

June 1996

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National Intelligence Estimate

PRESIDENT'S SUMMARY

**Prospects for Bosnia and Herzegovina
Over the Next 18 Months¹**

To the Readers of the National Intelligence Estimate:

The following judgments in this National Intelligence Estimate should be helpful in guiding future policy actions bearing on Bosnia [redacted]

First, IFOR has successfully stopped the fighting in Bosnia and it is unlikely to recommence in the first few months following IFOR's withdrawal. A follow-on international force would reduce the chance of early resumption of war even more [redacted]

Second, the Europeans are unlikely to remain in Bosnia if US ground forces are withdrawn; considerable effort will be needed to change European attitudes should we wish to do so. [redacted]

Third, a military stalemate currently exists among the former warring parties in Bosnia. Several developments could change this situation: the degree of progress on arms control implementation, the extent to which weapons flow into the region as all parties seek to rearm after the arms embargo is lifted in June, and how the Bosniaks exploit any Train and Equip Program. Any aggression that threatened to overwhelm Bosnia Croats or Bosnia Serbs would likely bring intervention by Croatia and/or Serbia [redacted]

Fourth, a significant acceleration and intensification of civil implementation efforts will be necessary to halt or reverse the trend toward ethnic separation, to sustain the Federation, and to reduce the incentives for the parties to abandon the Dayton structures and resume hostilities after IFOR leaves. [redacted]

Fifth, a strategy for economic and humanitarian assistance that takes into account local political struggles and resettlement patterns is key to the long-term stability of a multiethnic, peaceful Bosnia and Herzegovina. Assistance programs are lagging, however, and do not yet reflect a full international consensus on priorities or the best means for disbursement. Unless vigorous action is taken, the new political structures that will be established following this year's elections may prove too weak to prevent a slide toward partition. [redacted]

¹ This Estimate recalls in appreciation [redacted] who contributed to this paper and was on board Commerce Secretary Ron Brown's aircraft that crashed in Croatia. [redacted]

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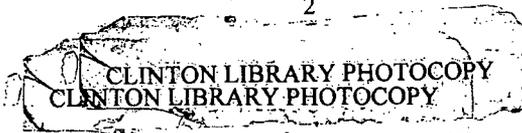
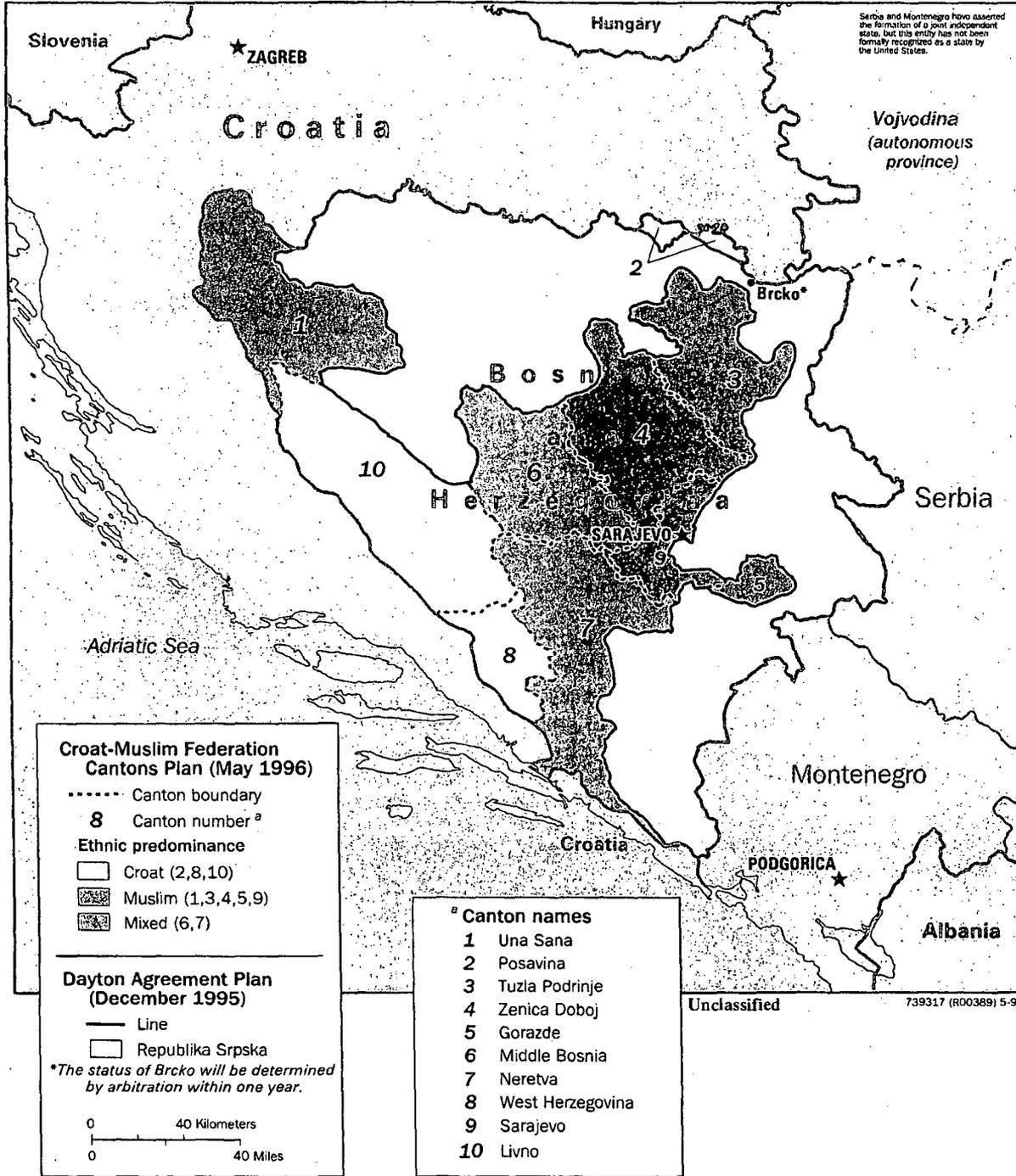
ALEXANDER R. VERSHLOW
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DEOB

PRESIDENT'S SUMMARY

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Federation of Bosnia and Herzegovina: Cantons Plan, May 1996



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The political and economic development envisioned by the Dayton process will take sustained effort and time—well beyond the life of IFOR's current mandate. Assuming the best of conditions (peace, international aid that is effectively distributed, and growing popular faith in central political institutions), the form of governance in Bosnia and Herzegovina could evolve constructively—with the central government's powers and legitimacy deriving from local and intercommunal political activities more than the other way around. This would require, however, a security environment that could be best provided by a follow-on international force. []

IFOR's Success

The multinational Implementation Force (IFOR) has been effective in halting the fighting and has improved living conditions somewhat for the citizens of Bosnia. We judge that, as long as IFOR remains, large-scale fighting will not resume. Moreover, because of war weariness and eroded capabilities, large-scale brigade-level fighting probably will not recommence in the first months following IFOR's withdrawal. The odds of early resumption of war would diminish even further if a follow-on international force were in place after IFOR's departure:

- The withdrawal of IFOR without an announced follow-on international presence would expose remaining IFOR troops to increasing levels of crime and random acts of violence. Local Bosniaks²—fearful of what would happen after IFOR's withdrawal—most likely would engage in passive resistance to block IFOR's departure.
- If the United States withdraws from IFOR completely, key European governments would be unlikely to maintain a follow-on

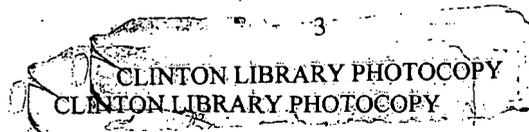
force. Although there is evidence the European allies are exploring ways to maintain a follow-on force capable of military operations, they are telling us and each other that, without US troops and support, they would be unable to field a force credible with the formerly warring parties. We doubt the Europeans would stay on the ground if the United States offered only logistic, intelligence, and other backing. Our judgment is that considerable effort will be needed to change European attitudes, should we need to do so. We do not know what level of US ground force presence would convince them to stay militarily engaged in Bosnia. []

Factors Affecting the Current Military Stalemate

The current military stalemate between the Federation—or the Bosnian Army alone—and the Bosnian Serb Army (VRS) will be affected by several factors over the next 18 months. All sides will seek substantial arms acquisitions after the arms embargo is lifted in June. The arms control limitations currently being negotiated among the parties under the terms of the Dayton agreement and the extent to which agreements are observed by the parties will affect this stalemate, as will the continuation or removal of external restraints on military activities. A successful accord would hinge on the perception of each party that others had not gained an advantage in arms control and arms assistance. The role of the international community will be critical to this endeavor:

- The Bosniaks see Train and Equip as a means to improve their defensive capabilities against possible future aggression, and, should the Dayton accord collapse, as a

² We will refer to Bosnian Muslims as "Bosniaks" for the remainder of this Estimate. []

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~~Secret~~**Iran's Role in Bosnia**

Iran will maintain a low profile that will permit continuing influence over elements of the Bosnian Government to whom it is providing financial support. The Bosniak leadership will want to retain good relations with Iran if only as a hedge against Western failure to provide adequate military and economic support. Tehran seeks to exploit its ties to Sarajevo to expand its international influence, promote militant Islam, and maintain a base of operations in the region. We do not expect Iran to undertake a major terrorist campaign against IFOR but cannot rule out isolated attacks.

necessary program to raise their combat capabilities. They will also attempt to exploit any Train and Equip Program to attain capabilities that would allow them to recapture lost territory. For their part, the Bosnian Serbs perceive this program and the arms control limits as designed to shift the balance of forces against them and would seek external support to offset perceived gains by the Federation.

- A Train and Equip Program was a condition for Bosniak accession to the Dayton agreement. Thus, the absence of such a program could diminish US leverage among the Bosniaks, increase Bosniak susceptibility to radical Islamic influence—mainly from Iran—and further reduce prospects for a unified Federation military structure.
- Without Western help, the Bosniaks would not have a reliable supplier of the heavy weapons they seek. They would look to any source of support, including Iran—which could provide limited amounts of military

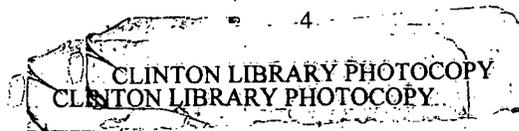
equipment as it did during 1993-95. While Iran would be willing to resume its supply of Bosniak forces, Croatia would not cooperate as it did before, when it saw merit in strengthening its wartime ally in the struggle against the Serbs. The Croats now believe any efforts to strengthen the Bosniak Army would be inimical to their own security. This, coupled with likely Serbian interdiction efforts, would make Iranian support of the Bosniaks much more difficult to achieve than in the past.

- Croatia and Serbia would intervene militarily in Bosnia if their conationals were threatened with complete defeat in a future round of fighting or if a radical Islamic state emerges in Bosnia.

Prospects for Renewed Fighting

Over the period of this Estimate a number of factors could trigger renewed fighting:

- The Bosniaks are the only party committed to a unitary Bosnia within internationally recognized borders and would be inclined to resort to military force to counter movement away from this goal. The current separation of Bosnia and Herzegovina into three ethnically homogeneous entities is already troubling to the Bosniaks. If the international community were to acquiesce in this trend toward partition, the risk of resumed fighting would increase because the Bosniaks would believe they had been abandoned.
- Although the Bosniaks have the greatest incentive to fight, their desire to regain territory in western Bosnia and the Drina river corridor will not be matched by their capabilities until well into 1997 or beyond—even with a robust military assistance package from the West or from Iran and other members of the Organization of the Islamic Conference (OIC).

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- The Bosnian Serbs have little incentive to initiate large-scale conflict but would fight to protect their control over Brcko and the Posavina corridor or if they believed the military situation were shifting against them.
- The Bosnian Croats have the least incentive to resume fighting but would do so if their gains were threatened by the Bosniaks.

Civilian Aspects of Dayton Are Lagging

While IFOR has been effective, the war has left a legacy of deep intercommunal distrust and current trends suggest the next 18 months will be dominated by political conflict, not accommodation. Thus far, the lack of consensus among the factions and within the international community has delayed implementation of the civilian aspects of the Dayton accord. Shortcomings in coordination among governments and nongovernmental organizations, a shortage of funds, and the lag in their disbursement exacerbate this problem:

- This distrust will handicap the Federation of Bosnia and Herzegovina, despite some progress in creating some federal institutions. Consequently, an effective, unified military command structure will not emerge within the next 18 months.
- Opinion polls show that, while the Bosnian Serbs want peace, they do not support the Dayton accords' central institutions and that Mladic and Karadzic remain very popular.
- Unless international activity is accelerated, refugee and displaced persons resettlement and reintegration efforts, humanitarian assistance, and economic revitalization will have made only limited progress by December.
- The slow start, weak mandate, and inadequate staffing of the International Police Task Force (IPTF), and the ineffectiveness of local

law enforcement agencies, are particular impediments to creation of a credible civil order.

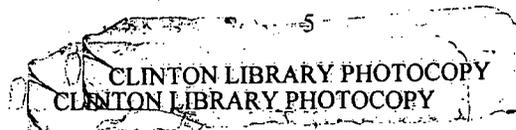
- The prospect of any meaningful progress will depend on the cooperation and commitment of the formerly warring parties

If civilian reconstruction does not accelerate, the disparity between IFOR's successful separation of the formerly warring parties and the lack of progress on the civil side will be stark as IFOR's mandate runs out. By December there would be a further deterioration of the political arrangements reached at Dayton.

The Trend Toward Partition

In addition to problems in civil implementation, a number of other factors are hampering reconciliation and leading to the division of Bosnia and Herzegovina into three ethnically homogenous entities including:

- **Mutual distrust and fear.** Fighting, population movements, and atrocities have created a deep legacy of distrust among the three factions. The Bosniak-Croat Federation will remain handicapped by its partners' deep mutual suspicions: the Bosniaks and Croats fear domination by the other and Zagreb has repeatedly expressed the view that the Bosniaks intend to build an Islamic state. The Bosnian Serbs are weary of war but fear they would suffer economically and politically in a unified Bosnia and favor eventual unity with Serbia and Montenegro.
- **Unfavorable trends in resettlement.** The UN High Commissioner on Refugees (UNHCR) originally estimated that 500,000 people displaced within Bosnia could move within Bosnia in 1996 along with 170,000 returning

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from other former Yugoslav republics and 200,000 from elsewhere in Europe. Given the limited resettlement to date, the Intelligence Community doubts this many will return to their homes. Most who move into and around Bosnia over the next eight months will coalesce into ethnically homogeneous communities.

- **Nationalists will remain in control.** Elections will be held this year and will consolidate and legitimize control by the three ruling nationalist parties. Some politicians favor greater multiethnic cooperation, but these opposition forces are not well organized or funded and have limited access to the media:

— The **Muslim** Party of Democratic Action (SDA) likely will dominate Muslim-controlled areas and will remain committed to eventual realization of a unified Bosnia.

— Bosnia's **Croats** will continue to be heavily influenced by Croatian President Tudjman and his Croatian Democratic Union (HDZ). Croatia will back local efforts to devolve power and will protect Bosnian Croats where they are a minority.

The continued presence of Bosnian Serb President Karadzic and Bosnian Serb Forces (VRS) Commander Mladic undermines the credibility of the Dayton accords. Nevertheless, Mladic has the unquestioned support of his forces and the bureaucratic controls available through the ruling Serbian Democratic Party (SDS) allows Karadzic to remain in power by isolating and marginalizing opponents. Serbian President Milosevic has the potential to displace them politically, but he will have to adopt a more interventionist approach if he hopes to exploit the elections to increase his control over Bosnian Serb politics.

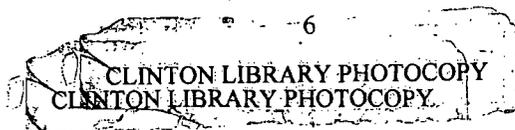
Countering the Slide Toward Partition

Pervasive, sustained international civil and military engagement over the period of this Estimate is critical to encouraging the formerly warring factions to at least arrest and perhaps reverse the trend toward partition of Bosnia and Herzegovina. Such a commitment by the international community would improve limited prospects that the Federation and inter-entity political structures could be fully realized. However, there is growing evidence of a significant gap between IFOR's military progress and IPTF's difficulties in building a viable police and crime prevention system with adequate logistic support.

A key indicator of whether Bosnia is making progress in building a unified, multiethnic country is the degree to which it develops momentum in establishing central institutions. The creation of a central authority that effectively controls and distributes resources is crucial to Bosnia's political development.

A top-down process imposed from the outside will not have staying power without corresponding political, economic, and social development in villages, towns, and neighborhoods. Therefore, successful international engagement depends not only on a large, early infusion of aid but also on how effectively aid is distributed and on how fairly that distribution is perceived to be by the Bosniaks, Bosnian Serbs, and Bosnian Croats:

- Currently, international financial deliveries (as opposed to pledges) lag behind the World Bank's proposed \$5.1 billion reconstruction program. World Bank projects, as currently funded and structured, will go little beyond repairing infrastructure and restoring basic services.

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- Decisions on how and to whom assistance is given will have considerable impact on the pattern of political power within and between the three ethnic communities. The challenge for international donors will be to agree on an assistance strategy oriented toward developing local economies, intercommunal entrepreneurship, and political pluralism in order to craft a Bosnia neither dependent on a larger polity nor dominated by a single ethnic group.
- Adding to this problem is the demobilization of hundreds of thousands of fighters. Infrastructure projects will siphon off some of this labor, but none of these economies can generate sufficient employment to absorb all of the ex-soldiers.
- Increasing Intelligence Community collection and analyses in support of civil reconstruction and institution building is required to provide policymakers with information needed to target assistance, minimize and head off conflict, understand the economic and employment situation, and promote "ownership" of the rebuilding process in localities and subregions. Intelligence analysis of these crucial developmental aid actions and their results should be able to help track trends and estimate prospects for intercommunal cooperation and interlinked infrastructure development. [redacted]

In the longer term, the challenge Dayton has set for the international community is to create something new, a Bosnian state neither dependent on a larger Yugoslav polity or market nor dominated by an outside power or a single ethnic group:

- Enduring success will depend on an effective development strategy based on an understanding of local politics and resettlement

patterns, focused on fostering the growth of a citizen base whose material interests are served by intercommunal commerce and social activity. [redacted]

Such a strategy is critical to containing the divisive politics that undermined the old Yugoslavia. Otherwise, the inter-entity institutions envisioned by the Dayton agreements, including a rotating presidency and a parliament divided by ethnic community, will suffer the same fate. As before, the inclination of politicians and bureaucrats will be to build power bases in their home areas and focus on the center only when issues there affect their parochial interests. Without a development strategy that takes all these issues into consideration, the chances for a viable, stable Bosnia are slim.

[redacted]

*Prepared under the auspices of
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