

CRS Report for Congress

Received through the CRS Web

Bosnian Muslim-Croat Federation: Key to Peace in Bosnia?

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Summary

The Federation of Bosnia and Hercegovina was established in March 1994, with U.S. mediation. It aims to unite areas held by the largely Bosniak (Muslim) pre-war republic government with areas held by Croats. The Bosnian peace agreement, signed in Dayton in November 1995, recognized the Federation and the Bosnian Serb Republika Srpska as two largely autonomous entities within a weak, but sovereign Bosnia and Hercegovina union. Real political, economic and military integration of Bosniak and Croat-held areas has been slow to materialize. The United States has played a key role in setting up the Federation and in efforts to make it viable. The long-term viability of the Federation is open to question, however, due to continued mistrust between the two sides and significant differences in their perceived interests. This report will be updated as events warrant.

Background

The Federation was established in March 1994 with U.S. mediation. It aims to unite areas held by the largely Bosniak pre-war republic government with areas held by Bosnia-Hercegovina Croats, who had proclaimed a quasi-state entity, the Community of Hercegovina. The Federation achieved the objective of putting an end to a vicious Croat-Bosniak war that lasted from May 1993 to March 1994. On March 18, 1994, a Federation constitution was signed. In June 1994, a Federation President (Croat Kresimir Zubak) was chosen, as well as a Vice President (Bosniak Ejup Ganic) and a Prime Minister (Bosniak Haris Silajdzic). The Federation paid dividends in Croat-Bosniak military cooperation. Arms shipments through Croatia to the Bosnian Croat Defense Council (HVO) and the Bosniak-dominated Army of the Republic of Bosnia-Hercegovina (ARBiH) helped bolster these forces against the well-armed Bosnian Serbs. Largely separate, but coordinated Croat-Bosniak offensives in summer 1995 routed Bosnian Serb forces from the Krajina region of Croatia and large areas of western Bosnia. This shift in the military balance of power pushed the Serbs to the negotiating table, eventually resulting in the Dayton peace accords in November 1995. The Dayton peace accords

created a loose union of two largely autonomous "entities," the Federation and the Republika Srpska. Real political, economic and military integration of Bosniak and Croat-held areas in Bosnia-Herzegovina has been slow to materialize in the four years since the Federation was formed. (For more background on the origins and early development of the Federation, see CRS Report 95-496, *Bosnia-Herzegovina Federation: One Year of Muslim-Croat Cooperation*, by Julie Kim.)

Current Issues

Establishment of Federation Government Structures. On September 14, 1996, voters in the Federation elected a new parliament. The newly elected Federation parliament held its first session on November 6, 1996, and approved a federation flag, coat-of-arms and seal. The parliament also chose the Federation members to the upper house of the central Bosnia-Herzegovina parliament, the House of Peoples. On December 18, 1996, the Federation parliament's House of Representatives approved a 14-minister Federation government, with the ministries divided between Bosniaks and Croats. For example, the Prime Minister and Interior Minister are Bosniaks, while the Finance and Defense Ministers are Croats. Each minister has a deputy from the other ethnic group. In March 1997, Croat Vladimir Soljic was elected as Federation President by the Federation parliament to replace Zubak, who had been elected as the Croat member to the collective central Bosnian presidency. On December 31, 1997, Soljic and Ganic exchanged positions.

During the September 1996 elections, voters also chose new cantonal assemblies. Under the Federation constitution, the ten cantons have their own constitutions, legislatures, governments and courts, as well as wide-ranging powers in police matters, education, housing and other areas. Formation of canton constitutions and governments was a difficult process, particularly in two formerly ethnically mixed areas where the Croat-Bosniak conflict was especially bitter, in Central Bosnia canton and Herzegovina-Neretva canton. Progress toward the efficient functioning of Federation government ministries and cantonal governments in ethnically-mixed areas has been slow.

Even defining the borders of municipalities within cantons in ethnically mixed areas produced sharp controversy. After months of deadlock, the High Representative's office made a decision in January 1998 on several disputed boundaries, after the Bosniak and Croat leaders requested binding arbitration on the issue. Elections at the municipal level were held on September 14, 1997, and forming local governments in sensitive areas such as central Bosnia proved difficult. Binding arbitration by the OSCE and Office of the High Representative was required in seven Federation municipalities to overcome wrangling between the main ethnic parties. It remains unclear how effectively the ethnically-mixed councils will govern. New elections at the canton, federation and central government levels will be held in September 1998.

Mostar, the second-largest city in the Federation, has been divided since brutal Croat-Bosniak fighting and ethnic cleansing in 1993-1994 split the city into a purely Croat western part and a crowded, impoverished, Bosniak, eastern part. The European Union administered the city from 1994 to 1996. Efforts focused on restoring freedom of movement between Croat and Bosniak areas, the establishment of a unified police force, a crackdown on organized crime (rampant in west Mostar and reportedly linked with local government officials), and the return of refugees to their homes. None of these objectives

was achieved (with the exception of token joint police patrols), due mainly to the intransigence of Mostar's Croat leaders, many of whom view the Federation with deep suspicion if not hostility. On December 31, 1996, the European Union's mandate to administer Mostar expired. The administration of the city is now conducted by still sharply divided local authorities, with the assistance of High Representative Carlos Westendorp's office. Municipal elections were held in September 1997. In April 1998, Bosniak Mayor Safet Orucevic and his Croat deputy Ivan Prskalo agreed to start allowing displaced persons to return to their homes in the other side of the divided city, but it remains unclear whether the plan will be carried out.

There has also been controversy over the Federation's largest city, Sarajevo. In mid-March 1996, Bosnian Croat leaders protested against the formation of a cantonal government for Sarajevo composed largely of Bosniaks, which they viewed as ignoring Croat interests. The two sides subsequently agreed to jointly work out a complex, multi-layered administration for Sarajevo, including canton, city and district governments. After the September 1997 municipal elections, a multi-ethnic city council was formed, which elected a Bosniak mayor with a Croat deputy in January 1998. A Croat from a non-ethnic party was elected as president of the council.

Both parties in the Federation agreed to dissolve their wartime institutions when setting up common institutions. However, Herceg-Bosnia institutions (as well as institutions of the wartime Bosniak government) continue to function parallel to nascent Federation institutions. An October 1997 report by EU investigators charged that both Bosniak and Croat officials have diverted Federation revenues to finance these institutions. At its December 1997 meeting in Bonn, the Peace Implementation Council (PIC), demanded their elimination

Forming a Unified Federation Army and Police Forces. The goal of creating a joint Federation army from the Bosniak-dominated Army of Bosnia and Hercegovina (ABiH), and the Croatian Defense Council (HVO) has faced many obstacles. Mistrust between the two armies still lingers from the war they fought against each other until March 1994. The Bosniaks want the Federation Army to be as integrated as possible at the lowest levels, while the Croats want to keep their army intact, under a nominal joint Federal high command. After many months of wrangling and U.S. pressure, in July 1996 the Federation parliament passed a Defense Law that committed the two sides to start to integrate their forces. In January 1997, they began to set up a Federation Defense Ministry, and the top posts in the ministry and the joint military command have been filled with both Bosniaks and Croats. In May 1997, they agreed on the structure of the Federation forces and on a military doctrine. In October 1997, they formed a Joint Command headquarters. However, there remains little integration at lower levels. In June 1998, the United States briefly suspended aid to Federation forces until they agreed to fly the Federation flag at their installations, and wear Federation insignia on their uniforms, instead of using Bosniak or Herceg-Bosnia symbols.

Formation of common police forces has been also been difficult. Several cantons were slow to adopt the cantonal constitutions and internal affairs legislation needed before joint police forces and integrated judiciaries could be set up. Particular problems arose in the Herzegovina-Neretva canton and the Central Bosnia canton. In a January 1998 report to the U.N. Secretary General, the High Representative said that these two sensitive regions had formally integrated their police forces. By mid-January 1998, eight

of the ten Federation cantons had formally integrated their police forces, and have started training on how to function in a democratic society, according to U.S. officials. However, observers say that it remains to be seen whether officers in the newly-integrated forces can work together effectively.

Freedom of Movement and the Return of Refugees. One of the most formidable problems in the Federation has been restoring freedom of movement and allowing refugees and displaced persons to return in their homes in areas held by the other ethnic group. The 1993-1994 Croat-Bosniak war resulted in vicious ethnic cleansing of ethnically-mixed areas, especially in central Bosnia and Hercegovina, including the city of Mostar. Attempts by refugees to return to their homes have been stopped by local officials in these areas, in part because some of them do not favor re-integration and view ethnic division and nationalism as an important source of power. Another problem is that many of the refugees homes are either not habitable without extensive repairs, or are occupied by refugees expelled from other areas. Refugee returns have been stymied by local leaders from both sides.

Some progress has been made on these key issues in recent months. In a October 1997 report to the U.N. Secretary General, the High Representative said that freedom of movement in the Federation "does not seem to be a problem any more." Progress on refugee returns is mixed. In December 1997, officials in the Central Bosnia canton agreed on a refugees return plan that a U.N. spokesman said could lead to the return of as many as 45,000 people to their homes. However, in February 1998, Bosniak returnees were beaten and some of their house were destroyed in Croat-held Stolac, while local Croat police did nothing. Stolac's police chief and mayor were later dismissed after strong international pressure. In February 1998, after more international pressure, the Federation agreed to amend property laws and other laws which discriminated against possible Serb returnees. Bosniak authorities also agreed to allow at least 20,000 Serb refugees to return to their homes in Sarajevo in 1998. U.S. officials warned the Federation could face a reduction in international aid if it failed to live up to its commitments. In April 1998, two Serbs returnees were killed and at least 160 others were driven from their homes in Drvar, a once majority-Serb town now populated largely by Croat refugees. As of April 1998, 12 cities in the Federation are participating in the U.N.'s Open Cities initiative, as well as similar U.S. efforts. These programs target international aid to cities that permit returnees from other ethnic groups return to their homes.

Prospects

The Federation's long-term prospects are uncertain. Bitterness and suspicion caused by the 1993-1994 war still lingers. Each side's concept of the Federation and Bosnia and Hercegovina's future differs. Bosniaks favor a wholly independent, strong Bosnian state, while some Croats favor a de facto union of territories they hold with Croatia, or at least a very close special relationship with Croatia. Bosniaks favor a tightly integrated, "civic" Bosnia with a strong central government, in which the more numerous Bosniaks would have a dominant position. The less numerous Croats, who fear "outvoting" by the Bosniaks, tend to view the Federation of an equal union of two peoples, in which the Croats have a veto right. Deputy High Representative Jacques Klein has attributed Bosnian Croat intransigence to the decline in the number of Croats living in Bosnia from 20% before the war to 12% today (mainly due to the departure of

those seeking economic opportunity in Croatia and elsewhere), which has left Bosnia-Herzegovina Croat leaders feeling marginalized. Finally, the lack of an immediate Serb threat deprives the Croats and Bosniaks of an important unifying factor.

In June 1998, the main Croat party in Bosnia-Herzegovina, the Croatian Democratic Union (HDZ, in Croatian) split. A group of moderate Bosnian Croats, led by central government collective Presidency member Kresimir Zubak, left the HDZ to form a new party, the New Croat Initiative. The move was triggered by the election at a May HDZ party congress of a hard-line leader instead of a moderate preferred by Zagreb. This incident occurred after the death of Croatian Defense Minister Gojko Susak, who was born and raised in Herzegovina and had exercised strong influence over local leaders to do Zagreb's bidding in the past. Although initially angry with the local HDZ's defiance of his will, Tudjman urged Zubak, without success, not to break away from the party. Observers say the move underscored long-standing tensions between hard-line HDZ leaders in Herzegovina and more moderate Bosnian Croat ones. Many Croat leaders from Herzegovina appear to be opposed to a functioning federation and are hostile to the concept of a united Bosnia-Herzegovina as mandated by the Dayton peace accords. They seek the de facto or de jure union of their region, which is territorially compact and largely monoethnic, with adjacent Croatia. In contrast, many Bosnian Croats, like Zubak, come from communities that are interspersed with Bosniak communities. They tend to seek cooperation with Bosniaks within a Federation that is part of a functioning Bosnia-Herzegovina, while remaining wary of alleged Bosniak efforts to dominate them.

A key factor in pushing the Federation forward has been international pressure. The United States and the European Union have worked to mediate Federation disputes. They have applied pressure, including denying international aid to regions that do not implement the Federation and getting the sides to agree to remove local officials responsible for the problems. The United States has pressed Croatia, with mixed success, to pressure the Bosnian Croats to show flexibility on Federation issues. Observers believe Zagreb can exert decisive influence on its Bosnian Croat proteges when it wishes to do so. The United States has also encouraged Croatia to increase cooperation with the Federation as a whole (and not just the Croat parts of it), including by setting up a Federation-Croatia cooperation council and working out mechanisms to give the Federation access to the Croatian port of Ploce. However, parts of Croatia's November 1997 proposal for a special relationship with the Federation (which is permitted by the Bosnian peace agreement), including a monetary and customs union, appear to violate the sovereignty of Bosnia and Herzegovina. Zagreb's long-term commitment to a united Bosnia is unclear, according to many observers. If the international commitment to the Federation wanes, Croatia may want to turn its current de facto integration with adjacent Croat-held areas into formal annexation.

The international community may be encouraging the split of the HDZ in hopes of bringing moderate forces to power in the Croat community, just as it had supported splits in 1997 the hard-line Bosnian Serb leadership, which led to the installation of a moderate Bosnian Serb Prime Minister and a multi-ethnic government in January 1998. The OSCE-supervised electoral commission has decided to interpret party registration rules in way that would allow the new Croat party to participate in the September 1998 elections.

U.S. Policy

The United States has played a key role in setting up the Federation and in efforts to make it viable. Administration officials have said that they see the Federation as a critical element to making the Bosnian peace agreement work, by serving as an example of ethnic reconciliation that may help chances for integrating Bosnia-Herzegovina as a whole. The United States has also seen the Federation as providing a stabilizing balance of power vis-à-vis the Serbs. However, modest progress in peace implementation by the moderate Bosnian Serb government elected in January 1998 has put the Federation, particularly the Croats, under greater U.S. and international pressure to implement the peace agreement more vigorously than in the past two years, when the Federation's slow progress contrasted favorably with hard-line Bosnian Serb obstructionism.

U.S. aid to the Federation has taken many forms. The United States has helped mediate contentious Federation issues, including through a Federation Forum set up in March 1996 to provide for regular consultations between the two sides on Federation issues, with U.S. and European mediation. The United States has also provided considerable financial amounts of aid. In FY1995, the United States obligated \$34.5 million in aid for Bosnia-Herzegovina, all of it to the Federation. Aid used to repair infrastructure was administered so as to improve inter-ethnic communication. Technical assistance was provided in privatization, establishing an independent media, constitutional and legal issues, local government management and other issues. According to a June 1998 General Accounting Office (GAO) report, the United States will have committed an estimated \$1.56 billion in aid to Bosnia and Herzegovina from FY 1996-FY 1998, including reconstruction aid, humanitarian assistance, democracy-building and other aid. By far the largest share of this money is being spent in the Federation, although aid to the Republika Srpska has started to increase substantially this year. In addition, the United States is leading an effort to arm and train Federation armed forces, and contributed about \$100 million in weapons and equipment. (For more on the U.S.-led military aid program for the Federation, see CRS Report 96-735, *Bosnia: U.S.-Led Train-and-Equip Program*, by Steven Woehrel.)

In an April 1998 certification required by the FY 1998 defense authorization and appropriations acts (P.L. 105-85 and 105-56), President Clinton said that U.S. forces would stay in Bosnia until progress in peace implementation reaches a point where it will be able to continue without the need for a major, NATO-led international force. The President laid out ten benchmarks that will be used to measure progress toward that goal, including a continued cease-fire; police restructuring; an effective judicial reform program; dismantling of pre-Dayton institutions; a freer media environment; free and fair elections; free market reforms; an orderly refugee return process; a functioning multi-ethnic administration in Brcko; and cooperation with the war crimes tribunal. Although more progress has been made so far on these issues in the Federation than in the Republika Srpska, the Federation's progress on most of these benchmarks remains well short of the self-sustaining peace that is the main objective of U.S. policy in Bosnia.