recent years to gain media space for Dodik and his would-be state in the Serbian media.[52] In 2011, the RS government gave budget money to the "independent" RS dailies *Glas Srpske* and *Nezavisne Novine* to enter Serbia's media market.[53] RS institutions also supported a project by *Transconflict*, a British-Serbian think tank that regularly publishes opinion pieces questioning the future of BiH and suggesting the partition of Kosovo as a way to solve the Serbia-Kosovo conflict, to promote the enhancement of Serbian-RS economic cooperation in the bordering Eastern RS-Western Serbia region under the terms of the special parallel relations agreement.[54] Despite these efforts, however, BiH in general and the RS in particular remain marginal issues in Serbian politics and public discourse. "Bosnia as a topic is not really visible in Serbian public" as one political analyst stressed. "In the perception of the average Serbian citizen, Bosnia and Herzegovina is another country" another one underlined. That country's inhabitants, including Bosnian Serbs, continue to be collectively labeled as *Bosanc*i – just as they were before the Bosnian war and the break-up of Yugoslavia.[55]

Conclusion and Outlook

The influence Serbia has today over developments in Bosnia and Herzegovina, and especially over the RS, is quite limited, at least when compared to that exercised by Serbia under Milošević in the late 1980s and throughout the 1990s. Yet even that limited influence was not deployed or even tested by Belgrade

in recent years, despite Western demands that it should do so in pursuit of the West's own goals. The reasons for this relative disengagement were intrinsic to the nature and operation of Tadić's government and management style. On the other hand, following the electoral victory of Serbian Progressive Party (SNS) leader (and former Radical) Tomislav Nikolić at the Serbian presidential and parliamentary elections in spring 2012, it is hard to predict how these relations will develop – or not. "I really don't know what to expect from Nikolić," one Serbian MP with close insight into the country's Bosnia policy replied when asked about Serbia's future policy towards its neighbor.[56] President Nikolić has expressed his commitment to continue the regional reconciliation policy of his predecessor, but he has yet to demonstrate this. Dodik's open campaigning for Tadić did nothing to endear him to Nikolić, as the atmospherics of their first meeting in August 2012 underscored.[57] Nor will Nikolić or Dačić (now prime minister) need Dodik to bolster their nationalist credentials, as Tadić did.

The initial steps taken by the new Serbian government since coming into office at end of July show no clear direction of its future policy. Unlike DS-government officials before, Prime Minister Dačić paid his first official visit to Bosnia-Herzegovina to the country's capital Sarajevo in September. Yet just days ahead of the state visit, he unofficially visited the Eastern RS town of Višegrad with RS President Dodik and the controversial film director Emir Kusturica. In a subsequent official visit to Banja Luka, he announced the intensification of RS-Serbia special parallel relations and the organization of a joint government session in BanjaLuka on October 2, just a few days ahead of BiH's local elections.[58]

Serbia will only use its potential influence on the RS in the future if there is substantial pressure from the West to do so

Serbia's future policy towards Bosnia will also depend on the overall policy context, especially Kosovo and the country's EU candidacy. Yet the bottom line remains the same: Serbia will only use its potential influence on the RS in the future if there is substantial pressure from the West to do so. It has to have something important to lose.[59] In interviews conducted by the authors, representatives of both the previous and the newly elected Serbian governments have admitted that BiH is a problem for Serbia that will ultimately demand attention, despite the fact that the BiH issue remains marginal at present. [60] They also admit, however, that even if the political will to switch to a principled policy towards Bosnia should develop, they have no idea as yet what such a policy could entail. They acknowledge that the official Serbian stance – that any remedy for the dysfunctional institutional setting of BiH must come from within – is a comfortable position, but they also see no potential for an internal solution of Bosnia's structural crisis. Both outgoing and incoming political camps thus seem to hope for more firm action to be taken by the international community, despite public pronouncements to the contrary.

II. Croatia – intensified engagement, limited effects

Croatia's wartime historical relationship with Bosnia and Herzegovina was considerably different than that of Serbia. Croatian President Franjo Tuđman's pursued his aggressive Bosnia policy in the first half of the 1990s ran against the opinion of the majority of Croatia's citizens. Most Croatians did not see parts of BiH in a future Croatian state and viewed BiH Croats as being different- this was pronounced when considering those from the nationalist stronghold of Western Herzegovina.

Stjepan (Stipe) Mesić was among the two high-level Croatian Democratic Union (HDZ) leaders who broke with Tudjman in 1994 over his Bosnia policy. After Tudjman's death in 1999, the HDZ was swept from power in the early 2000 parliamentary and presidential elections. Soon afterward, the newly elected President Mesić sent an unequivocal message to Bosnian Croats that their capital was Sarajevo, not Zagreb.[61] This clear expression of respect for Bosnia's sovereignty and territorial integrity made Mesić deeply unpopular in the HDZ of BiH and beyond. It also made him the most stabilizing figure in the region for a decade; and this policy was state policy throughout his tenure. All post-Tudjman Croatian governments – the SDP-led government of Ivica Račan and the subsequent HDZ governments of Ivo Sanader and Jadranka Kosor – followed Mesić's general policy line on BiH.[62] Under the latter two, Croatia concentrated in any case on pursuing membership of the European Union.

Tudjman's death and his party's subsequent electoral defeat thus produced a fundamental reorientation in HDZ policy and ideology. It became a more normal European center-right party, shedding its most overtly nationalistic trappings and embracing Croatia's EU destiny. It was symptomatic that, during Sanader's time in office, Zagreb started to channel much of its financial assistance to Bosnian Croats (for education, arts and development) through the official governing institutions of the Federation of BiH.

In his second and final term, President Mesić became increasingly critical of RS Prime Minister Dodik and his ever-more overt challenges to the BiH state. This left Mesić without interlocutors in the RS. In an interview with the Rijeka daily *Novi list* following the failure of the autumn 2009 EU and US effort to broker constitutional changes in BiH (the "Butmir Process"), Mesić was asked what he would do if the RS were to secede. He replied that he would cut the RS in two by sending the Croatian Army into Posavina, so nullifying its "independence."[63]

The fact that he would be in no position to execute any such threat, given that his term was about to expire, did not forestall a wave of opprobrium from numerous quarters: Banja Luka, Belgrade, and within the EU. However, the authors have learned that Mesić suggested the same policy to the Croat member of the BiH Presidency, Željko Komšić, some two years before.[64] It is thus unlikely that Mesić's strategic thinking caught at least regional actors' unawares. In research conducted in 2011, the authors were assured by Western military officers familiar with Zagreb's planning that Croatia did indeed have plans for such an eventuality. "Croatia is the most questionable factor. I'm sure they have plans," one senior officer remarked. "NATO doesn't want them to keep tanks and planes, but they kept them."[65]

Despite the deepening paralysis of governing institutions and politics in BiH at the end of the decade, Kosor's government displayed little or no will to re-engage. On the contrary, it initiated several reforms that substantially weakened Bosnian Croats' institutional links with Croatia. In 2010, Kosor reached a compromise with the parliamentary opposition in Zagreb (led by the Social Democrats) in advance of the referendum on EU membership to reduce the number of MPs in the Sabor elected from the so-called diaspora electoral unit from 12 to three.[66] Introduced by Tudjman in 1995, this mechanism had effectively given the Bosnian HDZ seats in the Sabor and helped to ensure the Croatian HDZ's own parliamentary majority. Over 90% of "diaspora" voters were residents of BiH; and practically all Croats (and a good many other BiH citizens) received Croatian citizenship during the 1990s. As a consequence of this reduction in their political clout, however, Bosnian Croats' participation in Croatian elections has fallen dramatically, dropping from 115,000 voters (out of 260,000 eligible) in the 2009 presidential elections to only 16,000 voters (around 5-6% of those eligible) in the elections for the Sabor in late 2011.[67] The Kosor government also prepared to amend the residency law. The standing law allowed Bosnian Croats to register as Croatian residents while continuing to live in BiH, thereby enabling them to collect social benefits from both countries. Clearly motivated by national economic interests – and not the previously predominant nationalist imperative – this reform was nonetheless shelved in the run up to the 2011 parliamentary elections.[68] Towards the end of its mandate, the Kosor government tabled a strategy and passed the "Law on Relations of the Republic of Croatia with Croats outside the Republic of Croatia." Both the strategy and law dealt with Croats in the diaspora – whether resident in Western Europe or overseas – as well as with "Croats in BiH," stressing Croatia's active support for the latter community's equality and status as a "constituent people" in BiH. The law created a new State Office for Croats outside the Republic of Croatia, moving this responsibility from the Ministry of Foreign Affairs. The Office was given responsibility to manage both government funds allocated to BiH Croats and a new t Council for Croats outside the Republic of Croatia. While this may have looked like a revival of Tudjman-era "diaspora" politics towards Bosnian Croats, in fact the aim appears to have been to rationalize expenditure on the part of a government under major fiscal strain. Indeed, in 2011 Croatian government support to Bosnia amounted to a relatively modest HRK 74 million – slightly more than €10 million.[69]

Kosor's government displayed little or no will to re-engage in BiH politics

President Josipović's Regional Reconciliation Policy – How Applicable to Bosnia?

Ironically, it was under Croatia's new president, Ivo Josipović, who took office in early 2010 that the country re-engaged in BiH internal politics. A former law professor and composer, Josipović projected an image of a cultivated modern statesman unencumbered by the region's recent baleful history. With the government fully absorbed by the EU-accession agenda and benefitting from a constitutional division of responsibility for foreign policy between the government and president, Josipović opted to concentrate on an otherwise open field: Croatia's relations with its western Balkan neighbors. He established an apparently close relationship with Serbia's President Tadić and launched a wider regional reconciliation

Josipović's outreach to BiH represented a paradigm shift: embracing both the Croat parties and the Serb entity

policy. This symbolic policy improved the atmosphere between Croatia and Serbia, and was made manifest in regular meetings between the two presidents. It was also greeted enthusiastically by many in the European Union as a historic move.

In spring 2010, Josipović attempted to apply the Croatian-Serbian regional cooperation approach to BiH. In two closely spaced state visits to BiH, he apologized for crimes committed by Croats and several other aspects of Croatia's wartime role. On his May 2010 trip, he reached out to the RS.[70] He also started to engage with BiH Croats, visiting Mostar four times in only two years. He met with the leaders of the principal Croat parties, the HDZ BiH and HDZ 1990, on a number of occasions. Josipović invited the three members of the BiH Presidency to join him and Tadić at meetings.

Josipović's outreach to BiH represented a paradigm shift: embracing both the Croat parties and the Serb entity previously marginalized or castigated by his predecessor. "We talk to all three peoples and their political representatives – that's the difference from former President Mesić's policy," as one of Josipović's staff members put it.[71] The president's policy toward Bosnia and promotion of regional reconciliation policy was not so much a reflection of his own deep personal interest, but was largely attributable to his main foreign policy advisors.[72] These advisors had close professional links to both Belgrade and EU bureaucrats in Brussels, whose philosophy toward the region they appear to have absorbed. "This policy completely rested upon the personal relationship with Tadić," another interviewee from Josipović's office remarked. [73] The presidential office's policy toward Bosnia and Herzegovina was guided by a few conceptual elements.

First among these was (and is) the belief that the offer ("carrot") of EU membership will impel BiH political actors toward reforming the country's dysfunctional institutional structures and perverse incentives. This EU enlargement-centered view is based on "ownership," in which domestic elites are "partners" who will, when they see the light, do the heavy lifting required to make their country fit for membership. It rejects external dictation or muscular intervention.

The second assumption on which Josipović's approach has been based is that the integration of Croatia and Serbia into the EU will pull the others in the region – and particularly BiH – along in their slipstream. "The pull of EU-integration, in combination with the neighbors' progress, will push BiH towards reforms," as one presidential advisor noted. Implicit in this is the idea that BiH is a Serbo-Croat condominium, though one could make the same argument about the concept underlying Dayton.

The third determining factor is an ethno-national view of BiH which sees the country almost exclusively through the lens of its three constituent peoples, so restoring Croatia to the role of the motherland with the self-defined mission of protecting BiH Croats.

Consequently, in the view of the president's office "political and constitutional reforms will come through the democratization within each of the three peoples."[74]

A fourth and final ingredient in the Josipović policy recipe was a vague conception that Croatia could deploy economic leverage on the RS to moderate Dodik's policies and behavior. The geographical and historical orientation of what is now the western RS toward Zagreb encouraged this view, as did the perception of Dodik as an opportunist employing nationalism and threats to BiH integrity for political gain, but whose interests are primarily economic.[75] Others who espouse EU enlargement as the sole policy tool in the region also hold this view. An example of the resulting policy was on display when President Josipović met with Prime Minister Dodik in Banja Luka in May 2010. Josipović thereby conferred legitimacy on Dodik without commenting on his policy of undermining the state. In return he was promised RS government assistance in encouraging Croat refugees to return to the entity, especially to Posavina and Krajina.[76]

The ineffectiveness of this policy of extending a collegial hand to Dodik is already apparent from the results – or the lack of them. There has been – and is unlikely to be – any large-scale return by Croats to the RS because the entity regime has no interest in it. "Dodik won't ever allow any large-scale return of Croats to the RS," one presidential advisor admitted.[77] Moreover, Zagreb's policy has yielded no discernible moderation in Dodik's rhetoric. The idea of gaining political influence over the RS through economic cooperation also fails to convince. First, it has not been articulated why enhanced economic cooperation with Croatia would motivate Banja Luka to take a softer and more integrative approach to Bosnia. In fact, it could conceivably help stabilize difficult economic conditions in the entity and thus allow the RS government actually to intensify its disintegrative policy, as has proved the case with the hydroelectric power deal with Serbia and Italy. Secondly, it remains questionable whether Zagreb, itself in dire economic straits, could put longer-term political interests above immediate fiscal needs in its dealings with the RS. "Given Croatia's current economic difficulties, I doubt the Croatian government will subsume its economic relations with Bosnia under its foreign policy interests," a political analyst noted.[78]

Yet the real test for Josipović's new Bosnia policy came in spring 2011 with the government-formation crisis in the Federation of BiH, which proved to be both a disaster and a watershed for Croatia's relations with BiH.

Zagreb's Involvement in the 2011 Federation Government- Formation Crisis

In early spring 2011, Zagreb became embroiled as the institutional-political crisis in BiH manifested itself as centering on the Bosnian Croats. Croatia's political engagement in Bosnia was greater at this point than at any other time in a decade. The eruption of the "Croat problem" was the result of two developments. First, as a consequence of the strategic alliance an increasingly enfeebled HDZ BiH had struck with Dodik's SNSD, the venue for crisis-generation shifted from the RS to the Federation, despite

the fact that the principal engine of instability remained located in the RS. The second reason was the relative electoral success of the Social Democratic Party (SDP) in the October 2010 general elections, making it the largest party in the Federation.

The Federation government formation crisis of 2011 drew Zagreb more deeply into BiH politics than it had been in over a decade

The SDP defines itself as a multiethnic and civic party. The party's most popular figure, Željko Komšić, was re-elected as the Croat member of the tripartite state presidency, winning 330,000 votes. The electoral system allows all residents of the Federation to choose whether to vote for a Croat or a Bosniak presidential candidate; and a substantial number of Komšić's votes were cast by non-Croats.

This became a rallying cry for the HDZ BiH and its splinter party, the HDZ 1990, with which it became allied after the election. But the electoral reckoning for the two HDZs did not end there: they faced a real prospect of being shut-out of government at both the entity and state levels. For these reasons, in four of the ten cantons making up the Federation they refused to allow the assemblies to convene, thereby preventing the constitution of the Federation's House of Peoples. Although cantonal governments are constitutionally required to be formed two months after elections, there was no domestic or international reaction to their failure to do so in four cases at that time. All attention was focused on state-level coalition formation.[79]

These developments peaked in the crisis over the construction of a Federation government. The two main RS-based parties, Dodik's SNSD and the Serbian Democratic Party (SDS), followed by the two HDZs, then forged understandings with one another on their respective bottom lines. Meanwhile, the SDP, the Party of Democratic Action – SDA – (which is the largest Bosniak party - and two smaller parties, one explicitly Croat (the Croatian Party of Right - HSP), and the other avowedly multiethnic but led by Croats (Working for Improvement – RzB) aligned around a platform that set out their priorities for state-level and entity governments. They formed a majority in the FBiH House of Representatives, which still lacked the House of Peoples. The four major Serb and Croat ethnic parties in the country then aligned against the so-called "platform coalition," demanding that the two HDZs must enter both the FBiH and state-level governments as the only "legitimate Croat political representatives" – and receive their full allotment of positions earmarked for Croats.

The two HDZs likewise cast Komšić's re-election and the government formation process by the "platform" parties as an exercise in collective ethnic victimization of Croats. In March 2011, a compromise proposal described as "splitting the difference" between the two blocs' positions, and which included the HDZs in the Federation government, was put forward by Principal Deputy High Representative (and US diplomat) Roderick Moore on behalf of the PIC Steering Board. It was rejected by HDZ BiH leader Dragan Čović, who reportedly demanded all the Croat positions in the FBiH government for the HDZs – as well as some reserved for Serbs.[80] The High Representative had

previously overruled the Central Election Committee's decision declaring the government formation illegal. Following failed negotiations on a compromise, the HDZ BiH nonetheless withdrew its challenge to the government-formation process before the FBiH Constitutional Court. The platform coalition remained in office. The question of whether or not its establishment and composition had been legal remained unanswered, and the HDZs found themselves out of power.

Zagreb played a key role in these negotiations, which precipitated an outcome that was unintended by all involved, and left many of them wholly unsatisfied. Zagreb was asked to get involved by both the international community and BiH's Croat political leaders, who traveled to the Croatian capital almost weekly in this period. The crisis thus forced Prime Minister Kosor's government to get involved, diverting them from EU-integration business. Josipović and Kosor exerted both diplomatic and political pressure to get the two HDZs into government, including a joint public statement.[81] The escalation of the "Croat crisis" even forced Zoran Milanović, then the leader of the opposition SDP (and now Croatia's prime minister), to distance his party from its sister in BiH. Both the Croatian ambassador in Sarajevo and the president's office in Zagreb intervened in the fray.[82] It seems that Josipović's advisors led the BiH HDZs to reject the internationally-brokered compromise proposal, which left the two parties in the political cold. These advisors reportedly believed that the US would move to sort out the Federation government problem if negotiations failed, leading them to urge Čović to reject the compromise deal. "Yes, it was the president's office that told Čović to reject the deal so he would get a better one," one official admitted. [83] This was confirmed to the authors by several different interlocutors. If so, this demonstrated a misperception of US interest and predominance, some years after Washington ceded the helm in BiH to the EU. The direct engagement of Josipović's team in BiH internal politics not only contradicted the prevailing ownership dogma of the EU, of which they were vocal advocates, but also relied upon hope of *American intervention.* This was nothing short of heresy.[84]

„It was the president's office that told Čović to reject the deal"

Bosnia Policy Shifts of the new Milanović Government[85]

Prime Minister Zoran Milanović's new SDP-led Croatian government took power in December 2011. It explicitly identified Bosnia as one of its foreign policy priorities.[86] Foreign Minister Vesna Pusić, from the liberal HNS party, had built her reputation as a critical intellectual during the 1990s in her firm opposition to the Tudjman regime to the Tudjman regime, railing in particular against its policies and actions in Bosnia. Since Milanović took office – and especially since the electoral defeat of President Josipović's partner, Boris Tadić – the Foreign Ministry seems to have regained direction of Zagreb's policy in the region. "Since Tadić has left office, the presidential office is not at all involved in regional issues anymore," one interviewee stated.[87]

The new government identified Bosnia as one of its foreign policy priorities

Despite its professed interest in BiH, the Croatian government's policy is limited by several structural constraints.[88] BiH remains a marginal concern for both the political class and the wider public. The government is almost completely absorbed by the deepening economic crisis in the country and with managing the remaining steps necessary to join the EU on July 1, 2013. In addition, after nearly a decade of HDZ foreign ministers, Ms. Pusić faces bureaucratic and organizational constraints, as well as a lack of independent expertise on BiH. The new government has defined its policy approach to BiH largely in contradistinction to the failed Croatian policies of the 1990s. It is also unenthusiastic about the regional policy initiatives of President Josipović, his closeness to former Serbian President Tadić, and the West's inclination to give Tadić the benefit of every doubt. It is likewise dubious about Josipović's attempts to connect with Dodik and the RS.

While the Milanović government has continued where Kosor left off, and submitted a strict new residence law to the *Sabor* in July this year[89], its foreign policy representatives insist they want to lead a "principled policy" vis-à-vis Bosnia, not based on alliances with particular political parties in BiH. "We want to establish a Bosnia policy on a completely new basis," one high-level government official explained. This approach is also a consequence of the assessment that "there are no natural party partners in BiH" for Croatia's ruling coalition.[90] The foreign ministry and government are uncomfortable with the two BiH HDZs; they see them as part of the problem. On his visit to western Herzegovina in February 2012, Prime Minister Milanović clashed with the HDZs' leaders.[91] He has since ended his predecessors' practice of holding regular tête-à-têtes with Bosnian Croat party leaders, leaving BiH policy largely to Pusić. Zagreb now also sees Dodik as a major problem that no one in the international community has been willing to confront. At the same time, the government has a distant relationship with the Bosnian SDP that goes back to the Federation government-formation crisis.

"The EU integration toolbox is not sufficient to solve Bosnia's problems"

Milanović's visit to BiH in February 2012 generated additional friction with BiH Foreign Minister (and SDP BiH leader) Zlatko Lagumdžija, who refused to meet him due to Milanović's previous meeting with the Croatian People's Assembly (HNS), an *ad hoc* body assembled by the two BiH HDZs after they rejected the March 2011 compromise proposal on the composition of the Federation government.[92] Zagreb is also discomfited by the most recent ructions in the ruling BiH coalition at the state and Federation levels, and particularly by the entry of Fahrudin Radončić's Party for a Better Future (SBB) into government in place of the SDA. There is simply no obvious or viable champion of state interests in BiH with whom Zagreb can do business. Government representatives see BiH as both institutionally dysfunctional and unsustainable, but they do not believe the EU's integration-based approach is sufficient to address these problems. "The EU-integration toolbox is not sufficient to solve Bosnia's problems," one foreign ministry official has insisted[93] – a view obviously at variance with the prevailing mindset in EU institutions and among most member states.

Given this cocktail of factors, confusion reigns in Croatia's government over what a "principled" policy toward BiH might entail, let alone how to implement one. This has led to embarrassing missteps that have fed suspicions in BiH. For example, soon after taking office, Foreign Minister Pusić articulated a concept for constitutional reform that included reorganizing BiH into five regions: three with ethnic majorities (one for each "constituent people") and two that would be "civic" or "mixed."[94] The idea generated hostile reactions, including from the US, and was soon dropped. The fact that the suggestion shared several features with the two HDZs' advocacy of a third (Croat-majority) entity or ethnic-majority regions hardly helped. Recognizing that the contemporary political situation in BiH was not conducive to *any* reform, let alone constitutional reform, the foreign minister in Zagreb quickly lost any appetite to involve itself in these matters.

The Croatian government has, on the other hand, offered BiH an interstate agreement on a Euro-Atlantic partnership that basically affirms Zagreb's readiness to assist Bosnia on its path to EU and NATO membership.[95] As a first concrete step it has handed over the Croatian translation of the *acquis* to Sarajevo. Yet this assistance will have no real affect as long as BiH's Euro-Atlantic integration remains blocked from within. The dominant strain of wishful thinking among external actors – that the situation in BiH cannot or will not degenerate to the point of becoming dangerous or violent – seems for now to have filled the vacuum of policy thinking. "The government currently seems to be less worried about Bosnia," and "they want to believe it's not too bad," some interviewees have admitted.[96] This suits a government in Zagreb which is preoccupied both by its own accession to the EU and fiscal black holes, but it leaves a void as to what happens the day after. Croatia's concept of its regional role as an EU member come 2013, including how it can help define the EU's policy toward BiH, remains vague. Croatian diplomats recently got their first taste of the intra-EU struggle over the Union's Bosnia policy. Yet thinking has yet to begin in earnest on how Croatia should position itself among EU members.[97]

The Role of Economic Relations

To understand the current state of Croatia's political role in BiH, it is also necessary to also take into account the state of the two countries' economic relations. Croatia is Bosnia's most important trading partner. In 2010, Croatia ranked first as exporter to BiH, with a 15.1% share of all exports, valued at 2.058 billion KM), or €1.055 billion. As an importer of goods from BiH, Croatia ranked second, purchasing 15.09% of BiH exports, valued at 1.070 billion KM, or some €549 million. Croatia therefore had a strong trade surplus with BiH in 2010 of about €506 million (only 52% of BiH's imports from Croatia were covered by exports). Croatian exports mostly comprise industrial and agricultural products, including foodstuffs. Bosnia exports raw materials, semi-processed goods and, to a lesser extent, agricultural goods such as dairy products, eggs and meat. However, the Croatian market is very important to the agriculture and food-production sector of the BiH economy. Croatia is also one of the largest sources of foreign direct investment (FDI), with €516.9 million invested between

Croatia is Bosnia's most important trading partner

1993 and 2010. This makes BiH the second largest recipient of Croatian FDI in that period. Croatian investments have been largely concentrated in the Federation – and in the oil, banking, and insurance sectors. Croatia's labor market also continues to play an important economic role for seasonal workers from BiH in the construction and shipbuilding sectors.[98]

As with Serbia, Croatia applies non-tariff trade barriers to BiH goods. This practice should cease with Croatia's entry into the EU next year. In addition, and also like Serbia, Croatian supermarket chains – particularly those of Agrokor (Konzum) are strongly positioned, in this case in the Federation market. These chains favor Croatian imports, which are sold at costs below those BiH producers can offer, thereby disadvantaging BiH foodstuffs in the domestic market.[99]

The primacy of economic interest over the Croatian government's proclaimed policy priorities seems to be borne out by a deal made between Zagreb and Banja Luka on July 13, 2012. Croatian Minister for Economy Radomir Čačić signed a €170 million agreement with RS Prime Minister Aleksandar Džombić envisaging the joint construction of a second hydroelectric dam in southern Dalmatia called Dubrovnik II. The plant's primary water source would be the Trebišnjica River in eastern Herzegovinia. But this would be augmented by water piped in from other BiH rivers, including the headwaters of the Neretva. Environmental experts, NGOs, and the World Wildlife Fund have all warned that the project will do unpredictable ecological damage in BiH, as well as inflicting severe damage on agricultural production in Croatia's rich Neretva delta. They also say that it violates a number of international conventions signed by both BiH and Croatia (e.g., ESPOO convention, Ramsar convention of wetlands of international importance, EU Water Framework Directive).[100]

Plans by Čačić (a member of the liberal HNS) to revive this and other hydroelectric projects mooted in the days of socialist Yugoslavia have generated conflict within Milanović's government. Minister for Environmental Protection Mirela Holly resigned, stating that it was the European Commission that had demanded the government should reconsider these investment projects, particularly in regard to their environmental impacts.[101]

In any case, the policy pursued by Čačić has abetted the RS in its efforts to undermine the state of BiH. Like the Italian-Serbian-RS Drina dam project, Banja Luka sidestepped the Ministry of Foreign Trade and Economic Relations (MOFTER) in cutting the deal directly with foreign powers. A public letter by the acting president of the BiH Presidency, Bakir Izetbegović, spells out these objections, claiming the deal subverts the constitutional order by failing to respect state institutions and observe proper procedures.[102]

Croatia's Entry into the EU and Open Bilateral Issues – Conflict Instead of Attraction

Several outstanding issues between BiH and Croatia have become acute as a result of Croatia's impending accession to the EU. These have driven increasingly intensive contacts between Sarajevo and Zagreb. Some of these bilateral issues have remained frozen since the end of the Tudjman regime in 1999, and throughout Croatia's long negotiation process with Brussels. In some cases, agreements were made, but never ratified or implemented – and which later came into disrepute. Disunity among BiH decision-makers has also impeded solutions, with one or another political establishment or or interest group succeeding in blocking them. Bosnian Croat political elites have, for example, regularly sought to uphold the interests of Croatia rather than those of BiH. These matters had remained frozen if not forgotten until they became urgent as Croatia's accession drew near. The governments in both Sarajevo and Zagreb are now being tasked with finding quick solutions. If unresolved by July 2013 (and, in some important cases, by January 2013), these issues will become friction points for BiH with the entire EU, and not just with Croatia. [103]

Several outstanding issues between BiH and Croatia have become acute as a result of Croatia's impending accession to the EU

Among the open issues is that of property, stemming from the breakup of Yugoslavia. Like Serbia, Croatia has also failed to follow BiH's example in implementing Annex G of the succession agreement. As a result, Bosnian companies and citizens still cannot reclaim their prewar property in Croatia.[104] There has been no progress whatsoever on this issue.

Substantial political negotiations – and associated frictions – have been ongoing since spring 2012 on two other unresolved disputes: the still-un-agreed and un-demarcated border between the two countries and the changes in their terms of bilateral trade that will necessarily follow Croatia's entry into the EU.

The 1001 km-long Croatia-BiH border remains legally unfixed. In 1999, a border agreement based on the post-World War II demarcation was signed by Tudjman and the then BiH president, Alija Izetbegović. But this agreement was shelved by both Tudjman's and Izetbegović's successors, albeit for different reasons. Contentious issues have included the Una-river border at Kostajnica (northwest of Banja Luka) and two tiny islands off the Klek peninsula near Neum, BiH's sole outlet on the Adriatic. Since socialist Yugoslavia had had no need to define its constituent republics' maritime borders, troubles were to follow its dissolution: most notably between Croatia and Slovenia over the Gulf of Piran in the northern Adriatic, but on an even smaller scale between Croatia and BiH at Neum. Not only would Croatian sovereignty over the islands potentially deprive BiH of free access to the sea, but so too might the now-suspended Croatian project to build a bridge from the mainland just north of Klek to the Pelješac Peninsula, so obviating the need for road traffic to and from Dubrovnik to traverse BiH's 12 km-long "riviera". BiH argues that the proposed bridge would breach the UN Convention on the Law of the Sea

It remains an open question whether Croatia and Bosnia and Herzegovina can solve their border disputes before Croatia enters the EU

(UNCLOS). The two previous HDZ-led governments instrumentalized the Neum issue for political gain and tried to impose a unilateral "solution" by planning the Pelješac bridge, whose costs were originally calculated to reach €320 million. Croatian fiscal exigencies, however, sidelined the plan. Prime Minister Kosor abandoned the vastly expensive project after the EU refused to co-finance the bridge.[105]

The Croatian port of Ploče is another object of discord. The port and railhead at the mouth of the Neretva were built after 1945 with Bosnian funds to serve Bosnia's needs. Its volume of maritime and rail traffic – as well as the quality of its infrastructure – have declined markedly since the 1990s. A special arrangement pursuant to the 1994 Washington Agreement was meant to provide BiH with customs-free access to the port, but this has never been implemented.

Meanwhile, Croatia's entry into the EU will put its Washington Agreement and EU single-market obligations in conflict.

In May 2012, it looked as if Milanović's government would break with the past: it announced that the Pelješac bridge option was definitely dead. In negotiations between Croatian and BiH ministers of transport, a much cheaper and faster solution was proposed: the construction of a closed land transit corridor through the hinterland above Neum. As part of a package solution, the BiH ministry was to develop a proposal for BiH's use of Ploče harbor.[106] At the same time, Foreign Minister Pusić prepared the 1999 border agreement to be submitted to the Sabor in the autumn for ratification. Pusić and Milanović insisted on asking the *Sabor* for a simple majority vote, despite the insistence of the parliamentary opposition that a two-thirds majority is required, as by their reckoning the agreement includes a border change, and thus is an amendment of the constitution. In July both the border and the Neum issues were seized upon by new HDZ president, Tomislav Karamarko, as an opportunity for jingoistic political posturing. Surprisingly, Milanović's government announced that the Pelješac bridge remained an option and, once again, applied to the European Commission for co-financing. The RS also revived its old demand to change the border line with Croatia at Kostajnica.[107] It remains an open question whether Croatia and Bosnia and Herzegovina will be able to solve their border problems before Croatia enters the EU next July.

The necessary changes to the trade regime between Croatia and BiH that must follow Croatia's accession have also generated a bilateral dispute. Both countries are currently members of CEFTA; since 2011, all trade between them has been fully liberalized. But when it joins the EU Croatia must leave CEFTA, after which its terms of trade with BiH will be governed by BiH's Stabilization and Association and Agreement (SAA) with the EU. This will change the terms of trade in both directions: Bosnia can continue to export to Croatia on a duty-free basis, but its goods will have to meet EU standards. Croatia, on the other hand, will face tariffs for most of its exports to BiH.[108] This change will affect BiH's agriculture and

food production most strongly, since at present only four categories of its products meet the high EU standards and are allowed into the EU according to fixed quotas. Most of the BiH exports for which Croatia represents a vital market, including dairy products, eggs and meat, do not meet EU standards. Croatia also fears the consequences of the changes, and the Croatian government in 2012 started to lobby in Brussels for the EU to renegotiate the SAA agreement with Bosnia so that Croatia can maintain the current CEFTA arrangement for customs-free exports to Bosnia beyond June 2013. While Zagreb stresses that it is looking for a solution that will be a "win-win situation for both countries,"[109] BiH commercial advocates dismiss this initiative as an attempt by Croatia "to have it both ways."[110] They insist that the BiH economy, and especially the agricultural sector, would be dealt a threefold blow. First, BiH producers will have to meet the more stringent EU standards. Second, BiH's agricultural sector would be disadvantaged in relation to Croatia's agriculture, which receives substantial state subsidies. Third, Croatian farmers will also benefit from access to the still-huge Common Agricultural Policy funds.[111]

The changes necessary to the trade regime between Croatia and BiH have generated a bilateral dispute

There is an additional dispute between Croatia and BiH over the EU-required phytosanitary/ veterinary border-crossings.[112] Only through these designated border posts, which have inspectors for these goods, can most foodstuffs – including livestock – enter Croatia from January 1, 2013 – i.e., six months before Croatia's official membership. In 2011, Croatia agreed with the European Commission that there would be two such crossings:, at Gradiška in Krajina and at Metković on the Dalmatia-Herzegovina frontier. BiH officials had argued for seven crossing points. Accounts differ in Zagreb, Sarajevo and Brussels over how the decision on the two crossings was made. BiH officials told the authors that Kosor's government lied to the EC in telling the Commission BiH had agreed that two border crossings would be sufficient. [113] At present, the BiH state authorities are requesting at least one additional phytosanitary/ veterinary crossing point, and are discussing possibilities for "soft" phytosanitary-only points through which fruits and vegetables, but not animal products, could enter. It seems that after a recent trilateral meeting between Zagreb, Sarajevo and the European Commission in Brussels on September 19 an agreement on such a third border crossing has been reached.[114] BiH is also calling on the EU to suspend imposition of the new border requirements until July 1, 2013 in order to buy more time.[115]

These bilateral disputes are further complicated by political struggles within BiH. Agriculture highlights the dysfunctionality of Bosnia and Herzegovina's institutional framework most vividly, and demonstrates its destructive economic impact. Agriculture is an entity responsibility, and the RS resists the establishment of state-level institutions or the harmonization of agricultural policies on state level – including rejecting EC IPA (Interim Pre-Accession) funding. This is because the agricultural policies of both entities are effectively determined by the patron/ client system for doling out agricultural subsidies. The establishment of a development-oriented agricultural policy is thus impeded, preventing the long-overdue modernization of BiH agriculture and the exploitation of its untapped potential.[116] As a

consequence, until early 2012 Bosnia's state and entity institutions failed even to begin their efforts to prepare for Croatia's EU entry, despite knowing since 2005, when Croatia won candidate status, that this day was bound to come – and being reminded regularly by Brussels. When the new BiH Council of Ministers was finally established in early 2012 and began belatedly to deal with the issue, the RS impeded preparations by its constant insistence on defending entity competencies, notwithstanding the damage this would entail for its own farmers.[117] It seems almost certain at present that BiH will fail to complete the necessary measures, including making the two agreed border crossings operational, by January 1, 2013. This means BiH producers may well lose for ever their share of the Croatian market. Given that there are no obvious alternatives, this would represent a colossal "own goal" for BiH's political "leadership."

These disputes also illustrate the complexity of Croatia's self-defined commitment to a "principled" Bosnia policy. Croatia, of course, has a stronger (and strengthening) position in Brussels and much more experience in lobbying and negotiating with the European Commission than does BiH. Croatia's counterparts and interlocutors in BiH cannot define, express and defend their country's interests. For Zagreb, assisting its neighbor means weighing its own national, economic and political interests against those of BiH. What is more, to pursue this course, Croatian officials would have to divine what constitute BiH state interests.

Conclusions

Since 2000, Croatia has developed a solid, though imperfect, bilateral relationship with Bosnia and Herzegovina and, more recently, reduced its points of leverage in BiH's internal affairs. Yet the crisis over the formation of the Federation government in 2011 shows how it could again become entangled in BiH's institutional and political snake-pit – and in a way that exacerbates the overall problem rather than helping to catalyze a solution. The "principled policy" approach to which the new Milanović government aspires thus posits the question, given the many variables, of whether or not it is possible for Zagreb to exert any positive influence. The government's current dilemmas over how to develop and implement its Bosnia policy agenda seems to demonstrate that Bosnia's neighbors, even if they want to, cannot affect or ameliorate the dysfunctional dynamic in neighboring BiH by themselves.

Croatia's most potent potential influence lies in its future role as a voice inside the EU

Yet however limited Zagreb's influence over domestic political players in Bosnia may be, the BiH HDZs' frequent pilgrimages to Zagreb during the Federation crisis show that Croatia still has *potential* leverage. This may be less in telling Bosnian Croat political elites what to do, but rather in advising them what *not* to do. Croatia's most potent potential influence lies in its future role as a voice inside the EU capable of influencing the Union's Bosnia policy. Therefore, it first needs to resolve all its open bilateral issues with BiH before July 2013. It must also begin planning for its part as a vocal actor in shaping the EU's foreign and enlargement policies, especially as they relate to the Western Balkans.

III. The European Union

For at least six years, the European Union has been the leading external policy actor in Bosnia and Herzegovina. Since the door to EU membership of the western Balkan countries was opened (first, by the 1999 Stability Pact and later at the 2003 summit in Thessaloniki), the countries of the region had embarked upon reform processes under the proclaimed aim of ultimately joining the Union.

"Differentiation among EU members on the basic analysis on Bosnia and Herzegovina is the widest of any in the region"

The evolution of the EU's leading role has been paralleled by BiH's deepening political and institutional blockage and falling behind in its EU-integration process. It has had difficulty in applying its main policy instrument, the EU enlargement toolbox, developed for East-Central Europe, to the specific and different conditions of the Balkans, particularly in the aftermath of the post-war policy of interventionist state-building. This misalignment has proved particularly challenging in BiH. Consequently, the EU's "one-size-fits-all" Bosnia policy generates friction among both Union members and with key non-EU actors, such as the US, Turkey and Russia, whether over competing policy philosophies, assessments of the situation, the phase-out of the Dayton instruments (OHR, EUFOR) or varying levels of political engagement and will.

Divisions are not manifest just within the PIC Steering Board, charged with overseeing Dayton implementation, but also among EU member states. As one EU representative put it to the authors, "the differentiation among members on the basic analysis on BiH is the widest of *any* in the region." This disunity has to be taken into account when assessing the EU's role and performance in engaging with Bosnia and Herzegovina's neighbors to seek assistance in overcoming the country's national and structural blockages. The EU in that context has acted and acts in different roles and capacities. Individual member states engage on these matters, as do members and committees of the European Parliament. The EU as a corporate entity deals with Serbia-BiH and Croatia-BiH matters both through the Commission's Enlargement Directorate General, which manages the integration process of these three countries, and through the European External Action Service (EEAS) on issues of "regional cooperation" and in addressing specific bilateral disputes between BiH and its neighbors on a more diplomatic level. On the ground, these are manifest in EU Delegations in all three countries. In the case of BiH, the Head of Delegation, Peter Sørensen, is "double-hatted" as the EU Special Representative (EUSR).

Perceptions of Belgrade-Banja Luka and Zagreb-Mostar Relations and Lines of Influence[118]

European diplomats diplomats (representing both the Union and member states), functionaries, and MEPs all express uncertainty on Serbia-BiH, Serbia-RS, Croatia-BiH and Croatia-Bosnian Croat relationships, particularly on their nature and the potential influence that Belgrade and/or Zagreb might bring to bear. "We try to figure it out," stated one EC official. Yet as an EU member-state ambassador in the region also stressed, "it really is hard to determine how it works, and how much leverage is involved."

"it really is hard to determine how it works"

Serbia

European diplomats and politicians are not united in their assessment of Serbia's performance on BiH during the just-ended Tadić era. "Tadić has done some good things concerning regional relations, but he could have done more," as one diplomat opined. Yet, all interviewees shared the view that the Tadić government pursued a double-edged policy toward BiH and the RS: "It is a mixed picture – at times Tadić did play a moderating role, at other times he did 'play to the (nationalist) script.'" One EC official acknowledged there was little understanding of the mechanics at play when asked to assess the degree of effort Tadić exerted to influence Dodik. "I don't know how much...Tadić says he's preached moderation to Dodik… it's difficult to know under the table who did what," he stated. Most prevalent among those interviewed was a sense that Tadić failed to deliver – or even tried seriously to do so. One stated, "we never got any help from Tadić." One MEP declared simply that "Tadić can't deliver. He was an illusion from the beginning." Another member-state diplomat spoke of his "personal disappointment" with the Tadić government, referring mainly to its Kosovo policy, but also including its performance – or lack thereof – on BiH.

Serbia-RS Special Parallel Relations are opaque to EU and member-state officials; they rarely had anything to say when the issue was raised. Apparently no assessments by EU collective bodies or member states have been launched. Most interviewees have the impression that the arrangement is largely symbolic and political in nature. Yet there is no clarity on whether it has any practical relevance and, if so, what that relevance might be, especially in the field of economic cooperation between Serbia and the RS. They are generally ambivalent on how to handle the issue, torn between the need to respect a provision of the Dayton Accords,[119] while also recognizing the anomaly of the Tadić government's intensification of its parallel relations with Banja Luka while leaving relations with Sarajevo moribund for most of its term.

No specific examples of Belgrade attempting to exert influence over Dodik and the RS could be offered by those interviewed. Ignorance of the extent of – or the potential for – the exertion of political leverage by Belgrade over Banja Luka thus prevails. Most share the impression that such leverage is "limited;" and that "there is no directive influence, Belgrade isn't able to tell Dodik what to do." One member-

state diplomat thought that Belgrade officials "can have some influence if they try to, but political elites obviously are careful not to pressure Dodik in order to avoid problems with their constituencies." When and how such potential influence might be used remains unclear. No analysis of whether Serbia has economic leverage over the RS – and how this could be exercised for political ends – emerged in discussions. The question posed by an EU member-state ambassador in Belgrade – "What leverage would Serbia really have?" – over the RS if it actually tried to use it remains open. As a consequence, some European diplomats have lowered their expectations: "We don't expect miracles from Belgrade in Bosnia… What we do expect of them is not to get in the way of the EU." Others expressed the belief that the greatest leverage Belgrade could wield would be if the "motherland of Serbs" sent clear messages to the RS that it disapproves Dodik's statements and actions.

Croatia

European diplomats see Croatia's role in Bosnia and Herzegovina as simultaneously simpler and more complex than that of Serbia. All share the view that Zagreb has been more constructive and active since President Josipović took office in trying to help solve BiH's problems. Because Croats in BiH do not have an entity with an institutional link to Zagreb, as Serbs do in the RS, the relationship between Croatia and Bosnian Croat political structures are more difficult to identify. It is harder to see what's been done "under the table," or, as one diplomat put it, "it's not obvious what the links are and how strong they are." On the other hand, it was plain to all that Croatia became heavily engaged during the 2011 crisis over the formation of a Federation government: there was "direct involvement from Zagreb and through the embassy" in Sarajevo, that President Josipović's advisors "had been on the phone all the time with Bosnian Croat party representatives," but that "there was not much outcome." On the other hand, some European diplomats acknowledged that they had little clue as to what Josipović aimed to achieve by his earlier attempt to reach out to Dodik and the RS.

The EU's main players have engaged Bosnia's neighbors with varying degrees of intensity

EU observers have yet to draw conclusions on what to expect of Prime Minister Milanović's government. When entering office, "the story was that the change of the Croatian government was going to change the dynamic. But that didn't happen," one regionally based member-state diplomat stated. Commission officials and EU member-state diplomats are well aware that the new government "has no party affiliates in Bosnia." Zagreb "has pledged to deal with Bosnia" and has explained it "doesn't want to do things under the table," as has been political practice before, yet so far it hasn't become clear "how it will work out" and "what that will mean concretely." The big question for EU observers regarding the Milanović government's future Bosnia policy is "whether it [the policy of direct involvement in BiH internal affairs] has changed at all with the new government. It has to some extent – they are less vocal [on the 'Croat issue']."

The general problem in assessing Croatia's current and potential future role in and on Bosnia is the lack

of clarity regarding Zagreb's clout over the two HDZs in BiH. The nature and intensity of Croatia-BiH economic relations – and how these intersect with politics – are also opaque to EU policymakers. Finally, current Croatian-Bosnian disputes over the unresolved bilateral issues discussed above have disabused some European officials of the notion that Zagreb can or will exert a positive influence on BiH once it joins the club. As one Sarajevo-based diplomat put it, "this should have been a positive story about the benefits of BiH being on the EU frontier. Most of my EU colleagues don't expect Croatia to be different from other new entrants in the way they treat their neighbors. They expect problems. "

The Main EU Players: Brussels, London, Berlin

The European Union's main players have engaged with Bosnia's neighbors both politically and diplomatically, but with varying degrees of intensity.

The EU's institutions in Brussels and on the ground in the region seem to have been the least active among the European players in trying to integrate their policies toward regional actors regarding BiH. One official insisted that "most pressure on neighbors taking a constructive position on Bosnia was exerted on Belgrade, not so much on Zagreb." Others downplayed even those activities, explaining that "our relations with Belgrade have been very Kosovo-focused." Another BiH-based interviewee bluntly observed that "until now, there has been no pressure on Serbia vis-à-vis BiH." Representatives of the EU Delegation/EUSR in BiH have few direct political contacts with the neighbors, apart from those with Zagreb connected with bilateral issues linked with Croatia's imminent EU membership.

The British government appears to be the most intensively – and consistently – engaged member state in considering the regional dynamic for BiH. British diplomats stress they have been meeting regularly with political leaders in Serbia and Croatia to discuss their roles in Bosnia and Herzegovina, both at Foreign Office-level in London and through their embassies in Belgrade and Zagreb. From their vantage point, the US was the only comparably active country; and they maintain close links. Yet even Britain's engagement has oscillated from "more or less intense, as is the case in political business." Even in the more problematic case of Serbia, British political and diplomatic engagement has concentrated more on "positive messaging" than on criticizing Belgrade's performance vis-à-vis the RS.

German officials and diplomats have also been active, though with seemingly less intensity. Senior government officials have raised Serbia's and Croatia's involvement in BiH affairs during their tours to the region. Most prominently, Chancellor Angela Merkel made statements on the subject during her visit to Zagreb in August 2011.[120] Yet those statements were of a different order than the direct intervention she undertook in regard to another regional issue: the Serbia-Kosovo conflict. In Belgrade, the next stop on her western Balkans tour, she practically re-defined the EU's policy on Kosovo in a meeting with President Tadić.[121] On the other hand, intra-regional relations appear to be a tangential concern at the Auswärtiges Amt desk level and in Germany's embassies in the region.

Regional Cooperation and Bilateral Conflicts in the EU Enlargement Process

Relationships among Serbia, Croatia and Bosnia and Herzegovina are most consistently assessed and addressed institutionally through the EU integration process, where the EU's institutions and mechanisms affect bilateral relations and specific disputes. "Regional cooperation", as many in Brussels noted, is "part of the messaging… it's always mentioned." It has gained much of its recent prominence owing to the EU's focus on the western Balkans through the prism of the Serbia-Kosovo independence dispute. The very term applied in that context could be viewed as a euphemism designed to encourage Serbia to accept Kosovo's independence in the long run.

In the cases of Bosnia and Serbia, regional cooperation is part of each country's SAA. In Croatia's case, it was part of the membership negotiation package, although there was no separate chapter on the subject. Regional cooperation issues are, in fact, spread across numerous sector chapters. Regional cooperation does, however, form a separate chapter in each western Balkan country's annual EC Progress Report. Yet as one diplomat from the region with long experience in Brussels insists, the practical utility of these chapters is limited, since the progress reports' assessments are mostly of a strictly local political nature. For example, there are mutually contradictory accounts of BiH-Serbia relations in both countries' 2011 progress reports. While the BiH report enumerates problems in bilateral relations, the Serbia report cites no such difficulties.[122] Similarly, the apparently politically motivated efforts on the part of the Serbian Special Prosecutor for War Crimes in 2010-11 to secure the extraditions of both Ejup Ganić and Jovan Divjak, which inflicted considerable damage on the already strained relations between Belgrade and Sarajevo, went unmentioned in the Commission's Serbia progress reports.

The EU obviously wields its greatest potential leverage in resolving bilateral regional disputes through the enlargement process. Yet here the discrepancy between the EU's professed insistence on the importance of regional cooperation and its actual performance manifests itself most starkly. One MEP bluntly observed that "Brussels doesn't deal with bilateral issues unless it becomes a European problem. They don't interfere – [except] maybe on the expert level. In the EU, we don't usually deal with it – we leave them to decide."

The EU's experience in the western Balkans has already demonstrated the potential for unresolved bilateral disputes to damage the integration process. This was the case of the Slovenian-Croatian territorial dispute over the maritime border in the Bay of Piran and with the persistent Greek-Macedonian disagreement over the ex-Yugoslav country's name. Yet when reviewing the EU's performance on bilateral conflicts between BiH and its two larger neighbors, the question arises whether lessons

Croatia passed through 7 years of accession negotiations without any movement on any of the open bilateral issues

have been learned in Brussels or member-state capitals. Diplomats in Belgrade insist that bilateral disputes are not regularly raised by EU representatives at the stage at which both Serbia and BiH find themselves; that these will be addressed later. Yet Croatia has passed through seven years of accession negotiations, closed all chapters, and received a date for membership without any movement, let alone resolution, of any of the many open bilateral issues with BiH. Bilateral issues have naturally come up in the accession talks on various chapters; and the Commission has offered assistance to help resolve festering issues like Croatia-BiH border. Yet only practical necessity, not pressure from Brussels, forced the Croatian government finally to address such bilateral disputes at this very late stage. Diplomats based in the region observe that the European Commission "doesn't really perform as an actor in bilateral relations… they basically only deal with them when one country involved has become an EU member state." Brussels seems to be reduced to low-profile engagement because, as one member-state diplomat put it, "there is an EU practice of not letting unresolved bilateral issues stand in the way of EU membership." Another member-state diplomat in the region confirms that this Brussels' approach: "There won't be any pressure on Croatia" to resolve its bilateral conflicts with BiH before July 2013, he stated. The Commission seemingly has no criteria, benchmarks, or conditions as to how bilateral disputes should be solved when they are encountered during the enlargement process. One BiH diplomat states that, "the EC just insists that conflicts be solved; they are not really interested in the nature of any agreement." But this *ad hoc* approach comes at a price. The Commission cannot avoid confronting bilateral disputes, and even has to get involved in the details, as Zagreb's renewed request for EU funding for the construction of the Pelješac bridge demonstrates.[123]

European diplomats and Commission representatives mount a common justification for the fact that, in the words of one EC official, "the EU has never put a precondition for an incoming member to resolve all outstanding disputes with neighbors – then the negotiation would become subject to the will of a third party." As much as this concern may be true, the way the EU currently tries to avoid such a scenario creates another problem. By letting a western Balkan country into the EU *without* insisting it resolves its outstanding bilateral disputes with its neighbors first, it effectively takes the side of the incoming member, increasing its leverage even *before* it joins, and so making the neighbor's EU integration process subject to the will of the new EU member state. There is a clear awareness of this dilemma in Brussels and other member-state capitals. Yet instead of confronting it, all maintain a low profile on bilateral issues.

Is there an Integrated EU Policy?

There clearly is no integrated and jointly implemented policy among EU members on how to enlist or mobilize Serbia and Croatia in helping to address the structural reasons for BiH's dysfunction – or to deter meddling that can exacerbate the existing problem. Divisions within the EU over BiH and how to deal with it are not the only reasons. EU members are also deeply divided over Kosovo. There is no common regional policy, especially in regard to relations with Belgrade. According to several of our interlocutors – but in the words of one – the EU's relations with Belgrade have centered on Serbia's (and Yugoslavia's) former autonomous province: "There has clearly been a concentration on Kosovo; Bosnia

has been rather on the margins, thus pressuring Belgrade on Bosnia has not been a top priority." The UK is the only member state that insists it is dealing with Bosnia and Kosovo in parallel. Given that the EU as a whole treats outstanding conflicts in the region reactively, there is no basis for developing a policy that would integrate the Kosovo and BiH dilemmas. Consequently, one MEP reports that "there are no overarching (interagency) strategy sessions. There are regular meetings with EC officials, but no debate on an integrated strategy."

There clearly is no integrated and jointly implemented policy among EU members on how to enlist or mobilize Serbia and Croatia

The lack of a coordinated approach or policy goes far beyond the general divide over Bosnia. It seems to originate in Brussels, with a divide between the EU's new diplomatic service, the EEAS, and the Commission's DG Enlargement. A diplomat from one western Balkan country whom we interviewed insists that "there is not much coordination at all… the EEAS, Ashton's office, seem pretty closed [off]." On the other hand, the EU's disunity over Bosnia seems to invite serious deviations from a supposedly common policy, as the case of Italy's hydroelectric power plant deal with the RS and Serbia demonstrates. All European diplomats with whom the authors have raised this issue admit, uncomfortably, that "this is the kind of behavior one doesn't want to see," but regarding which neither EU institutions nor any member state has ever reacted. On the contrary, some have even tried to defend inaction, explaining that "this is not the way the EU functions," meaning there is an unwritten law inside the EU that member states don't criticize one another for what they do outside the EU – as if there were not now supposed to be a joint EU foreign policy.

Cooperation and Coordination with other International Actors

Judging from interviews conducted, the EU's engagement with Bosnia's neighbors seems also to lack synchronization with other key international players in the region, particularly the US and Turkey. As one European diplomat put it, "there are parallel activities, but not coordination." Another reveals that the "truth is, we don't discuss regional relations in the SBA [Steering Board Ambassadors – a (now) biweekly meeting of the ambassadors of PIC SB members]. We discuss them more in the EU HoMs [Heads of Mission] meetings." Regarding coordination with the US, one EU official stated that "it depends on the member state," meaning that the extent of cooperation or harmonization depends upon whether the EU member state's policy approach to Bosnia is akin or not to that of the US. Consequently, only UK diplomats interviewed aver that "there is some coordination with the US, [albeit] more on Belgrade than Zagreb."

The picture is even more complicated when it comes to Turkey. In 2009, Turkey became the single most assertive and high-profile foreign power in BiH. As we have seen, it pursued this course primarily through a regional agenda. At the same time, it maintains a policy position on Bosnian issues close to those embodied by the UK and US, with whom it sits on the PIC Steering Board. Turkey, however, has

frequently been more outspoken than those two countries in highlighting international divisions. Yet because divisions within the EU over policy toward BiH largely correspond with divisions over Turkey's own prospects for eventual EU membership, there would seem to be a strong correlation between those EU member states that support both current Turkish policies in the Balkans and future Turkish EU membership and those that deprecate both. While some European politicians and diplomats insist that "Turkey is a key partner in handling the BiH situation," and that it "did play a positive role in improving bilateral relations," others expressed markedly different views. One senior Commission official remarked that Ankara's policy aimed primarily at defending Muslim communities in the region, and noted that it "worries me much more than Croatia or Serbia's role."

Turkey's active engagement has thus generated enthusiasm, confusion and disapproval in equal measure in the region and the EU. One can hear competing interpretations of Ankara's Bosnia policy: some characterize it as being "more EU than the EU," while others express concern that it is driven by a hidden "neo-Ottoman" agenda. Such opposing views can be found within the same national diplomatic services and in the Commission – as well as within both camps in the EU. As a consequence, even British diplomats admit that they "would not describe our relationship on the regional issues, the neighbors, in terms of coordination." There has, however, been some movement of late in both Brussels and other European capitals toward recognizing the important role Turkey is playing in the Balkans – and an increasing number of significant diplomatic contacts aiming to promote communication and coordination.

Conclusions

The European Union has assumed the role of lead actor in the international community's Bosnia policy,, as it has on the wider Balkan stage. The Union's European integration policy is the inspiration for the regional cooperation script. That ought to have made the EU the natural driver of international policies toward Serbia and Croatia. Yet a number of unresolved structural constraints prevent the EU from playing this role effectively. These also include: the lack of a coherent regional strategy for the western Balkans that integrates the main challenges (Kosovo and BiH) in a single policy; the failure to devise a coherent approach toward dealing with regional and bilateral issues in the EU integration; the difficulty of making the EU's post-Lisbon arrangements work, particularly the rivalry between the EEAS and the DG Enlargement; the occasional ructions among and between the EU and Turkey; and, finally, the radically divergent diagnoses and risk assessments on BiH among EU members. Unless at least some of these impediments are surmounted, the EU's engagement with Bosnia's neighbors – will remain stuck in improvisation and unable to inspire confidence in the Union as a serious policy actor.

The EU appears to be unilaterally abandoning much of its potential leverage, leaving a vacuum no other actors can adequately fill

IV. The United States[124]

The American approach toward Bosnia and Herzegovina has long included Serbia and Croatia as crucial factors affecting the ability of the country to progress toward functionality and membership of both NATO and the EU. This chapter will assess American assumptions, policies, and conclusions regarding the influence of BiH's two largest neighbors in and on that country.

Serbia

The US government's efforts to engage Serbia to assist in BiH's stabilization and progress predated Vice President Joe Biden's May 2009 regional tour. As one US official put it, "we recognized that Serbia…has and would always have influence in Bosnia and will continue to do so." While the State Department did not start with the expectation that "Serbia will fix the [Republika Srpska]" and be able to order then-RS Prime Minister Milorad Dodik to behave, "we didn't know how much leverage [Belgrade] *could* have."

The aim was to find levers with which to "influence Dodik," who was seen as a main destabilizing factor in BiH. The assumption that officials in Washington had was "it is in Serbia's interest to have Bosnia succeed, have a stable situation, and therefore in their interest to get Dodik to be constructive."

US officials viewed Serbia's influence over the Bosnian Serb leadership as definitively weaker than that wielded by Serbian strongman Slobodan Milošević in the 1990s. As President Tadić reportedly told Vice President Biden, "I'm not Milošević." One official noted that "nobody in Serbia is in a position to tell Dodik what to do." The officials admitted that the nature of the power dynamic between Belgrade and Banja Luka was and remains unclear to them. "Belgrade tells us that they don't like what Dodik's doing; that he's an embarrassment, a bumpkin."

Yet American officials also expressed pronounced disappointment with Tadić's approach toward the RS. While crediting Tadić for being constructive with his visits to Srebrenica (the first as Defense Minister in 2005; another as president in 2010) and with pressing for the Serbian parliamentary declaration on Srebrenica in 2010, they saw his efforts to influence the RS authorities as weak. "We don't know what effect Serbia could have, because we don't think they ever tried, for whatever reason," one official noted. "I don't see leverage [applied] on Dodik to get him to change tack… We don't see them as having tried very hard."

The US also encouraged Serbia to engage more proactively and assertively with both the state and Federation of BiH, and not just with Republika Srpska, with which Serbia has aimed to intensify – at least rhetorically – its Dayton-sanctioned special parallel relationship. Belgrade's efforts on this front were also deemed by American diplomats to be lackluster – and not merely in hindsight. A joint cable sent by the US embassies in Belgrade and Sarajevo in January 2009,[125] noted Tadić's statements of support for BiH territorial integrity, but added:

> Despite Tadić's comments supporting Dayton, Belgrade could do more to develop ties with state-level institutions in Sarajevo rather than pursuing lopsided engagement with Republika Srpska at the expense of state institutions. Our Serbian interlocutors frequently point to good relations with the RS and tepid but improving ties with the Federation, seemingly ignoring that their natural counterparts should be neither entity, but the state-level institutions in Sarajevo.

US Ambassador to Serbia Cameron Munter added in his closing note that:

> Calculating that RS secession would lead to instability and negative economic consequences, Tadić is prepared to use personal and diplomatic leverage to contain Dodik, up to a point. Belgrade's perspective that the real problem is [then Bosniak member of the BiH Presidency Haris] Silajdžić, a point reiterated by [then High Representative Miroslav] Lajčák, makes no secret of where their sympathies lie, but the fact of the matter is that Dodik's statements and actions over the last two years have undermined the state more than the most egregious statements made by Silajdžić. Regardless, Belgrade's continued cultivation of entity-level ties impedes the development of constructive relations with state-level institutions, which in turn prevents the resolution of lingering bilateral disputes. Tadić's policy represents an important improvement over that of [former Serbian President Vojislav] Koštunica, but institutionally Serbia is trying to have it both ways: supporting Dayton and Bosnia's territorial integrity while lending credibility, even if indirectly, to Dodik's dangerous rhetoric.

As we have noted above, Serbia's special parallel relations with Republika Srpska were reinvigorated in 2006, soon after Milorad Dodik became RS Prime Minister. US officials did not view this relationship with particular concern, but rather as a reflection of the lack of positive interstate relations between Serbia and BiH. The view articulated was that most of this relationship was "driven by primarily economic motives." Regarding the training of RS officials from the entity's Ministry of Economic Relations and Regional Cooperation, which increasingly acts as a shadow foreign ministry, by the Serbian Foreign Ministry, American officials merely quipped "that's just [previous Serbian Foreign Minister Vuk] Jeremić being Jeremić."

"We got pretty limited bang for the buck out of Tadić for the past four years"

Finally, American officials openly admitted that they had "a bandwidth issue" in dealing with Serbia, and with the region in general. "We spent a lot more time on Kosovo than with Bosnia; the same goes for the EU," in the words of one official. The impact of this focus on Kosovo in dealings with Serbia – which Americans noted was shared by the EU – was unclear to them, including in terms of opportunity cost. There has been no integrated approach trying to engage Belgrade to achieve favorable outcomes on both fronts, either by the US or – from Washington's vantage point – by the EU.

Viewed more broadly, the US assessment of the Tadić presidency was one of disappointment. "We got pretty limited bang for the buck out of Tadić for the past four years," noted one US official. "We got less than we should have – and so did the EU."

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Early assessments of new Serbian President Tomislav Nikolić and his potential impact were mixed. His early statement in an interview alleging that the mass killings in Srebrenica were no genocide provoked US, EU, and other international reaction. Prior to the formation of the new government in August 2012 – a coalition in which Socialist Party leader Ivica Dačić serves as prime minister – questions were raised about the likely balance of power between the president and premier. Although Nikolić's Serbian Independent Party (SNS) is likely to be the dominant player in the coalition, it remains unclear whether he will involve himself in foreign policy to the extent that Tadić did in his time. According to one interviewee, "Tadić perhaps played a larger than constitutionally permitted role because the DS controlled parliament." On the other hand, "Nikolić seems content with that [constitutional] role *now* [June 2012]. Let's see how that goes."

While American diplomats evinced no enthusiasm for a Nikolić presidency or SNS-led government, they did see some potential advantages in the relegation of the DS to the opposition: "With cohabitation, the likely outcome is 'don't press us so hard.'… If we had [an SNS majority government], we wouldn't have that excuse." Another stated,

> I don't think Serbia will overturn Dayton… Nikolić owes [Dodik] nothing – quite the opposite. [SDS leader Mladen] Bosić seems to be tickled by this; he has closer links with Nikolić and Dačić. Both Bosić and [PDP leader Mladen] Ivanić have said this change is a good thing. I've heard Bosniaks say that Nikolić's win is good, because at least he's not close to Dodik. But then you have the top two leaders – Nikolić and Dačić – as close associates with two ICTY indictees; one still being tried.[126]

The US has been a strong advocate of BiH moving toward full NATO membership; the next step is activation of the Membership Action Plan (MAP), which depends upon resolution of the immovable defense property issue. This remains stalled. It has been clear for several years that Serbia's antipathy

toward NATO membership has generated increased anti-NATO sentiment in the RS. US officials have been left in no doubt that RS President Dodik's policy is to follow Serbia's lead. With the new Serbian Defense Minister Aleksandar Vučić having stated categorically that Serbia wants to join no alliances, but to maintain friendly relations with all international groups,[127] this looks far from promising for BiH progress towards NATO membership.

Croatia

In the view of US government officials, Croatian policy toward BiH in recent years has not been "as bad [as that of Serbia]…not that it was bad before." The position of Croats within BiH is a major concern for Zagreb, according to American officials, as is stability along Croatia's long frontier with BiH. As we have seen, inflammatory statements by RS President (and former Prime Minister) Milorad Dodik have in the past elicited strong reactions from Zagreb. One interlocutor said that, generally, "Croatia does want to do what is good for BiH, but they may not know how… They may also have difficulty differentiating between what is good for Croats in BiH and what's good for the country." These officials see the degree of leverage and influence that Zagreb can wield over Bosnian Croat politicians as likely to be greater than that which former President Tadić could apply to Dodik, though "it's not clear that they can order the HDZs around."

"Croatia does want to do what is good for BiH, but they may not know how."

American officials believed that, after taking office in 2010, President Josipović had aimed "to find a *modus vivendi* with Dodik." "Strong mutual economic interests" and refugee issues were seen as major factors in driving the president and his office toward a more conciliatory approach toward Banja Luka – as illustrated by Josipović's May 2010 visit to Banja Luka: "Lashing out at Dodik like Mesić did might seem counterproductive to their other interests." But, in the view of one official, these economic interests don't seem to be integrated in Croatia's overall policy toward BiH. Washington saw no evidence that Zagreb tried to employ positive economic incentives to influence Dodik's behavior.

American officials also viewed Croatia's impending EU membership as a factor that cannot be "overstate(d)…in their thinking. They are adopting the EU line on approaching Dodik… They have taken the EU approach on so much. It's a 'don't rock the boat' attitude." However, Zagreb is not regarded as sharing its new EU partners' relative lack of concern over statements by Dodik and other RS officials about inevitable BiH state dissolution. Rather, "they have adopted the EU *approach* rather than dismissing concern." However, American interviewees doubted that their counterparts in Zagreb were "having an existential debate on how to deal with Dodik."

The primary concern of Croatia in BiH since 2010 has been the position of BiH Croats – and particularly the standing of the HDZ BiH and HDZ 1990, which claim to be the only legitimate representatives of the Croat electorate. While the re-election of Željko Komšić (then of the SDP) to the Croat seat on the BiH

Presidency was an evocative, hot-button issue to spotlight – since he almost certainly received more votes from Bosniaks than from Croats – the more important grievance of these two parties was their exclusion from the Federation of BiH government, which was "a big issue" in Zagreb according to US diplomats. "What (SDP leader Zlatko) Lagumdžija was trying to do was a real concern in Zagreb," as one put it. "They saw it as the SDP's label of multi-ethnicity masking political opportunism. The SDP's current efforts in reconstituting the state and lower- level governments, in which the number of positions they take is paramount, would seem to substantiate that." US officials saw President Josipović's office as taking the leading role for Croatia in the dispute over the formation of the Federation government. "Josipović took the lead, and (then Prime Minister) Kosor was happy to let him," one interviewee opined. The aim of Croatia's engagement was to press the SDP to include the HDZs in the government. US diplomats "encouraged [Croatian officials] to be more flexible on what sorts of reforms are needed [in BiH], especially in the Federation – not just 'will there be a third entity or won't there be?'"

Since the advent of the SDP-led Kukuriku coalition in December 2012 – and as EU membership looms – American diplomats sense that Croatian involvement in BiH's politics has diminished, in particular that of the president's office. The improved relationship between the president and prime minister's offices was posited as one likely reason for this: "There is more comity in the government than before, so the president's office doesn't need to end-run" the prime minister or MFA. "I don't sense a lack of coordination" between Foreign Minister Vesna Pusić and President Josipović, another interviewee commented. However, American diplomats noted that Pusić had "made some early statements about three entities that she had to walk back from." Another American diplomat expressed the view that "it's a different approach after the HDZ got ousted. The focus is less on [Dragan] Čović. They were talking about these border inspection posts, the likely impact on Croatian business, CEFTA withdrawal... Previously, they were much more hands-on with BiH politics. They're still following it, of course – this 'legitimate Croats' line... I also got the impression that Milanović is not as interested – he's got a full plate of economic issues to contend with." In fact, the relationship between the Croatian and BiH SDPs was "frosty" following Prime Minister Milanović's February 2012 visit to BiH, in which he met with the "Croatian People's Assembly" of representatives from Croat-majority municipalities. Foreign Minister Lagumdžija then refused to meet him, and "they have not forgotten." On the other hand, Milanović's July 2012 attendance at the Srebrenica commemorations was appreciated by US diplomats.

As for the unresolved border and other interstate issues between Croatia and BiH that were not settled in advance of Croatia's entry into NATO – and which remain open with EU membership less than a year away – US diplomats were relatively unworried that neither NATO accession nor the imminent prospect of EU membership has compelled the parties to settle these issues: "These organizations only get concerned with border disputes if they get raised within their ranks, as happened with Slovenia and Croatia. They may never come up. There are many EU members with [analogous] disagreements," said one official. Other officials voiced concern, especially on the application of EU border controls as of January 1, 2013 and the economic impact this will have on BiH agricultural producers. "Croatian officials seem to feel that they finally got through to [Council of Ministers Chairman Vjekoslav] Bevanda that this is really important," according to one US diplomat. At the time of writing, the issues of road transit

through Neum and duty-free access for BiH to the port of Ploče remain unresolved. "On Neum, the language is pretty positive," in the view of one American official, commenting on a late July meeting between foreign ministers Lagumdžija and Pusić.

US Views on the Zagreb-Belgrade Relationship

With a new government in Zagreb and an even newer one in Serbia following May 2012 general elections, it is still too early to assess the state of Zagreb-Belgrade relations. But the previous rapprochement between Croatia and Serbia was heavily reliant on Presidents Josipović and Tadić; and the latter's departure has already had an impact. The statements by Tadić's successor, Tomislav Nikolić, denying genocide occurred in Srebrenica in 1995 and claiming that Vukovar, the eastern Slavonian town that fell to Serbian forces in November 1991 amidst wholesale destruction and massacres of prisoners, was still a "Serb city," in which Croats had no place naturally angered Croats.[128] Josipović refused to attend Nikolić's inauguration as president, as did other ex-Yugoslav dignitaries. Croatian officials made clear to US contacts that their relationship with Serbia would remain fraught. The fact that Ivica Dačić, the wartime spokesman for Slobodan Milošević, is now the Serbian prime minister will make this relationship even more difficult.

US Coordination with the EU (and Member States) on Dealing with Serbia and Croatia on BiH

American diplomats openly admitted that Kosovo absorbed far more of their time than did BiH, and that this was reflected in their approach to Serbia as well. "The same goes for the EU," one interviewee stated. "When we have been focused on BiH, we have had good coordination with our European colleagues. Butmir may have been the last time we tried. Actually, it was probably the RS referendum. But it's been fairly episodic lately." Another noted that "universal US and EU pressure on Serbia on an issue of BiH concern was [the arrest and transfer to The Hague of Bosnian Serb wartime commander Ratko] Mladić.[129] But we don't see Europe making demands on Belgrade for BiH, because how do you do that? We can't expect them to control the RS."

In terms of US bilateral engagement with individual EU members on matters relating to BiH and the roles of its neighbors, a host of American interlocutors noted that communications' traffic was heaviest between both US and UK diplomats on the ground and their respective capitals.

Yet the relationship that was seen as most important – and most delicate – was that with Germany. "That bilateral relationship is a very complex one – there are a lot of factors involved," noted one American official.

"There are real differences with Germany"

"We've had meetings where we are hugging each other over Kosovo policies, and quite the opposite over Bosnia." The breadth of issues on the agendas of the heads of government also plays a role in

impeding the development and promotion of common policies. As one of our US interlocutors remarked, "I think there is a bandwidth problem here too. Bosnia – even Kosovo – is not on the agenda when the president speaks to Chancellor Merkel." While Germany has taken an increasingly predominant role in the EU during the eurozone crisis, a US official noted that "it likes to have friends on its side too. When they were all kick-ass on Kosovo, they had backup from the US, Britain, and others. On Bosnia, I think they worked assiduously with France and Italy" to press for EU primacy in policy-making and for the closure of OHR.

Views on Turkish Bilateral, Trilateral, and Multilateral Efforts Involving BiH

The authors heard a variety of views from American diplomats on the subject of Turkish diplomatic and political engagement in BiH and its neighborhood.

As noted above, the most visible Turkish effort was its initiation in 2009 of trilateral meetings first involving Turkish, BiH, Serbian leaders, and later Turkish, BiH and Croatian officials, to forge trust and facilitate the resolution of outstanding issues among them. American diplomats noted that "they told us about them in advance, but they took the initiative. They didn't ask us our priorities, what our advice would be, and so on."

In general, the Americans regarded Ankara's role as "very constructive." "We see things the same way they do strategically, and work together. [Although] we've [also] had tactical differences," as one US official put it. In mid-2011, another American diplomat struck a discordant note: the "State Department doesn't like the Turkish regional involvement – it was seen as aligned with [Party for BiH (SBiH)leader and former Bosniak BiH Presidency member Haris] Silajdžić, and now allegiance has transferred to Lagumdžija." As of June 2012, following the collapse of the SDP-led "platform coalition," the view of another US diplomat was that Turkey has had "a fairly parochial linkage to one community – the Bosniaks – and not just that, some parties. Formerly it was the SBiH, now it's the SDA. If they had more independent views, instead of adopting those of these parties, it would be better for them and better for Bosnia."

Strong Turkish resistance to ending international supervision of Brčko District and implementation of the Final Arbitration Award, with which the US was by now inclined to acquiesce, was foreseen by some US diplomats in the run-up to the May 2012 meeting of the PIC Steering Board meeting. The disruptive potential of such a battle was acknowledged by others. US Deputy Assistant Secretary of State for European and Eurasian Affairs Philip Reeker was reportedly sent to the meeting with orders not to go along with the Europeans' push to close down the supervisory regime if there were no consensus. Firm Turkish opposition thus prevented a termination of supervision. Foreign Minister Ahmet Davutoğlu was personally consulted on the proposed compromise that emerged from the PIC meeting. According to one US diplomat, he personally called Secretary of State Hilary Clinton on the issue, as well as the ongoing argument over Bosniak absentee voting rights in Srebrenica. The Brčko Final Award Office is closing, but the powers of the supervisor – and of the Arbitral Tribunal – are to remain.

Turkey's role in successfully encouraging Serbian President Tadić's Democratic Party to press for a parliamentary declaration on Srebrenica was also acknowledged by the Americans.

Conclusions

American diplomats have openly admitted that they found no satisfying conclusions to the conundrums of mobilizing Belgrade's potentially positive influence in Banja Luka or of Zagreb's over Mostar-based Croat leaders. As one diplomat noted, "There are various levels of success and accomplishment – if you could call it accomplishment" in dealings with Belgrade and Zagreb on matters concerning BiH.

The disruptive role of the RS in BiH has long been regarded as one of the most crippling problems besetting the country. Therefore, inducing Belgrade to exercise its potentially helpful leverage over Banja Luka has held and continues to hold appeal. But the Tadić government could not be moved offer any substantive assistance. As one of our US interlocutors noted, "Overall it's a mixed bag. It's hard to determine which tail is wagging which end: Dodik-Tadić or Tadić-Dodik. For instance, the RS [has a] role in Serbia. Dodik clearly wants to play a role." Without doubt, Washington felt shortchanged by Tadić. The new authorities in Belgrade have not yet had time to accumulate a track record.

While Croatia appears to represent a lower order of concern to US officials than does Serbia in regard to BiH - not to mention Kosovo – the influence of Zagreb in and on BiH, particularly through Croat politicians, seems clearer to them. While the HDZ is out of power in Croatia, the leaders of the HDZ BiH and HDZ 1990 are getting less face time with government officials in Croatia, though their ties with their "mother" party in Croatia remain intense. As one US diplomat observed, "You see [HDZ leader Tomislav] Karamarko receiving [HDZ 1990 leader Božo] Ljubić. You don't see that going the other way, since they're not in power."

The main American concern appears to be that Croatia should assist BiH in preparing for Croatia's own imminent entry into the EU – and, therefore, Bosnia's ability to apply for and eventually achieve membership. Croatia's standing and cross-party concern for the position of BiH's Croats in BiH is among the drivers behind US statements in favor of Federation reform. It is as yet unclear what this will mean in practical terms, given the blockages on all fronts in BiH governance.

V. Rising Turkey and its Role in BiH

The Republic of Turkey, which sits on the PIC Steering Board and represents the whole of the Organization of Islamic Cooperation (until recently the Organization of the Islamic Conference), has been actively engaged in the peace implementation process since Dayton. It has been a keen supporter of Bosnia's Euro-Atlantic engagement, as well as that of its neighbors. "Stability in the region is very important for Turkey," stated one Turkish diplomat. "Any crisis will have an adverse effect on Turkey – socially, economically." Several Turkish officials interviewed by the authors for this study and previously[130] have underscored that events in BiH are considered virtually a domestic issue in Turkey.[131] Turkey's growing economy is both a driver for increased Turkish assertiveness – a "responsibility" from its added weight, as one interlocutor put it, and an interest in its own right. Prime Minister Recep Tayyip Erdoğan's speech at the Bosniak Institute in April 2010[132] revolved around a central theme: the business of Turkey is business. In addition, Turkish diplomats note that Turkey wields "undeniable soft power in the region: the soap operas, tourism, economic power – it all fits together."

But all those interviewed agreed that Ankara's level of diplomatic and political engagement shifted into a higher gear since Ahmet Davutoğlu became foreign minister in 2009. According to one interviewee, Davutoğlu was heavily engaged on the Bosnia issue during the war, while teaching in Malaysia. "The Bosnian war was a touchstone for [the] AK [Party of Work and Progress]," according to one official. Numerous interviewees stated that the trust AK leader and Prime Minister Erdoğan has in Foreign Minister Davutoğlu was also a critical factor in Turkey's amplified activity on BiH. "This government is more sensitive to the Balkans than its predecessors," one official noted. "Ismail Cem as foreign minister tried – he has Balkan roots. But Davutoğlu was very important in formulating foreign policy as an advisor to the Prime Minister."

Ankara's level of diplomatic and political engagement shifted into a higher gear since Ahmet Davutoğlu became foreign minister

In a speech delivered on August 28, 2011 in Sarajevo, Davutoğlu articulated the framework for Turkish foreign policy in the region.[133] He highlighted three methodological principles: 1) a vision-oriented, as opposed to crisis-oriented stance; 2) a forward-looking rather than a backward-oriented policy; and 3) a value-based in place of an ideology-based approach. He then articulated four policy principles. The first of these was regional ownership. "If something happens in Bosnia, we cannot leave it aside – it's our issue," he stated in Sarajevo. "Our leaders should meet face-to-face rather than communicate in the press." As for his overarching principle for Turkish foreign policy of "zero problems" with the country's neighbors, he added that "I *know* it's not absolute. But I wanted to change the perception of built-in problems." His second policy principle is regional integration, noting that once vibrant links among the region's cities had become dormant, with a negative collective impact. "We need to reintegrate our region to rejuvenate our cultures," he stated. He added that this was "a modern approach," not the

"neo-Ottomanism, as some have tried to characterize it before. This is the EU model." This segued into his third principle: the requirement for the EU to have a Balkan vision. "There is a need [for the EU] to show light at the end of the tunnel for Bosnia to create a miracle," Davutoğlu claimed. "In our perspective, the Balkans are not peripheral." His fourth and final policy principle was the need to "develop a Balkan perspective in global affairs."

In this vein, it is noteworthy that all the countries in the region, including Serbia and BiH, voted along with Turkey, the EU and the US for an August 2012 UN General Assembly resolution decrying the lack of an effective international response to the violence in Syria.[134] Davutoğlu stated that Turkey could represent common regional positions in the G-20, while Croatia could represent common positions in the EU.

Launching Trilateral Diplomacy

After Davutoğlu's arrival at the Ministry of Foreign Affairs, he made clear his view that "the neighbors were very important for BiH," according to one senior diplomat. "A third party needed to accelerate the process" of eliminating hurdles to closer cooperation. A trilateral approach, involving Turkey, BiH, and each of its neighbors began to take shape soon after he took up his new post.

A trilateral approach, involving Turkey, BiH, and each of its neighbors began to take shape

While Turkish engagement was ramping up, the EU and US attempted to jump start both the stalled constitutional-reform process and Euro-Atlantic integration with an effort to forge consensus among BiH political party leaders at the Butmir army base outside Sarajevo in October 2009. Two sessions, co-chaired by Swedish Foreign Minister Carl Bildt (on behalf of the European Council) and US Deputy Secretary of State James Steinberg, failed to forge agreements, either on the initial or on the diluted second set of draft reforms.[135] Turkey and Russia, as well as other PIC Steering Board members and the high representative, were relegated to the sidelines in what was dubbed the "Butmir Process."

The process came to naught. "The process failed. It left regional actors outside," as one Turkish interviewee phrased it. "These were stepping stones to the trilateral process." Another noted that while Ankara's trilateral diplomacy – involving Turkey, BiH and Serbia, and then Turkey, BiH and Croatia – was in the works before Butmir, the ruffled feathers resulting from exclusion from this failed effort reinforced Turkey's interest in pursuing a direct approach.

The process began in 2009, with meetings also held in 2010 – the most visible of these being the Istanbul summit in April 2010. At that time, Turkish diplomats noted that their country also intended to convene quadrilateral meetings with senior officials from BiH, Serbia and Croatia. These did not

materialize. There was also an acknowledged slowdown in the tempo of both trilateral processes during 2011. Turkish diplomats attributed this to a number of factors: the absence of a BiH state government between October 2010 and March 2012; general elections, including in Turkey itself; and bilateral impediments. Each trilateral process is assessed below in turn, beginning with the first, involving Serbia.

Serbia

A presidential-level meeting was held in Istanbul in November 2009, hosted by Turkish President Abdullah Gül and including both Boris Tadić and the current chairman of the BiH Presidency, Haris Silajdžic. This meeting was crucial according to Turkish interviewees. President Gül presented a five-point plan to improve BiH-Serbian relations. Among the elements were a resolution of the impasse that followed Belgrade's refusal to accredit Sarajevo's recently appointed ambassador to Serbia, the proposed declaration by the Serbian parliament on the Srebrenica genocide, and President Tadić's attendance at the commemoration of its 15th anniversary the following year. The general aim was to defuse interstate tensions between Sarajevo and Belgrade, and to open the door to more practical bilateral and regional cooperation in future.

Turkey's policy has cast Serbia in a central role in regional affairs. As one diplomat put it, "Serbia is the key country with which we cooperate in the Balkans." "We really believe that Serbia is the…key interlocutor for Turkey in the region…to promote stability." Ankara clearly sees the relationship as mutually beneficial. "The Serbs needed us and we needed them," one official stated. "(AK) didn't want to do anything that could create suspicion, [given that] there is prejudice [in the region] against Turkey. This is why the Serbian role is so important."

Ankara perceived few hang-ups on Belgrade's part to intensified relations, noting it was demand-driven on the Serbian side as well. "Times have changed. At the political level, we don't feel it [i.e., historically rooted suspicion], especially about Sandžak," one diplomat stated. "This," he went on, "was very sensitive for Belgrade. They wanted an active Turkish role to bring the two muftis together and deflate tensions," including inter-Bosniak political tensions. "Tadić needed Sandžak [representatives] to form a government." The wheels were also to be greased by bilateral economic projects: "the Kraljevo airport, highway, secondary roads."

Turkey's policy has cast Serbia in a central role in regional affairs

Turkish officials openly declared in interviews for this study, as well as in earlier discussions with the authors, that President Tadić was the critical figure in their approach. Turkey was thus in lockstep with the EU and US, seeing him as "leading the most pro-reform coalition possible in Serbia." They also believed that their trilateral diplomatic engagement to promote improved Serbia-BiH relations delivered dividends. "There were some psychological hurdles to overcome on BiH for Serbia," according to one Turkish official, who added that "Tadić did a good job recognizing the Srebrenica genocide. He went to

Sarajevo, which is a more Bosniak city than it was before the war. He did the same in Vukovar."

As for the parliamentary declaration recognizing and regretting the war crimes that followed the fall of Srebrenica, he also confirmed that "We encouraged them, we're not hiding it. We were influential, but we don't say it with a loudspeaker." The goal of promoting the declaration was "regional relations: stability and building confidence more than [promoting Serbian EU membership.][136] Indeed, "Mending fences with Bosnia was the primary issue." He also noted that holding a second trilateral meeting in the former Karađorđević dynasty hunting lodge in Karađorđevo, Vojvodina, in April 2011 – and where Milošević and Tudjman had met in March 1991 to discuss the partition of BiH – was a hard pill for the Bosniaks to swallow. As one senior official related, "Karađorđevo was very sensitive for the Bosniaks, considering what [had] happened there. They told President Gül they were skeptical – they didn't want to oppose us, but…" He added that "Gül said that if it was the site where disintegration had been decided upon, then let it now be a place for unity. That was his approach." He added, "Not only Serbs have had to make delicate decisions – Bosniaks and Turks have to [as well]."[137]

Notwithstanding Tadić's central role in initiating the trilateral process, Ankara expects it will continue and perhaps even prosper under President Nikolić, despite his early denial that there had been any genocide in Srebrenica and claim that Vukovar remained a Serb city.[138] "Nikolić's policy remains to be seen…the two statements early on didn't help. But we need to see what his real policies are," said one official.

A presidential trilateral is apparently in the works. "We met Nikolić in Belgrade, Istanbul, and Rio. He warmly expressed his will to meet with Turkey," one official stated. "He made clear that he didn't want to change regional foreign policy; that he wants to further regional relations. He appreciates the Turkish role, and wants to continue the trilaterals." At the last meeting in Karađorđevo it was agreed that Sarajevo should host the next meeting: "[President] Izetbegović is trying to fix the date."

Yet despite Turkey's efforts and Tadić's visits to Srebrenica and Sarajevo, interstate relations between Serbia and BiH remained fraught due to other issues. The indictment and arrest of figures from the wartime Republic of BiH for war crimes, Ejup Ganić and General Jovan Divjak, deepened the divide. Regarding Ganić, one Turkish diplomat stated that "we believe in his innocence." Yet, "Turkey-Serbia relations are more important than these minor issues. Not even Kosovo should affect our good relations."

For this reason, Turkey has studiously avoided making Kosovo a factor in its relations with Serbia. As senior diplomat explained, "We don't want to provoke Serbia over Kosovo… We definitely do not see eye-to-eye over Kosovo. But we understand each other's positions. Kosovo is not a matter we discuss with Serbia." According to this official, his Serbian counterparts made an approach "sort of accepting" that Turkey was helping to train and equip the Kosovo Security Force, but asking only that it should not be deployed in northern Kosovo. "That's not up to us," he stated. "We're not happy with the parallel institutions in the north. Belgrade needs to stop that."

Ankara's view on Serbian influence in BiH and on RS

Another impediment to improved Belgrade-Sarajevo ties was the warm relations between Tadić and other Serbian officials with the RS prime minister and later president, Milorad Dodik, who has, since 2006, openly challenged the legitimacy of state institutions and the international presence, as well as impugned the common state's permanence. Turkish interviewees shared the view of the majority of their American and European counterparts: Belgrade has not seriously attempted to mitigate Dodik's rhetoric and behavior. As one Turkish diplomat told us, "Serbia could have influence, but it's not using it." Despite making no link between Kosovo and Bosnia in its policy approach to Serbia, Turkish officials see Belgrade as having done – and doing – precisely that. While not exercising influence on the RS may have been "the right policy, given Serbia's problems in Kosovo – you can't fight on two fronts," – it was certainly unhelpful in this official's view:

> If [Tadić] had any influence, he never used it. Dodik's statements are always against the integrity of the country. Tadić never confronted him. He has said that he's for Bosnia's territorial integrity and borders, but has never directly rebuked Dodik.

He also noted that the influence runs both ways: "My view is that the leadership in Belgrade cannot oppose Banja Luka on national issues. For example, on how to solve defense property, Brčko… They [the Serbian government] need to calculate the response of Banja Luka. If they think they will get criticism, they will have second thoughts." But, in this official's view, Belgrade could trump this, at least under certain conditions. "The Serbs see themselves as part of one nation – so subordinate to Belgrade. If Banja Luka did something to hurt Belgrade, then Tadić would have leverage." Serbia would need to have something to lose by not exercising that influence. "I don't think they can compel (Dodik) on a daily basis," he added. For this reason, "Dodik's statements are not an issue for us with Serbia." Instead, "we deal with them in the context of BiH, in the PIC Steering Board. We're very vocal."

Turkish officials also deal directly with Dodik. "He's a reality – we have to deal with him," as one diplomat put it. "We try to tell him it's better to have good relations with Turkey than bad ones. He should emulate Belgrade in that regard." Dodik has been invited to Ankara – and reportedly has accepted. "It's not an easy process," according to the same official.[139] "The next step could be Dodik coming to meet Davutoğlu." "We want the direct involvement of Dodik in the trilateral and bilateral processes," the official added. "We want the RS to work with Turkey. We want Turkish investment in the RS." Expectations are measured: "Don't expect big projects (or breakthroughs). It's about fighting prejudices, creating an atmosphere for stable cooperation."

The trilateral and bilateral talks with Belgrade have been at "the lofty political level," as one interlocutor put it – and have avoided several outstanding issues between Serbia and BiH to date. Outstanding border issues (for example, Zvornik-Mali Zvornik), raised as potential issues for discussion in trilateral meetings by diplomats in 2010, are seen as bilateral and have not been tabled by Turkey. "Turkey could offer good offices, if the parties want them," a senior diplomat said recently in an interview. Serbia's

special parallel relationship with the RS is not raised by Turkey in its dealings with Belgrade.

In sum, Turkey is strongly committed to its bilateral relationship with Serbia, expecting it to continue to develop with the new government in Belgrade for reasons of mutual self-interest. It also remains intent on pursuing its trilateral diplomacy with Serbia and BiH, pointing to what has been achieved thus far. Ankara likewise hopes to forge better direct ties with RS President Dodik, despite (and because of) the hostility and mistrust he's articulated toward Turkey's role in BiH, aiming to involve him in these processes.

Croatia

The trilateral process involving Croatia, launched by Davutoğlu during a visit to Zagreb in December 2009, never reached the rank or visibility of the one with Serbia. "These are more project- than policy-oriented – as distinct from Serbia," a senior official explained. "The idea was to bring economic benefits to areas that are hurting, especially Mostar. These projects have yet to be finalized." They were described as "initial token projects: the music school, the municipality building, some infrastructure. The demand is still there." The underlying idea is to reach out to the Croat community. "We can help on Mostar if we work with the Croats." This official noted that Turkey also confronted inter- and intra-municipal disputes.

The trilateral process has not continued at the ministerial level, reaching no higher than the undersecretary level since early 2011. In summer 2011, Croatia held its own trilateral summit of presidents on the island of Brioni, inviting the full BiH Presidency and Serbian President Tadić. Third-country diplomats related to the authors at the time that this was intended by Zagreb to replace the Turkish-initiated process; and to exclude Turkey. Turkish officials stated that the official reason is that the BiH government was not yet formed – and that "the Croat parties (in BiH) were upset about the Federation Government formation." Foreign Minister Davutoğlu has also been consumed by matters in Turkey's Middle Eastern neighborhood, "so has had to postpone scheduled meetings." Ankara remains hopeful that the Croatia-BiH-Turkey trilateral process will recommence at a high level. "The Milanović government wants to work with Turkey, that's for sure," one senior official stated. "They… support Turkey's goal of EU membership – and want more Turkish investment." "The will is there on both sides," the official concluded; "so it's not dead, but it needs to be rejuvenated."

Assessing the role of the former governing cohabitation of HDZ Prime Minister Jadranka Kosor and President Ivo Josipović, who was elected on an SDP ticket, one Turkish diplomat said that "the HDZ government was weaker, Josipović was stronger. He had assets to be regarded as a good interlocutor in the region." This relationship was on display during the crisis over the construction of the Federation government in early 2011. According to this official, Croatian Foreign Ministry representatives approached Turkey, aiming "to get the Bosniaks – the SDP and the SDA – to accept the HDZs into government instead of" the Croatian Party of Right (HSP) and Radom za Boljitak. "They told us the HDZs were 'legitimate.'… Once the [Federation] government was formed we didn't want to rock the boat

during the formation of the state government." The Croatian approach "affected Turkey-Croatia relations," according to this official.

According to Turkish diplomats, the installation of Zoran Milanović's government, which took office in December 2011, heralded a shift in the foreign-policy balance between the president's office and the foreign ministry. "There is no real change with the new government," in one official's view. "This is very interesting, because the HDZ is out. But they still mention that there should be 'legitimate Croats' represented. They want the reformation of the Federation government…Ms. Pusić is more active, but the *policy* has not changed." He offered his own viewpoint on why this is so: "BiH Croats are a sizeable community of voters in Croatia. As in Turkey with Karabakh or Cyprus – any government that doesn't care will fail. So…1) Zagreb needs to be interested and 2) BiH Croats have influence in Croatia. This is why the SDP supports the HDZ's policy in BiH," he concluded.

Turkish officials expressed deep dismay over the reconstruction of the state and Federation governments since June. "We're very upset that the balance has been changed," one official stated. "I think it's a very bad idea to leave the SDA out of Federation politics…The Bosniaks and Croats must balance in the Federation to face the RS." In fact, this was its express purpose. "Now the Croats are more comfortable with the RS than they are with the Bosniaks…So this shift affects the foundation of the country."

Regional Cooperation Efforts

Turkey has placed great stock in the South East Europe Cooperation Process (SEECP), founded in 1996 as a vehicle for wider regional policy coordination. In his speech in Budva (Montenegro) in 2010 Foreign Minister Davutoğlu expressed high hopes that the Serbian Presidency of the SEECP would permit the systematization of SEECP. "We tried to transform [his speech] into action – [to] accelerate regional schemes [and] organize the SEECP with a permanent secretariat," said one senior diplomat. This was not realized. "But this generated a lot of suspicion (and resistance)," he added. Greece, Romania, Croatia, and the Bosnian Serbs[140] all resisted the strengthening of the SEECP, this official noted. "The line is that Turkey's not in the EU; a focus on the SEECP will give Turkey a stronger role, overshadowing the EU," the diplomat explained. "Our view is that there is a role for all wider regions – Turkey should be there… The Balkan voice is not heard within the EU or UN. Of course, we'll work with them."

Turkish Perspectives on other external actors

The European Union: Ankara views the EU's role in the region as essential; and its enlargement process is central to Turkey's own policy approach of promoting regional cooperation, reconciliation and integration. Impatience with the slow pace of enlargement is palpable. Another process Turkey would like to see is a region-wide Serbian-Albanian dialogue, and "the EU is the perfect condition for this, but that won't happen for a while," in the words of one official. Functionaries in Ankara see the EU as squandering its potential influence in the Balkans by both fixating on its own internal processes and adoption of *ad hoc* approaches. "The EU doesn't view the Balkans in a strategic manner," one said. "It's

just another applicant for membership." Another diplomat opined that the EU was not an *actor* in the Balkans, unlike Turkey. A sense of *Schadenfreude* or *inat*[141] was also discernible in the views of some Turkish interviewees. One noted that Turkish economic growth had proceeded apace as the EU's was stalling or reversing. This reduced the EU's economic attractiveness to would-be members in the Balkans.

Turkey recognizes suspicion among many EU members and figures in the EU's institutions regarding its role

Turkey recognizes suspicion among many EU members and figures in the EU's institutions regarding its role. "It doesn't come to us directly, but from third parties," one diplomat stated. In bilateral interactions, Turkey's intentions are "diplomatically" queried. Germany and Austria came up for particular mention in this vein. "The EU ignores Turkey in the Balkans, even though we're a candidate [for membership]," this official stated.

> They don't want to cooperate with Turkey in certain regions. In the Middle East, their appetite for cooperation is high. But in the Balkans, no – it's treated like the EU's backyard. Our view is that if we cooperate on human rights, environment…the Balkans should be in this.

Turkey has the second largest contingent in a shrinking EUFOR, after Austria. Previously, Turkish diplomats related to the authors that Ankara would be willing fill the empty billets left by other troop-contributing countries which had unilaterally withdrawn their contingents. This attitude seems to have cooled of late. "It's not a good idea psychologically for Turkey to fill-in," one official observed. "We will support. But we cannot substitute for EU troops leaving."

Diplomats note, however, that EU foreign policy chief Catherine Ashton and Foreign Minister Davutoğlu have a "good working relationship – this is accelerating the foreign policy dialogue." While the "overall EU-Turkey relationship was frozen; [and] going in the wrong direction" until recently, shifts in the stances of some EU member states are also perceived by Ankara to have opened previously stalled avenues toward cooperation. "The position of France" was seen as the main impediment, affecting the EU corporate position. The electoral defeat of French President Nicolas Sarkozy, who was vocally opposed to Turkish membership, has made forward movement more likely in the eyes of Turkish officials, who reported an already discernible change in the attitude of Brussels.

The United States: The Turkish and American positions on Balkan issues, and specifically on BiH and Kosovo, were long seen as being in tandem. As recently as May 2011, Ankara and Washington, along with some other PIC SB members, saw off a unilateral challenge to the OHR budget on the part of the EU. Yet a sense of frustration has been building for some time with what Turkey regards as America's standing down in Bosnia. Turkey's exclusion from the "Quint," – the grouping of Western countries from the wartime Contact Group (the US, UK, , France and Germany, which expanded to include Italy as well after Dayton, and among whom the most important policy discussions often take place – has been a

perennial irritant. It is also seen as self-defeating for the US and UK, which have been consistently resisted in that forum by the continental EU members, who not infrequently act in league with Russia. Butmir and its aftermath deepened a sense of disappointment with the American approach. "I don't see a strong US role," one interviewee stated. "It seems the US has delegated to the EU" on its Bosnia policy.

American acquiescence to persistent EU pressure on Brčko supervision is the most recent signal to Ankara that the US is losing the will to fulfill its Dayton obligations. Turkey's firm position prevented the complete termination of supervision, allowing the supervisory powers to be maintained while the office in Brčko District is closed.[142]

Despite these frictions and disappointments, Ankara views the US and UK as essential partners on BiH and regionally, and works hard to maintain strong bilateral ties, including at the highest levels. In 2010, President Gül telephoned President Obama to express his concerns about the deteriorating situation in BiH. Prior to the May 2012 PIC Steering Board meeting, American diplomats reported that Foreign Minister Davutoğlu had phoned Secretary of State Clinton about both Brčko and Srebrenica, and that he had "done his homework… knew details" – and so made an impression. "We have a lot of interests with Turkey… if Davutoğlu calls Clinton about something, she's inclined to take it seriously," one American diplomat related.

Conclusions

Despite their natural shift in focus to the impact of the Arab Awakening to their south and east and, even more, to the ongoing bloodletting next door in Syria, Turkish policymakers have maintained a considerable degree of high-level policy attention on BiH, holding firm positions against other external actors when they deem this necessary.

The triumvirate composed of Prime Minister Erdoğan, President Gül, and Foreign Minister Davutoğlu were all directly engaged in ramping-up Turkey's commitment to the region; but Davutoğlu's role was essential. This engagement did foster dialogue among BiH and its neighbors, even spawning a Croatian effort which excluded Turkey. However, while this effort generated some dividends, Ankara consciously refrained from leaning on either Belgrade or Zagreb regarding BiH. The evident hope was that bonds of trust would be built through frequent meetings, allowing these issues to be addressed organically and bilaterally. That clearly has not materialized. The series of trilateral meetings initiated in 2009 has stalled. Although Turkish officials hope these will recommence in the near future, senior BiH officials doubt they will resume any time soon.[143]

While Turkey sees the European enlargement process as a necessity for ensuring peace, prosperity and regional integration, it does not subscribe to the view that Croatian and Serbian membership is automatically positive for BiH. "On the contrary," one senior official stated, "We are seeing a centrifugal impact in BiH."

Turkish policymakers convey a sense of increased possibility and responsibility stemming from their country's growing economic and political weight. This has been manifest in Ankara's policies toward the Balkans. Yet some sympathetic Bosnian observers – and even a few Turkish diplomats – have noted their concern that the "vast expansion" of ambition embodied in Foreign Minister Davutoğlu's "zero problems" mantra is outstripping his ministry's capacity.

While an ever-stronger Turkey can pursue a more assertive policy in and on Bosnia, it cannot alone change the deteriorating internal dynamic

Finally, there is an open admission that while an ever-stronger Turkey can pursue a more assertive policy in and on Bosnia, it cannot alone change the deteriorating internal dynamic. Coordination with a critical mass of other Western policy actors is needed to achieve that.

When the "international community" – a term which in Bosnia and Herzegovina is used to describe the confluence of the Peace Implementation Council Steering Board and the EU – was unable to move forward with its plans to "transition" away from its peace implementation role due to the regression in BiH's politics, it shunned reassessing its 2005 assumptions or reasserting its executive role. Instead, the West hoped that Belgrade and Zagreb could be called upon to assist. This hope remains unrealized. In many ways, the reliance upon the neighbors was actually counterproductive, not merely fruitless. Not only did it not produce the intended outcome, it created additional troubles both to the West and to the neighbors themselves. Croatia and Serbia have become more deeply engaged in BiH's internal affairs in the past three years than since Tuđman and Milošević left the political scene.

Despite years of international calls for regional reconciliation and cooperation among the countries that formed a 1991-1995 conflict system – Croatia, Serbia and Bosnia and Herzegovina – there remains no Western – and specifically no EU – integrated policy to propel these processes forward. This includes both the lack of political coordination within the EU and with the other key international players and the fact that the West's Kosovo-Serbia and Bosnia policies are not integrated. Croatia is already a NATO member and will join the EU in July 2013; Serbia has become an EU candidate. "Good neighborly relations" are formally required by NATO, and even more so by the EU in the context of the EU enlargement process, but are so liberally interpreted that this criterion is essentially hollow. For this reason, Croatia and Serbia both have numerous unresolved bilateral disputes with BiH, including those involving territory and property ownership. Furthermore, the EU and its member states, as well other Western powers, have failed to create incentives – positive or negative – to encourage BiH's neighbors to adopt policies that support its functionality. This reality has given the neighbors wide latitude to pursue their own agendas and support those of their local partners. BiH's internal structural divisions, now unencumbered by countervailing external pressure, prevent policies in the *popular* interest, let alone the state interest – an ugly reality on vivid display with the tsunami of preventable economic damage likely to make landfall with Croatia's full application of EU veterinary/phytosanitary border controls on January 1, 2013.

In the case of Croatia, a decade-long policy of withdrawal from BiH internal politics, conducted by all post-Tudjman governments, began to be reversed early in Ivo Josipović's presidency in 2010. This re-engagement, conducted in tandem with a rapprochement with Serbia, first seemed completely positive. But mistaken assumptions combined with a re-eruption of the "Croat problem" following BiH's October 2010 general election embroiled Zagreb directly, leading to policy confusion, failure, and persistent mutual suspicion with a breadth of political actors. Prime Minister Zoran Milanović and Foreign Minister Vesna Pusić both jumped into this already saturated political minefield soon after entering office and were damaged by the experience. President Josipović and his team seem to have receded from their 2010-11 preeminence on BiH policy and the Milanović government has expressed desire to resolve outstanding issues between the countries. But the government is demonstrating that it is also subject to

domestic pressures on these matters. Brussels is not weighing into this policy calculus to impel resolution of these issues before Croatia becomes a member. In many ways, as one interviewee put it,

Croatia is already being treated as a member of the club. This is a foregone opportunity to get these matters resolved for mutual Croatian, Bosnian, and EU benefit.

Under President Boris Tadić, Serbia was completely free-range as to what it could do vis-à-vis Bosnia and Herzegovina, so long as he occasionally made positive statements and gestures. Despite the fact that Tadić's political ally, RS President Milorad Dodik, has worked assiduously since re-entering power in 2006 to undermine state institutions, question their legitimacy, and even espouse the dissolution of the state, there were never consequences for either of these leaders. There is no evidence that Tadić seriously attempted to apply political or economic leverage to influence Dodik's behavior in a less destructive direction. Like Croatia, Serbia has not undertaken any serious attempts in years toward resolving numerous outstanding disputes with BiH, including those concerning borders and property. Furthermore, the Tadić government accelerated the development of RS-Serbia Special Parallel Relations in recent years, while maintaining only *pro forma* relations with BiH. The election of former Radical Party leader Tomislav Nikolić as Serbian President and the formation of a more overtly nationalist Progressive-Socialist governing coalition led by Prime Minister Ivica Dačić have given many in BiH – including Banja Luka – jitters. But it remains to be seen what Belgrade's policies toward BiH will actually be.

Turkey undertook the most focused and sustained effort to promote regional trust and cooperation. While Ankara failed to fundamentally alter the regional dynamic, it did deliver the resolution of some bilateral disputes and at least progress toward addressing others.

The hopes held among Western officials that the neighbors would fix the Bosnia problem for them should by now be dispelled definitively. Nevertheless, the neighbors could still play a constructive role under the right incentives. This depends largely on whether the West develops a coherent joint policy to contend with the BiH reality. Many opportunities to influence the development of Croatia-BiH and Serbia-BiH relations, including those with Bosnian Croat and Bosnian Serb political forces, have been squandered. Croatia's admission to NATO with these issues outstanding was but one example. This has not only allowed interstate disputes to fester, but has inflicted considerable damage within BiH.

The fact that Croatia and Serbia are now directly re-engaged in BiH makes it likely that if something goes badly wrong in Bosnia, there is a high potential risk that they will become part of it, instead of helping contain it. The good news is that this dynamic can be remedied by reasonable policy adjustments and manifest political will by the EU and other Western actors, particularly the US and Turkey. Simply put, both Zagreb and Belgrade need to be made to understand that they have something to lose by not being constructive.

Policy Recommendations

To all Western governments and organizations involved in BiH and the region – including the EU institutions and member states, the US, and Turkey:

- Develop a joint policy approach on engaging BiH's neighbors that integrates both the EU's and the other international actors' Bosnia and Kosovo policies. The major Western players, the EU, the EU member states, the US and Turkey should set aside their differences over Bosnia and join forces based on their common understanding of the necessity and possibility for Croatia and Serbia to play a more constructive role in BiH. They should agree on joint messaging and coordinated performance vis-à-vis Zagreb and Belgrade. In addition, their continued engagement with Serbia on solving the Kosovo issue must not lead them to downplay these messages to Belgrade.
- Encourage Croatia's espousal of a "principled policy" toward BiH by reaching an understanding with the President, Prime Minister and Foreign Minister to back systemic constitutional reform in BiH. This should not be viewed merely through lens of the "Croat question" or be limited to the Federation. The authorities in Zagreb should accept that until the dysfunctional Dayton system is consensually superseded, international enforcement of Dayton must continue.
- Encourage the relevant actors in Zagreb to re-engage ASAP in the trilateral forums (both those initiated by President Josipović himself and the earlier process initiated by Turkey) with BiH, Serbia, and Turkey – and to use these meetings at the head of state, head of government, and ministerial levels to promote the resolution of the outstanding bilateral disputes.
- Encourage the new president and prime minster in Belgrade to "re-set" their relations with BiH by making a point of visiting Sarajevo at least as often as the RS – and meeting their state-level counterparts more frequently than entity officials. Make clear to Serbian authorities that Belgrade's relationship with the West, including the EU, is directly dependent upon how its policies affect the internal integration of BiH and its ability to progress toward its Euro-Atlantic aspirations. There will be consequences should they question BiH sovereignty and territorial integrity in the future – even rhetorically.
- The RS-Serbia Special Parallel Relations notwithstanding, Western governments should press Belgrade to de-emphasize them.
- Press Belgrade to de-emphasize its role as "guarantor" of the Dayton Peace Accords. BiH's internal structure must be determined solely internally.

To the EU – the EEAS, the EC, the European Parliament – and EU member states:

- Give regional cooperation a more pronounced and defined place in EU enlargement processes and make the solution of open bilateral issues part of conditionality in the accession process. Develop benchmarks to assess an applicant's efforts in solving these issues in order to prevent the applicant being held hostage to the other party involved in bilateral conflicts.

- While it would make no sense to make regional cooperation a separate chapter in future membership negotiations, the Commission should find institutional solutions to deal with these cross-cutting issues in a systematic, coordinated fashion.
- Demand that Croatia and BiH come to mutual and binding agreement on all outstanding bilateral issues – borders, transit through Neum, access to Ploče harbor, implementation of Annex G of the Treaty on State Succession, and the number and location of phytosanitary/ veterinary border crossings – prior to December 31, 2012. In the case of continued disagreement on border demarcation, the dispute should be put to binding arbitration, based on the model of the Croatia-Slovenia border dispute. Emphasize to Belgrade that it should resolve all its outstanding bilateral disputes with BiH in the near-term for the sake of its "European perspective.
- Ensure EC Progress Reports conform to the ground reality, ending the practice of "accentuating the positive".
- The EC should screen the RS's expanding harmonization of economic law with that of Serbia under the RS-Serbia special parallel relations regime in BiH's EU integration process, determining on whether it disturbs BiH's single economic space.
- EU member states and the EC should stop tolerating drastic deviations from the joint European Western Balkans policy by individual member states that have detrimental effects on regional relations, as is the case with Italy's joint hydroelectric power plant deal with Serbia and the RS. Members should speak up against such behavior in the Foreign Affairs Council and other EU fora. Continue the current outreach to Ankara with the aim of a future joint performance of the EU and Turkey on regional cooperation matters in the Western Balkans.

To Croatia:

- Prepare a government policy strategy as future EU-member for active participation in designing the EU's Western Balkan, particularly BiH policy.
- Harmonize economic policy towards BiH with foreign policy priorities and principles.
- The Croatian government should resist populist attacks by the opposition HDZ and stick to its original plan to put the Croatia-BiH 1999 border agreement to the Sabor for ratification by a simple majority vote.
- The leadership of the opposition HDZ should stop instrumentalizing bilateral issues like the border agreement and Pelješac bridge for populist ends and return to the moderate, constructive approach of former Primer Minister Jadranka Kosor, the previous HDZ leader.
- The government and the opposition should cooperate in a joint information campaign and a de-politicized discussion with the citizens of the southern Dalmatian part of Croatia to explain the issues of Neum and the border agreement.

To Serbia:

- Tell RS authorities and Bosnian Serbs that their capital is Sarajevo.
- Impress upon RS officials and citizens that division of the state of BiH is not an option and would be opposed by Serbia. State officials should cease linking the future of the state of BiH with the future of the Serbia-Kosovo conflict in public statements.
- Make agreements and MoUs signed under the RS-Serbia special parallel relations publicly available. Cease giving BiH citizens from the RS preferential treatment in Serbia, particularly in health care and education. Such opportunities should apply to all citizens of BiH.

To both BiH's neighbors:

- End the practice of RS and BiH Croat officials circumventing BiH authorities when visiting Belgrade and Zagreb by refusing to meet officials who do not come through the embassy.
- Ensure that all visits by government officials to BiH, whether official or political in nature, are run past the BiH Ministry of Foreign Affairs.
- Respect BiH state-level institutions' authority, such as that of MOFTER, in cross-border investment projects (such as recent hydropower investment deals with RS). Such arrangements should be screened to ensure compliance with various international conventions. RS (and FBiH) officials must be made to understand they cannot circumvent the state in dealings with neighbors.

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[90] Interview with MFA officials, Zagreb June 2012.
[91] Kukić, "Kakvi susjedi odgovaraju BiH?," http://www.depo.ba/_blog/?p=1720.
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[93] Interview with MFA official, Zagreb June 2012.
[94] Interviews with HNS party officials, MFA representatives and political analysts, Zagreb June 2012.
[95] *Međudržavni Sporazum između RH i BH o Euroatlantskom Partnerstvu*, draft.
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[97] Discussion with MFA representatives, Zagreb, June 2012.
[98] *Analiza vanjskotrgovinske razmjene BiH za 2010. Godinu*, BH Ministry of Foreign Trade and Economic Relations (MOFTER), Sarajevo February 2011.; "Bilateralna suradnja RH i BiH", at: www.hgk.hr; *Vodič kroz promjene u vanjskj trgovini nakon pristupanja R u EU*, Hrvtska Gospodarska Komora, Zagreb 2012.
[99] Interview with economic expert on BiH trade relations, Sarajevo May 2012; "Necarinske i tehničke barijere u trgovini BiH sa članicama EU I CEFTA 2006", *InfoKOM* Nr.52. Sarajevo April 2012.
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[103] *Pristupanje Republike Hrvatske Evropskoj Uniji. Otvorena pitanja između BiH I Hrvatske i implikacije po BiH*, Vanjskopolitička inicijativa BiH, Analiza 1/12, Sarajevo March 2012; *Informacija o procjeni implikacija pristupanja RH Evropskoj Uniji*, Vijeće Ministara BiH-Direkcija za Evropske Integracije, Sarajevo October 2011.
[104] *Pristupanje RH Evropskoj Uniji*, p.7-8.
[105] *Pristupanje RH Evropskoj Uniji*, p.2-6; *Informacjia o procjeni implikaciji pristupanja*, p.3-5; interviews with BiH and Croatian MFA officials, 2012.
[106] "Nema trgovine, čekamo prijedlog iz Sarajeva" *Oslobođenje*, May 14, 2012, p.6; "Hrvatski autoput kroz BiH?," http://www.dw.de/dw/article/0,,15921184,00.html.
[107] "Rat je i počeo zbog granica", *Oslobođenje*; August 6, 2012 p.6; „Potvrdja dogovora Tuđman-Izetbegović?", *Oslobođenje*; July 31, 2012 p.8; "Politicko nadmudrivanje oko Pelješačkog mosta?," *Deutsche Welle*, http://www.dw.de/dw/article/0,,16125096,00.html; "Hysterija rediviva," *Novi list*, http://www.novilist.hr/Komentari/Kolumne/Zemlja-koje-nema-Borisa-Pavelica/Hysteria-rediviva.
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[109] Croatian Foreign Minister Vesna Pusić during a speech held at the Friedrich-Naumann Foundation, Berlin June 2012.
[110] Interview with representative from the BiH Foreign Trade Chamber, Sarajevo May 2012.
[111] *Analiza efekata pristuoanja RH Evropskoj Uniji na BiH*, BiH Foreign Trade Chamber, Sarajevo November 2011; "Uskoro protokol o trgovini između BiH i Hrvatske", http://rs.seebiz.eu/uskoro-protokol-o-trgovini-izmedu-bih-i-hrvatske/ar-27157/.
[112] *Pristupanje RH Evropskoj Uniji*, p.6-7; *Informacjia o procjeni implikaciji pristupanja*, p.5-7, *Analiza efekata pristupanja*, p.16-22.
[113] Discusions and interviews with Bosnian diplomat, Sarajevo spring 2011 & May 2012.
[114] "Bez dogovora nema pelješkog mosta", *Oslobođenje*, September 20, 2012, p.17.
[115] Interview with European diplomat, Sarajevo August 2012.
[116] *Poljoprivreda i ruralni razvoj u BiH. Proporuke civilnog društva za brži put u EU*, Građani za Evropu, Sarajevo September 2011; authors' discussion with BiH agricultural experts 2010-2011.

[117] *Akcioni plan za prevazilaženje poslijedica pristupanja RH Evropskoj Uniji, Finalni document*, Vijeće Ministara BiH, April 23, 2012; interviews with officials from BiH state-level ministries' officials.
[118] This chapter is based on over two dozen of interviews the authors have conducted with representatives from EU member state MFA's and their embassies in Sarajevo, Zagreb and Belgrade, and with EU representatives in Brussels and the region (EC-DG Enlargement, EEAS, MEPs, EUD/EUSR BiH).
[119] The provision for special parallel relations was an import from the 1994 Washington Agreement, which created the Federation of BiH (then often referred to as the "Muslim-Croat Federation."
[120] http://www.bundeskanzlerin.de/Content/DE/Mitschrift/Pressekonferenzen/2011/08/2011-08-22-pk-merkel-kosor.html?nn=75644.
[121] http://www.bundeskanzlerin.de/Content/DE/Mitschrift/Pressekonferenzen/2011/08/2011-08-23-pk-merkel-tadic.html?nn=75644.
[122] http://ec.europa.eu/enlargement/press_corner/key-documents/reports_oct_2011_en.htm.
[123] See Croatia chapter.
[124] This chapter is based primarily on interviews with State Department officials and US diplomats in the western Balkans conducted in June 2012.
[125] http://wikileaks.org/cable/2009/01/09BELGRADE34.html.
[126] Vojislav Šešelj, leader of the Serbian Radical Party, which Nikolić led after he went for trial at The Hague before founding his own party in 2008.
[127] http://www.vesti-online.com/Vesti/Srbija/245528/Ova-Vlada-nece-opstati-ako.
[128] http://www.faz.net/aktuell/politik/ausland/wahl-in-serbien-die-serben-durften-nicht-entscheiden-wo-sie-leben-wollen-11750937.html.
[129] In reality, the US was willing to side with the EU mainstream against the Netherlands' firm insistence on Mladić's arrest and transfer in 2010-11 in order to move Serbia forward toward EU membership. Vice Presidential National Security Advisor Anthony Blinken essentially admitted as much in response to a pointed question at a public forum at the US Holocaust Memorial Museum in July 2010, attended by one of the authors, who also spoke at the event.
[130] This study is based on interviews conducted with MFA officials in Ankara in July 2012 and with Turkish diplomats in BiH in 2010-12.
[131] See http://www.thenational.ae/news/world/europe/turkey-moves-ahead-with-new-constitution
[132]Seehttp://www.todayszaman.com/news-206666-100-erdogan-vows-turkey-will-stand-by-bosnia-and-herzegovina.html
[133] Much of this speech was foreshadowed in a speech given for the South East Europe Cooperation Process (SEECP) in Budva in 2010. The speech was turned into a Turkish Ministry of Foreign Affairs document, published in October 2011. See *A Forward Looking Vision for the Balkans*, Prof.Dr. Ahmet Davutoğlu, Vision Papers No.1, Center for Strategic Research, Republic of Turkey Ministry of Foreign Affairs, October 2011.
[134] See http://www.bbc.co.uk/news/world-middle-east-19106250
[135] Bassuener/Weber, *Are we there yet? International impatience vs. a long-term strategy for a viable Bosnia*, DPC Policy Brief, May 2010, p.4-5.
[136] Some observers, including the authors, expressed their view that one potential payoff for Tadić of the declaration was increasing pressure on the Netherlands to relent in insisting on the arrest and transfer of Bosnian Serb military commander Ratko Mladić. If successful, it would have allowed Tadić to postpone or avoid altogether that avowed EU requirement while still moving toward membership. One Turkish diplomat opined "I don't think Mladić was a tall order. The public was sick of vestiges of the past," noting there was little public reaction to his eventual "discovery" and arrest in May 2011.
[137] On Bosniak and other Bosnian views of the 2011 meeting, please see http://www.hurriyetdailynews.com/default.aspx?pageid=438&n=bosnians-mixed-on-karadjordjevo-summit-2011-04-26
[138] "Regarding the issue already mentioned by the EU, which relates to his opinion about Srebrenica, Nikolić said: 'My stand on Srebrenica is completely clear. That is the place in which the members of my people committed a horrendous crime, and I will never try to provide justification for that. But, I will not go beyond what has been

concluded in the National Assembly of the Republic of Serbia.' He noted that in March 2010, the parliament passed the Resolution on Srebrenica condemning 'the serious crime' which was committed against the Bosniaks in Srebrenica, and underlined that the document does not mention the term 'genocide.'"
http://www.b92.net/eng/news/politics-article.php?yyyy=2012&mm=06&dd=08&nav_id=80662

[139] But one example was the trumped-up supposed slight of what became known in diplomatic circles as "flag-gate." On FM Davutoğlu's trip to Banja Luka in Spring 2011, he asked that all three flags be displayed at photo ops – those of BiH, the RS, and Turkey – or none. Later, after meeting President Dodik and running late for his meeting with Serb member of the BiH Presidency Nebojša Radmanović, Davutoğlu was refused the scheduled meeting for being late and – as the then Turkish Ambassador quoted Radmanović's protocol officer, "you wanted us to get rid of our flag." The "incident" got heavy rotation in the RS press as evidence of ill Turkish intent. RS officials, including President Dodik himself, often refer to negative Turkish intent and "neo-Ottomanism." For but one such example, see Vedrana Duraković, "Dodik ramps up rhetoric against Turkey's role," SETimes.com, August 7, 2011. http://setimes.com/cocoon/setimes/xhtml/en_GB/features/setimes/features/2011/07/08/feature-03

[140] (Bosnian Serb member of the BiH Presidency Nebojša) "Radmanović came out against it", the Turkish official noted.

[141] Both words, German and Turkish, respectively, imply pleasure in another's misfortune.

[142] See the May 23, 2012 PIC SB Communiqué at http://www.ohr.int/pic/default.asp?content_id=47195

[143] Interview with BiH presidential advisor, August 2012.