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February 20, 1995

MEMORANDUM FOR: The Acting Director of Central Intelligence

FROM: Acting Chief of the DCI's Interagency Balkan Task Force

SUBJECT: February 21, 1500, Principals' Committee Meeting on Bosnia

1. The Bosnia item on the agenda for the Principals' Committee was added at the request of Leon Fuerth. You are not **tasked with any action in this part of the meeting**. I should be there as notetaker for this segment.
2. Fuerth plans to circulate a paper on sanctions issues for the meeting. According to Fuerth's aide Saunders, that paper will go to Principals only because of sensitivity over the recent sanctions paper leaked to the **Washington Times**.
3. Most likely, Fuerth's paper is about implementation of the suspension of sanctions that would occur should Milosevic accept the Contact Group proposal to recognize Croatia, Bosnia, Macedonia and Slovenia. (**See Sanctions tab.**) You will recall that at the last Principals' Committee meeting on Bosnia, the Principals endorsed offering a total suspension package in return for mutual recognition plus substantial steps to tighten closure of the Serbian-Bosnian Serb border.
4. Fuerth will likely also lay a marker that there are complicated issues involved in ending some of the sanctions against Serbia, particularly the financial ones. For example, frozen funds cannot be immediately unblocked without consideration of the interests of the other successor states.
5. Most likely, the Principals will discuss the initial negative reaction by Milosevic to the Contact Group proposal. On Sunday, Milosevic refused even to receive the Contact Group probably because he was offered only suspension rather than complete lifting of sanctions. Reportedly the French and British are furious, and the Russians will try to convince Milosevic to meet with the Contact Group.
6. While Milosevic could be posturing in an effort to get even more, the chances of war erupting in Croatia are growing. An attached paper shows [REDACTED] that some Croatian officials fear their President is being overly optimistic; yet the hardliners clearly are pressuring him to act. Meanwhile, signs are growing that both sides are preparing for the impending Croatian offensive. (**See Croatia tab.**) You may want to draw points from this paper should the discussion turn to possible implications of the talks faltering.

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