



Federal system clings to life in Yugoslavia

The EU is satisfied with the accord it brokered to preserve the federation, but are Serbia and Montenegro?

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On March 15th, 2002, just a day before the Barcelona summit of the European Union, Serbia and Montenegro signed the **Accord on Principles of their Future Relations** (see box). Thus ended a four-month period of intensive shuttle diplomacy and just as intensive pressure by the EU for some kind of settlement that would prevent the break-up of yet another state in the Balkans.

At the EU summit in Barcelona the signing of the Belgrade Accord was hailed as a major triumph of EU foreign and security policy. The Yugoslav and Montenegrin presidents were invited to share the limelight and the glory.

The jubilation of the EU heads of governments was in stark contrast with the reception that the Belgrade Accord received in Serbia and in Montenegro. Instead of bringing relief and a new momentum to redesigning and redefining relations with Serbia, the signing of the Belgrade Accord brought about the crisis of the Government in Montenegro. At the time of this writing, the crisis is seven weeks long and no end is in sight. General elections are emerging as the most likely resolution to the crisis, unless some kind of a deal is struck between the three parties currently in power. Two smaller and die-hard sovereignist parties walked out of the Government claiming betrayal of their coalition deal by President Djukanovic, who is also the leader of the third and largest party within the coalition.

Nationalism on the rise

In Serbia, the Belgrade Accord caused the resurgence of Serbian nationalism. It is now expressed as a desire for an independent state. There is an obvious increase of impatience with tiny Montenegro. Most ordinary Serbs feel that they are held hostage by a clique within this tiny state. Current polls show that almost 60 per cent of the population

is against the Belgrade Accord with only 30 per cent being in support.

One of the more important parties in the 18-party coalition that rules Serbia is collecting the 100,000 signatures necessary to force a referendum on the issue of Serbian independence. Even the most liberal and open minded politicians in Serbia could not come up with better

assessments of the Belgrade Accord than: "This is the best that could be achieved under the circumstances" and "the Accord has the *potential* to solidify the relations between Serbia and Montenegro".

And so the only truly happy party is the European Union. After a decade of fumbling in the Balkans and playing

The Accord of 15 March, 2002

- The new state would be called *Serbia and Montenegro*. It would have a Parliament, a President, a Council of Ministers and a Court.
- The highest legal act of the new state is to be a *Constitutional Charter* that will be drawn up by a tripartite constitutional commission (appointees from the Federal, Serbian and Montenegrin Parliaments) and adopted first in the parliaments of the two entities before being adopted by the Federal Parliament. The Charter will be submitted to the parliaments for debate by the end of June.
- The *Parliament* would be unicameral with certain positive discrimination to deputies from Montenegro.
- The *President* would be chosen by the parliament, would propose the Council of Ministers and preside over its work.
- The *Council of Ministers* covers only five areas: foreign affairs, defense, international economic affairs, internal economic affairs, and protection of human and minority rights.
- The *Court* would have the responsibility of maintaining harmony between the judiciary systems and would overlook the judicial acts of ministries. It would have no trial authority.
- The *existing levels of economic reform* in the member-states provide the basis for regulating mutual economic relations.
- Elections for the Parliament will be held after the adoption of the Charter and the President and the Council of Ministers will be appointed. Member states will modify their constitutions according to the Charter by the end of 2002.
- After a three-year period member states would have the right to initiate procedures for leaving the common state. If Montenegro leaves, Serbia is the sole successor in international documents pertaining to the FR Yugoslavia, in particular the UN Security Council Resolution 1244 on Kosovo.
- The European Union will assist in the realization of the Accord and offers guarantees that the slowness in the fulfillment of association criteria of one member-state will not bear negatively on the other.

second fiddle to American initiatives, the EU had to demonstrate the capacity to resolve at least one crisis in the Balkans. Until this agreement, the US had been taking the lead role in the region in all situations that involved armed conflicts. That includes Bosnia-Herzegovina, Kosovo and finally Macedonia.

The crisis of relations within what remains of Yugoslavia appeared less urgent since at no time did it seem likely that Serbia and Montenegro would attempt to determine their future relations through fighting. Also, both parties proclaimed as their strategic goal association and ultimately membership in the European Union. That was the key leverage that the European Union brought to the negotiations, the one that made the signing of the Accord possible. The fact that the US backed the EU strongly in its initiative was also very important.

The will to stay together?

The Belgrade Accord is clearly an endorsement of the *status quo*. It is a pragmatic agreement between the two parties, under the pressure of a third that leaves both sides unhappy in some important matters.

The immediate objective of the EU, to stop the secession of Montenegro, has not been fully accomplished, only postponed for three years. To achieve this, the Belgrade Accord accepted more elements from the Montenegrin negotiating position, which made many Serbs unhappy. The hope of the European Union is that within those three years the political mood in Montenegro will swing away from separatism and toward acceptance of a common state with Serbia.

But the EU assumed that Serbia will continue to desire a common state with Montenegro – and that might prove to be an incorrect assumption.

The good news is that, for the moment, the life of the ordinary citizen in the two republics will not change much: they will be able to travel freely within the Union and will travel outside of Serbia and Montenegro with one passport; the property of Serbs in Montenegro, and

vice versa, will be protected; many Montenegrins will continue to study at the Belgrade university; and many Serbs will continue to spend their vacation in Montenegro.

The bad news is that the importance of the Belgrade Accord has been inflated out of proportion by the EU, and that there is much more work ahead for all parties concerned.

Federalists vs. separatists

The Accord is for the moment a statement of political intentions and has yet to be implemented, that is, converted into a new state structure. Already it is evident that the projected timetable will not be met. That is the lesser of the two problems facing those who will have to draw up the Constitutional Charter. The main problem will be in the conflicting aspirations of the federalists and separatists that were glossed over in the political accord but will have to come to a head once the Charter is designed.

The federalists argued for a model of a state that could function independently in its internal and external responsibilities, defined by the two republics. The Montenegrin sovereignists argued for a union that would be fully under the control of sovereign states that comprise it. The Accord mentions both but the key question remains: *Will the Constitutional Charter produce a functional state?*

For a state to function it must have legal, organizational and financial independence. The future state cannot be just a matter of negotiated settlements between the two republics. And that is a key principle that will have to be adequately spelled out in the Constitutional Charter.

There are a number of very difficult questions that have to be translated from a vague political Accord to a binding state Charter.

- Will the elections for the joint parliament be direct (Serbian position) or indirect (Montenegro)?
- How will the Charter define the division of power, mutual relations and responsibilities of the legal and executive branch of the Government?

- Can the Charter anticipate the political arrangement by which a parliamentary majority will be determined and a Government formed?
- There is not a word about the financial autonomy of the joint state in the Belgrade Accord. Will it be financed by the member states – the weak solution suggested by Montenegro – or will it be financed through an independent fiscal source, a value added tax, for example?

One country, two currencies?

Furthermore, the new state will continue to have two currencies: the dinar in Serbia and the Euro in Montenegro. Such a bizarre arrangement currently exists only in China and Hong Kong. Thus, there will be two central banks. Also, at the time of formation of the new state, the existing customs and tariff system will remain in force, with the tariffs in Montenegro being way below the average of the European Union while tariffs in Serbia remain about 50 percent above the EU average. Freedom of movement of goods will thus be impaired, at least in the beginning.

The European Union suggests that the matter of a common market will eventually be resolved through the negotiation of a "Stabilization and Association Agreement" between the EU and the new state. But at best it means several years of a dual system and, at worst, the possibility of prolonging the process of accession to the European Union.

The European Union has offered assistance and guarantees within the Accord. Most of its work, in the longer term, will have to be directed toward overcoming the major economic gap that now exists between the two republics. However, in the short to medium term, there will be a lot of political work in store for the EU emissaries in bringing their creation to life through the Constitutional Charter. ☺