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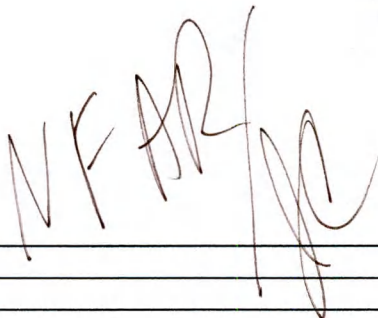
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May 28, 1998

The Honorable Samuel R. Berger
National Security Advisor
White House
1st Floor, West Wing
Washington, DC 20500

Dear Mr. Berger:

I am pleased to enclose ICG's most recent report on Kosovo, "Inventory of a Windfall: Milosevic's Gains from the Kosovo Dialogue." The report argues that the talks between Milosevic and Kosovar leader Ibrahim Rugova should not be viewed as a major breakthrough in resolving the crisis in Kosovo.

Rather, the report makes the point that Milosevic has benefited disproportionately from the talks. His acquiescence caused the 6-nation Contact Group to lift the new sanctions imposed on Serbia, the only move by the international community thus far that actually posed a threat to his power. Moreover, the focus on Kosovo has allowed Milosevic to divert attention from growing tensions between his regime and the pro-reform government in Yugoslavia's smaller republic, Montenegro. The report concludes that finding a fair and workable resolution to the Kosovo conflict will require far more robust and engaged international intervention, including both preventive NATO deployment and foreign mediation.

I believe this report highlights a number of crucial issues that deserve attention. If you have questions or would like additional information, please do not hesitate to contact me.

Sincerely,

George C. Biddle
Vice President



**INVENTORY OF A WINDFALL:
MILOSEVIC'S GAINS FROM THE KOSOVO DIALOGUE**

ICG Report

28 May 1998

Belgrade-Sarajevo

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INVENTORY OF A WINDFALL: MILOSEVIC'S GAINS FROM THE KOSOVO DIALOGUE

EXECUTIVE SUMMARY

When on 15 May Slobodan Milosevic met with Ibrahim Rugova it was the first time that the Yugoslav president had met with an Albanian leader from Kosovo in close to a decade. The event, heralding weekly talks between Kosovo's Albanians and the Serbian government, has thus been hailed as a "dramatic turn-about" and "a first step toward peace in Kosovo". However, the fact that, after so many years of stale-mate, some kind of negotiations have begun, should not in itself be a reason for euphoria. Key to the success of any talks is the framework within which they take place. Negotiations concerning the future status of Kosovo may, as a result of the concessions offered to the Yugoslav president, have got off to an inauspicious start.

The Milosevic-Rugova meeting took place in the aftermath of six months of escalating violence in Kosovo between Serbian police and a separatist Albanian militia, known as the Kosovo Liberation Army (KLA). It also followed intense US shuttle diplomacy under the auspices of Richard Holbrooke, architect of the Bosnian peace settlement.

For Milosevic, the US diplomatic mission has proved a godsend. By agreeing to meet Rugova and apparently nothing else, Milosevic has parried a half-hearted threat by the Contact Group countries -- the United States, United Kingdom, France, Italy, Germany, and Russia -- to impose new economic sanctions on the Federal Republic of Yugoslavia. These sanctions, depending on how they were engineered and targeted, had the potential to threaten Milosevic's hold on power and thereby pressure him to strike an agreement that would define a new *modus vivendi* for Kosovo's Serbs and Albanians. Now the pressure on Milosevic to make a deal has dissipated, and Milosevic has worked the Contact Group countries into a position where they could be compelled in the near term to acquiesce to, and perhaps even assist, a Serbian police crackdown on the KLA.

Milosevic has positioned himself to continue exploiting the Kosovo dispute for his own political benefit by blaming the KLA for the on-going violence in the region, even as his police take steps to goad the KLA to carry out more attacks. By working to focus the eyes of the world on Kosovo, Milosevic has also diverted them from the conflict between Serbia and tiny Montenegro, Serbia's partner in the Federal Republic of Yugoslavia. Without a peep of public criticism from the Contact Group, Milosevic has applied Stalinist-style "salami tactics" in a bid to destroy the freedom of Serbia's independent broadcast media and quash the autonomy of its universities. Milosevic has also laid the groundwork for a new political offensive to re-extend his authority over Montenegro.

The end of the sanctions' threat and Rugova's agreement to drop his demand for foreign mediation in the talks have weakened the Albanian negotiating position and split the Albanian leadership between advocates of a pacifist approach and supporters of a violent independence struggle. Rugova has also worked himself into a position where he might either have to abandon

his demand for Kosovo's independence or openly throw his support behind the KLA. Thus, the Milosevic-Rugova meeting has deepened the rift between Rugova and the militant separatists and presented Rugova and his supporters with the challenge of convincing their more extreme compatriots to abandon the armed struggle.

Given his track record, anything which appears to shore up Milosevic's position is almost certainly bad for peace and stability in both Kosovo and the wider region. Finding a political settlement which balances legitimate Serb and Albanian interests in Kosovo and heads off further bloodshed, will require far more robust and engaged international intervention including both preventive NATO deployment and foreign mediation.

Belgrade-Sarajevo, 28 May 1998

INVENTORY OF A WINDFALL: MILOSEVIC'S GAINS FROM THE KOSOVO DIALOGUE

I. INTRODUCTION

When on 15 May Slobodan Milosevic met with Ibrahim Rugova it was the first time that the Yugoslav president had met with an Albanian leader from Kosovo since 1989 when he forcibly stripped the ethnically-divided province of its autonomy. In the intervening nine years the Albanian majority -- who make up about 90 percent of the population -- have been subjected to apartheid-style oppression and forced to develop their own parallel society, with the result that they now have minimal contact with the Serbian state. In the past six months, a separatist Albanian militia known as the Kosovo Liberation Army (KLA) has begun attacking Serbian police and Serb civilians in a drive for independence. And at the end of February Serbian special police launched a brutal offensive aimed at destroying that movement. The Milosevic-Rugova meeting was also scheduled to be the first of weekly talks between Kosovo's Albanians and the Serbian government to discuss the province's future status. It has thus been hailed as a "dramatic turn-about" and "a first step toward peace in Kosovo".

This report examines the impact and consequences of the talks between the Serbian government and Kosovo's Albanians and the terms on which dialogue has been opened, both for Milosevic and for all other players with a stake in the Federal Republic of Yugoslavia. It considers what the international community has given up to initiate the process and what it has gained. It also analyses the Kosovo Albanian position and the divisions which are emerging in that community. It considers the growing rift between Serbia and Montenegro and examines the prospects for Milosevic supporters and opponents in the forthcoming Montenegrin parliamentary elections. The report also assesses the significance of relaxing pressure on Milosevic within Serbia.

II. MILOSEVIC-RUGOVA TALKS

The 90-minute chat between Milosevic and Rugova came after five days of shuttle diplomacy by US diplomats and weeks of stick and carrot brandishing by the Contact Group countries. It also marked the beginning of weekly negotiations between Serbian government officials and Kosovo Albanian leaders.

The leader of the US diplomatic mission, Richard Holbrooke, reportedly used threats and incentives to get Milosevic and Rugova to agree to sit down together.¹ US diplomats said Holbrooke warned Milosevic that the United States and the European Union would impose new economic sanctions on the Federal Republic of Yugoslavia. Holbrooke also reportedly presented Milosevic with a list of the foreign-based property belonging to the Federal Republic of

¹ *Vreme News Digest Agency*, 16 May 1998; *Time Magazine*, 25 May 1998.

Yugoslavia and warned that this property would be seized if the Contact Group countries began enforcing an assets freeze they had imposed on 29 April. Most importantly, however, Holbrooke clearly offered Milosevic an incentive, a pledge to lift an investment ban that the Contact Group had imposed, albeit on paper only, on 9 May.

For Milosevic, acceptance was an easy decision. He had tried unsuccessfully for weeks to coax Albanian leaders to meet with representatives of his regime either to discuss the Kosovo dispute or negotiate the ground rules for future substantive talks. Thus, the only concession Milosevic apparently gave Holbrooke was an agreement to meet Rugova personally on one occasion.² For this concession, Holbrooke passed word to the Contact Group to call off the investment ban. Moreover, there has been no sign that the Contact Group countries intend to begin enforcing the announced freeze on the foreign assets of the Federal Republic of Yugoslavia. Two days before the Milosevic-Rugova meeting, Holbrooke urged Bosnia and Herzegovina's president, Alija Izetbegovic, to forge stronger economic contacts with the Federal Republic of Yugoslavia.³ US special envoy to the Balkans, Robert Gelbard, also sent out clear signals that Milosevic stood to garner additional benefits if he co-operated further.⁴

Obtaining Rugova's agreement to the meeting with Milosevic clearly involved painful arm twisting. Rugova was told the Holbrooke mission would be the highest-level mediation the Albanian leaders were ever going to enjoy. Holbrooke reportedly promised Rugova that the US government would lend him strong personal political support and would take steps to curtail the financial support his rivals in the KLA are receiving from Albanians living abroad. During one leg of his shuttle mission, Holbrooke reportedly advised the Albanian government in Tirana on what steps it had to take to halt the KLA's weapons smuggling from northern Albania, a region where the Albanian president, Fatos Nano, has minimal authority. The Belgrade press reported that the United States also promised to send the Albanian government foreign instructors to train the Albanian military police in how to deal with the arms smuggling to the KLA.⁵

US diplomats cautioned that they expect violence in the short term as a reaction to the beginning of talks, and Holbrooke said the United States would continue to pressure both Serbs and Kosovo Albanians to keep negotiating. US diplomats also said they would continue to urge Milosevic to accept a mission to Yugoslavia by Felipe Gonzalez, the former prime minister of Spain, who has been appointed special envoy to Yugoslavia by the European Union and the Organisation for Security and Co-operation in Europe (OSCE).

At the G-8 summit, the leaders of the Contact Group countries commended Milosevic for personally involving himself in the search for a solution to the Kosovo dispute. They were careful, however, to couch their words in disclaimers concerning the prospects for peace.⁶ A day after the Milosevic-Rugova meeting, Contact Group representatives, in a meeting chaired by the

² This occasion just happened to be on the day before the summit of leaders of the G-8 industrial nations which took place in Birmingham, England, on 16 and 17 May 1998.

³ "I conveyed Milosevic's desire for stronger economic relations between the two countries," Holbrooke said in a press briefing (Reuters, May 13, 1998).

⁴ *Vreme* News Digest Agency, 16 May 1998.

⁵ *Vreme* News Digest Agency, 16 May 1998.

⁶ *Vreme* News Digest Agency, 16 May 1998.

United Kingdom, cancelled their 9 May decision to impose the ban on investment in the Federal Republic of Yugoslavia. Gelbard said Contact Group diplomats would meet later in the month to discuss developments in Kosovo and a possible further easing of sanctions on Milosevic.⁷

III. INVENTORY OF MILOSEVIC'S WINDFALL

1. Improved Position vis-à-vis the International Community

A. Mitigation of the Sanctions' Threat

Milosevic has succeeded in his effort to stare down the Contact Group and parry its threats to impose new economic sanctions against the Federal Republic of Yugoslavia. There now appears little likelihood that sanctions could be re-imposed unless the Serbian police launch attacks on Albanian villages that leave significant numbers of civilians dead. Milosevic is certainly aware of this. Serbian journalists who enjoy good contacts with Serbia's interior ministry say that the Serbian police are frustrated that their orders are restricted to securing Kosovo's main roads and maintaining a presence in their police stations and checkpoints, and that they are therefore unable to pursue KLA units who attack them. The police, these journalists say, are "chomping at the bit" to retaliate against the KLA but are being held back for the time being.

Milosevic has also put the Federal Republic of Yugoslavia on the road to possible admission to the OSCE and the possible lifting of at least some of the other economic sanctions which currently remain in place.⁸

B. Positioning the Contact Group Countries to Support Serbia against the KLA

Milosevic has manoeuvred the United States and the Contact Group countries into a position where they may be compelled to declare the KLA a terrorist organisation and take action that will effectively help the Serbian police suffocate the Albanian militia. The Serbian government

⁷ See Reuters, 18 May 1998, quoting a statement by the UK Foreign Office. The Contact Group members did not seem to have been particularly proud of their decision. An announcement of the lifting of the investment ban was not made on May 16, the day of the Contact Group meeting in Birmingham during the G-8 summit. Word of the decision came only on the following Monday, when an unnamed diplomat in the German foreign ministry revealed the decision to the German Press Agency and journalists from other news agencies began pressing the foreign ministries in Paris and London for confirmation.

⁸ The Federal Republic of Yugoslavia's economy is suffering from international economic sanctions left in place after the signing of the peace treaty that ended the fighting in neighbouring Bosnia and Herzegovina. Known as the "outer wall", these sanctions bar the Federal Republic of Yugoslavia from entry into the International Monetary Fund and World Bank and thus cut the country off from normal capital flows. The European Union has also cancelled trade preferences for the Federal Republic of Yugoslavia, restricting the country's ability to deal profitably with its major trading partners. The "outer wall" was left in place after the signing of the Bosnian peace treaty in order to guarantee that Milosevic fulfilled the commitments he made in the peace accord and took steps to resolve the Kosovo dispute.

cannot sit back for long and watch as the KLA arms itself, trains new recruits, and carries out attacks that give it control of broad swathes of Kosovo. Thus, it is reasonable to assume that Milosevic will bide his time, complain incessantly to the Contact Group countries about KLA attacks, and strike when he is confident that the consequences of a bloody police and military operation will be least damaging.⁹

2. Improved Position for Exploiting the Kosovo Dispute

Since talks got under way, Kosovo's Albanian leadership has become more divided than ever. Rugova's decision to begin negotiations has deepened the chasm between Rugova and other advocates of non-violent methods for resolving the Kosovo dispute, on the one hand, and the KLA and other proponents of violent struggle for independence, on the other hand.

At the first meeting between Serb and Albanian negotiators on 22 May, the US ambassador to neighbouring Macedonia, Christopher Hill, was present in an adjacent room and has maintained active contact with both parties. US diplomats also sat in on strategy-making meetings of the Albanian negotiators. But this was not the international mediation the Albanians had long been demanding, and Rugova's decision to meet Milosevic and go ahead with the follow-up talks ruptured the Albanian negotiating team. Two members of the team, Hydajet Hyseni and Bujar Dugolli, resigned, complaining that Rugova had failed to inform them in advance of his agreement to meet Milosevic. Rugova's political rival, Adem Demaci, has condemned the Milosevic-Rugova meeting as a "capitulation".¹⁰ In these circumstances, it is hardly surprising that Rugova has reportedly begun receiving death threats from within the Albanian community.¹¹

The onus now rests on the shoulders of Rugova's loyalists to continue to meet Milosevic's representatives. Milosevic will clearly be able to use these sessions to lambaste the KLA for its attacks and pressure Rugova and his supporters to renounce the KLA as a terrorist organisation. Continued KLA attacks, which are all but certain, will enable Milosevic to break off the talks whenever he finds it convenient and blame it on bad faith by the Albanians.

Moreover, now that negotiations have begun, it is likely that divisions will begin to appear between extremist members of the KLA, who are genuinely willing to risk everything for Kosovo's independence, and less-committed members, who are not prepared to wager life and limb for what may turn out to be a futile campaign that will cost the Albanians dearly.

It has long been believed that the KLA pursues an independent strategy and does not take orders from any known Kosovo Albanian political leaders. There has also been much speculation that the militia has been trying to develop its own political wing and Albanian leaders like Hyseni

⁹ Note the following statement by the ultra-nationalist Serbian Radical Party, which is now in coalition with Milosevic: "Members of the Serbian Radical Party are convinced that the members of the so-called Contact Group, in the interest of securing peace and a dialogue between the Serbian and Albanian sides, will support a decisive struggle by Serbia's state organs against terrorism." (*Politika*, 17 May 1998).

¹⁰ VIP Daily News Report, 15 May 1998.

¹¹ *Nasa Borba*, 20 May 1998.

have clearly attempted to court it. A possible sign that Rugova's negotiating team may, nevertheless, enjoy some influence over the KLA came in a statement by one of the negotiators, the journalist Veton Surroi. He told a Belgrade radio station, B-92, on 23 May that "Albanian political organisations" in Kosovo might be able to persuade the KLA to cease its attacks if the Serbian police and military halted their "offensive actions".¹²

So far, however, the KLA has pressed on. And the Serbian police and the Yugoslav Army are continuing their campaign to eradicate the militia via occasional attacks on Albanian villages which invariably send the inhabitants fleeing. KLA actions since the Milosevic-Rugova talks have included assaults on Serb villages, police stations and checkpoints; kidnappings and murders; a train hijacking; and the closing of the Pristina-Pec road, Kosovo's main east-west artery. The actions have reportedly won the militia more popularity among Kosovo's Albanian people.¹³

3. Improved Position for Dealing with Montenegro

The Kosovo dispute, with its bloodshed, captures all the headlines and most of the diplomatic attention in the Federal Republic of Yugoslavia. However, Montenegro, and the nature of its relationship with Serbia within the Yugoslav federation, is unquestionably Milosevic's most pressing problem, since it is also the greatest threat to his hold on power.

The president of Montenegro, Milo Djukanovic, was once a Milosevic protégé. However, he broke ranks in the winter of 1996-97 and took with him half of Montenegro's ruling party, the Democratic Party of Socialists. Now Djukanovic and his supporters stand between Milosevic and complete political dominance throughout the Federal Republic of Yugoslavia. They also stand between Milosevic and constitutional restructuring of the Yugoslav federation aimed at boosting the power of the federal government at the expense of the republics, a move which could entrench Milosevic in power for years to come.

Djukanovic's political support in Montenegro will be tested in elections for the republic's 78-member parliament on 31 May. If Milosevic loyalists win a parliamentary majority in Montenegro, the Yugoslav president will enjoy enough power to neutralise Djukanovic and form a new Montenegrin government. This would allow Milosevic to dictate terms in the parliament of the Federal Republic of Yugoslavia and probably herald the adoption of the constitutional amendments which he desires. However, if Djukanovic supporters emerge victorious in Montenegro, Djukanovic would have his way in Montenegro and his supporters would take half of the seats in the federal parliament's upper house, the chamber of the republics. This could eventually lead to a reshuffling of the federal government, a dissolving of the federal parliament, and new elections for the parliament's popularly elected lower house. The outcome of such

¹² Beta News Agency, 23 May 1998, quoting Surroi's statement to B-92.

¹³ See, for example, Reuters, 15 May 1998.

elections would be anything but certain for Milosevic. Theoretically, they could even produce a result that could lead to Milosevic's impeachment by the federal parliament.¹⁴

According to the Belgrade and Podgorica press, the political parties in Montenegro are divided into two principal camps with one major party as yet uncommitted. The Djukanovic camp consists of the Democratic Party of Socialists, the National Party, and the Social Democratic Party, and the three parties are conferring with Montenegro's Albanian parties and the Muslim Slav Party for Democratic Action about the formation of a coalition government after the elections.¹⁵ The Bulatovic camp is led by his faction of the Democratic Socialist Party, called the Socialist National Party, and has been joined by Milosevic's wife's Yugoslav United Left (YUL), the Serbian National Party, and the ultra-nationalist Serbian Radical Party of Vojislav Seselj. The Liberal Alliance, an openly secessionist party which has enjoyed the support of 15 percent or less of the voting public in elections since 1990, is independent of the two blocks. Its leader, Slavko Perovic, has campaigned on an anti-Djukanovic platform but has openly declared that his party will not enter into a coalition with the Bulatovic camp. Montenegrin political analysts say that, based on opinion polls, the Liberal Alliance's support may shrink to less than 10 percent in the upcoming elections.¹⁶ Meanwhile, the Djukanovic coalition and Bulatovic's alliance are running neck and neck.¹⁷

Given the stakes, Milosevic has been working to enhance Momir Bulatovic's standing. On 20 May, Milosevic loyalists in Yugoslavia's federal parliament unseated the country's prime minister, Radoje Kontic, and replaced him with Bulatovic.¹⁸ Further, Djukanovic supporters have been purged from the federal government with the result that Milosevic is in a position virtually to dictate the government's decisions in the event that the Montenegrin elections fail to produce a clear winner and the federal parliament ceases to function.

Djukanovic and his supporters warn that Bulatovic's replacement of Kontic also increases the chances that Milosevic might introduce a state of emergency in Montenegro if Djukanovic wins the elections. Milosevic is believed to have already tried to introduce a state of emergency in Montenegro on 14 January, the day of Djukanovic's inauguration as Montenegrin president. On that occasion, however, the Yugoslav president was thwarted by opposition both from Kontic and from General Momcilo Perisic, chief-of-staff of the Yugoslav Army. The Podgorica press has published stories about the possibility that Milosevic and Bulatovic might declare a state of emergency in Montenegro if Djukanovic's coalition wins. These stories have included reports

¹⁴ See Article 97 of the Constitution of the Federal Republic of Yugoslavia which provides for impeachment if the parliament finds that the president has violated provisions of the constitution. See also VIP Daily News Report, 30 April 1998.

¹⁵ The Montenegrin constitution guarantees Albanians, who according to the 1991 census made up 6.5 percent of the population, 5 of the 78 seats in the republican parliament. Otherwise, Montenegrins accounted for 61.7 percent, Muslim Slavs for 14.5 percent, Serbs 9.3 percent and others (including Croats) 8 percent of Montenegro's population of 617,000.

¹⁶ VIP Daily News Report, 16 April 1998.

¹⁷ Djukanovic defeated Bulatovic in last October's presidential election by a margin of just over 6,000 votes. Of 470,738 eligible voters, close to 340,000 cast valid ballots, 173,900 for Djukanovic and 166,771 for Bulatovic.

¹⁸ VIP Daily News Report, 20 May 1998, and 21 May 1998.

that General Perisic is about to be replaced by a general more obedient to Milosevic, that the Yugoslav Army is planning manoeuvres in Montenegro on 6 June, and that Milosevic's supporters have taken full control of the communication network the Yugoslav Army uses to implement its mobilisation orders.

Rumours have also been circulating in Podgorica and Belgrade that the Montenegrin government issued weapons to several thousand police reservists on the day of the Milosevic-Rugova meeting.¹⁹ Moreover, the US shuttle diplomacy has generally been viewed as a sell-out of Djukanovic, an interpretation which may have prompted Secretary of State Madeline Albright to send Djukanovic a letter of support on 19 May.²⁰

Despite these reports and rumours, political analysts in Serbia and Montenegro discount the possibility of a state of emergency, at least for the foreseeable future, because of the danger that such a move could trigger a civil war. These analysts predict that Milosevic will not act rashly in Montenegro. They say Bulatovic's promotion to the office of federal prime minister is part of an attempt to wear down Djukanovic in the longer term. Moreover, Milosevic has no pressing need to strike against Djukanovic unless Djukanovic takes steps through the federal parliament to unseat him.

4. Improved Political Position in Serbia

Milosevic has seized the opportunity afforded by his meeting with Rugova and the concentration of the international community's attention on Kosovo to attack two of the last remaining potential rallying points for organised opposition to his rule in Serbia: the independent broadcast media and Belgrade University. The Contact Group countries -- most notably the United States -- have been publicly silent about these attacks, which has led many domestic political analysts and journalists to infer that the Contact Group has decided that Milosevic is a source of stability in the Federal Republic of Yugoslavia and that they will do nothing to stand in his way.

A. The Independent Broadcast Media

On the day of the Milosevic-Rugova meeting, the Federal Republic of Yugoslavia's telecommunications ministry moved to silence an independent network of 21 radio and 18 television stations, the so-called ANEM stations,²¹ that were providing the only objective reporting of current events available on the airwaves in Serbia. Specifically, the ministry moved to destroy the network by rejecting the applications of all but three of these stations for frequencies. The stations that received licenses, Belgrade's Radio B-92, Radio Television Pancevo, and F Canal in Zajecar, were saddled with licensing fees that would force them into bankruptcy. For example, B-92 had been broadcasting under a ten-year contract signed with

¹⁹ See various issues of *Monitor* from March to May 1998.

²⁰ VIP Daily News Report, 20 May 1998; *Danas*, 16-17 May 1998.

²¹ ANEM stands for *Asocijacija nezavisnih elektronskih medija* or the Association of Independent Electronic Media.

Radio-Television Serbia and had to pay a monthly fee of about \$200 for use of equipment. Now, the Yugoslav telecommunications ministry has granted the station a one-year license at a charge of about \$12,000 a month. Advertising revenues are unable to cover such an expense.²²

The electronic media, and especially television, has been one of the central pillars of the Milosevic regime. Monopoly control of television helped Milosevic to unleash the forces of Serb nationalism that catapulted him to power in the late 1980s and to prepare the ground for the wars in Croatia and Bosnia. And today it is clearly one reason why the political opposition in Serbia has failed to produce a leader to challenge Milosevic's rule. Indeed, some Belgrade analysts say that if Serbs from Serbia could for one week watch Montenegrin television, the Milosevic ascendancy would end.

Predictably, practically all of the broadcast stations granted licenses by the telecommunications ministry have links with the Milosevic family. Marko Milosevic, the president's racing-driver son, received licenses for two stations; Milosevic's daughter, Marija received a license for her radio station; and Milosevic's wife, Mirjana, controls the new Television Yugoslavia.²³

The ANEM stations have filed lawsuits challenging the telecommunications ministry's rejection of their application for frequencies. Station directors say they will continue to broadcast illegally and challenge the government to take steps to shut them down.

B. New Law on Universities

On 26 May, the Serbian parliament adopted a new law that quashed the independence of Belgrade University and Serbia's other universities. The law, which was proposed by Milosevic's Socialist Party and backed by the ultra-nationalist Radical Party, was opposed by Belgrade University's academic council and opposition political parties as a mechanism that the regime can use to dismiss professors and other university employees who speak out against the regime. Groups of students and professors have gathered outside the university's buildings on a daily basis to protest it.²⁴

Belgrade University professors and students have been some of the most outspoken critics of the Milosevic regime. The university was the scene of peaceful daily protests against the regime during the winter of 1996-97. The various institutes attached to the university have been a haven for opposition political leaders. As the parliament debated the new university law, some 2,000 demonstrators gathered outside to protest, only to be dispersed by baton-wielding police.²⁵

²² See the Official Gazette of the Federal Republic of Yugoslavia, May 8, 1998; statements by ANEM during the week of May 10 and May 17.

²³ B-92 press statement, Veran Matic, editor-in-chief, 16 May 1998.

²⁴ VIP Daily News Report, 20 May 1998; *Nasa Borba* 23-24 May 1998; *Nasa Borba*, 20 May 1998.

²⁵ B-92, 26 May 1998.

IV. CONCLUSIONS AND RECOMMENDATIONS

The fact that, after so many years of stale-mate, some kind of negotiations have begun between Serbs and Kosovo Albanians, should not in itself be a reason for euphoria. Key to the success of any talks is the framework within which they take place. And the negotiations concerning the future status of Kosovo may, as a result of the concessions offered to the Yugoslav president, have got off to a poor start. Given his track record, anything which appears to shore up Milosevic's position is almost certainly bad for peace and stability in both Kosovo and the wider region. Finding a political settlement which balances legitimate Serb and Albanian interests in Kosovo and heads off further bloodshed, will require far more robust and engaged international intervention. With this in mind, ICG proposes the following:

- Since escalation of the Kosovo conflict threatens the peace and stability of all of south-eastern Europe, the NATO alliance is the only institution with sufficient power and authority to head off such a disaster. The UN Security Council, the Contact Group countries, and members of the NATO alliance should therefore seriously consider the deployment of NATO forces in Albania along the borders with Kosovo and Macedonia in order to slow, if not stop, the flow of weapons to the KLA, prevent the conflict from spreading, and facilitate rapid and effective action should military intervention become necessary.
- Milosevic must not be allowed to drag out the negotiations for more than a few weeks without offering something tangible to the Albanian side. In the absence of such results, Rugova will quickly find his position untenable, his support disintegrating, and his only option an alliance with the KLA in an armed struggle. Thus, the Contact Group countries should demand that Milosevic offers Rugova something which demonstrates that negotiations can deliver results almost immediately, and the Contact Group must reinforce its demands with pressure, including enforcement of the assets freeze and threats of future sanctions.
- An obvious tangible result would be international mediation in the talks and Milosevic has to be pressured into accepting Felipe Gonzalez as mediator. However, given that the United States has to date taken the diplomatic lead in resolving the conflict and the respect that that country commands in the Balkans, a senior US diplomat or statesman should also be appointed as mediator. A combined US and EU initiative has a greater chance of yielding results than either the United States or the European Union operating in isolation.

Belgrade-Sarajevo, 28 May 1998

ABOUT THE INTERNATIONAL CRISIS GROUP

We want to head off crises before they develop,
rather than react to crises after they happen.

Senator George Mitchell, ICG Board of Trustees Chair

The International Crisis Group (ICG) is a multinational non-governmental organisation founded in 1995 to reinforce the capacity and resolve of the international community to head off crises before they develop into full-blown disasters. ICG board members - many of them high profile leaders in the fields of politics, business and the media - are committed to using their influence to help focus the attention of governments, international organisations and the private sector on impending crises and to build support for early preventive action.

Since February 1996 ICG has been engaged in Bosnia and Herzegovina in support of the international effort to implement the Dayton Peace Agreement. Based in the country, ICG staff have monitored progress towards implementation of the peace accord, identifying potential obstacles, and advocating strategies for overcoming them. ICG's priority has been to assist the international community and to pre-empt threats to the peace process before they have a chance to re-ignite the conflict that has ravaged the region since 1991. Since mid-1997, ICG has also been engaged in the Federal Republic of Yugoslavia, including Kosovo, as well as in Macedonia and Albania.

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IMMEDIATE ACTION REQUIRED

Dowling
ACTION OFFICER: _____

LOG NUMBER: 4001

DUE DATE: 6-12

DATE STAFFED: 6-1

CORRESPONDENCE ADDRESSED TO:

☐

PRESIDENT

☒

NATIONAL SECURITY ADVISOR

FROM: Biddle

PREPARE A RESPONSE FOR THE PRESIDENT'S OR NATIONAL SECURITY ADVISOR'S SIGNATURE WITHIN 10 DAYS. IF A LETTER DOES NOT REQUIRE A RESPONSE, PLEASE RETURN IT TO RECORDS MANAGEMENT (RM 379) WITH THIS FORM, ANNOTATED ACCORDINGLY.