

Intelligence Report

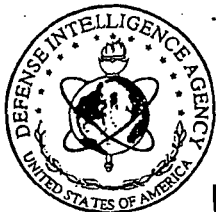
DCI Interagency Balkan Task Force

23 June 1995



The Belgrade-Pale Relationship

The relationship between Belgrade and Pale is rocky because of their basic disagreement over how to end the war and the political rivalry between Serbian President Milosevic and Bosnian Serb "President" Karadzic. As a result, Belgrade has carefully controlled--but not severed--its political, economic, and military contacts with Pale since last summer. Belgrade is likely to maintain at least its current level of contacts with Pale because of strong support for the Bosnian Serbs within the Yugoslav Army (VJ), a desire by Milosevic to use offers of military assistance to encourage Pale to change its positions, and a general determination in Belgrade to prevent a disaster from befalling the Bosnian Serb Army (BSA).



Political Isolation

Milosevic has largely maintained the isolation of the Bosnian Serb political leadership that he imposed along with the August 1994 embargo, according to various sources. He is doing so to gain further sanctions relief as well as to enhance his position in a political rivalry with Karadzic.

- Milosevic and Karadzic are feuding over the Bosnian Serbs' unwillingness to accept the Contact Group plan and Karadzic's refusal to accept Milosevic's authority over "greater Serbia."
- In an unsuccessful effort to undermine Karadzic, Milosevic has attempted to exploit differences among Bosnian Serb political leaders, according to various sources. Last year, he assured Contact Group representatives that he could persuade a substantial number of Bosnian Serb "Assembly" members--mostly from the Banja Luka region--to abandon Karadzic and support the Contact Group plan, according to diplomatic reporting. Milosevic met with a number of these "Assembly" members in Belgrade and, according to various sources, caused Karadzic substantial concern regarding how far the Serbian President would go.
- At least until recently, Milosevic has actively discouraged international contacts with the Bosnian Serbs, according to diplomatic reporting, although Moscow's close ties with Belgrade suggest that Milosevic



[redacted] may have approved of Russian envoy Churkin's recent visit to Pale.

Milosevic continues some contacts with the Bosnian Serb leadership.

- Milosevic sent his most trusted strong man, Internal Affairs Minister Stanisic, to Pale earlier this month to negotiate the UN hostages' release. [redacted]

- Milosevic probably communicates with Karadzic and Bosnian Serb "Assembly" leader Krajisnik via his fairly frequent contacts with Bosnian Serb military commander Mladic. Although Mladic dislikes Karadzic, he has continued to work with him and has rejected Milosevic's proposals that he make a complete break with Karadzic.

- [redacted] Various sources suggest that Milosevic may have talked to the leadership in Pale regarding the Contact Group's proposal to link sanctions relief to Belgrade's recognition of Bosnia.

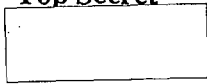
Trade Embargo

Belgrade appears to be enforcing the trade embargo against Bosnian Serbs with a goal of reducing--but not completely ending--the shipment of prohibited trade goods into Bosnia.

[redacted] FRY officials have largely ended large-scale shipments of fuel and trade goods across monitored border crossings. Other vehicles, however, routinely cross into Bosnia carrying small amounts of prohibited goods [redacted]

- Although the ICFY mission has found FRY authorities cooperative, Belgrade continues to ignore the small-scale smuggling--carried by

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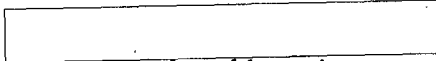
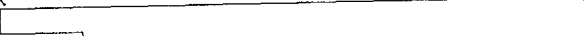


approximately 30,000 persons that transit the border daily.



Limited Financial Support

Serbia appears to have significantly reduced financial support to the Bosnian Serbs. Belgrade's financial cutoff was probably influenced--but not driven--by its own fiscal difficulties, which worsened in mid-1994 as its economic program began to erode.

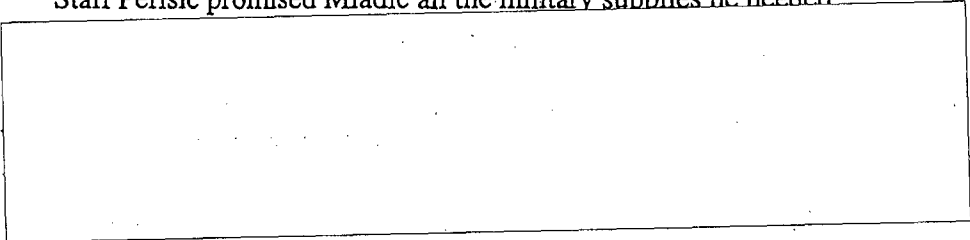
-  since late 1994, the Bosnian Serb Army has had trouble paying troops and that salaries are no longer paid in Serbian dinars, *indicating that Belgrade has ended at least some financial transfers to the BSA.*
- In addition, Bosnian Serb Central Bank Governor Djoric has publicly complained that the Serbian Central Bank froze some Bosnian Serb accounts 




Continued--But Reduced--Military Supplies

Despite its pressure on Pale, Belgrade has maintained extensive military links and continues to provide the BSA with some supplies and spare parts.

- During BSA Commander Mladic's 10 June visit to Belgrade, Milosevic reportedly pledged continuing cooperation, and VJ Chief of Staff Perisic promised Mladic all the military supplies he needed.



- Since late 1994, the Serbian Ministry of Internal Affairs has distracted ICFY monitors and provided escorts for shipments from a Serbian munitions producer 



Serbian-Bosnian Serb Air Defense Systems: Linked But Autonomous

The Serbian and Bosnian Serb integrated air defense systems (IADS) are tied together; however, this relationship probably extends only to the exchange of early warning information and not to the authorization to fire weapons.

- Both countries have dedicated early warning facilities capable of monitoring their airspace, however, authorization to engage aircraft with anti-aircraft weapons systems, such as surface-to-air missiles or anti-aircraft artillery, probably rests with each party's senior political and military leadership.
- Belgrade does not appear to have the authority to order an engagement in Bosnia, and does not have the authority to stop an engagement ordered by the Bosnian Serbs. [redacted]

Milosevic almost certainly will give the BSA enough military support to prevent its defeat.

- VJ munitions shipments for Bosnia that arrive by rail in Montenegro have increased during past periods of heavy fighting [redacted]
[redacted]
- [redacted] military aid will be increased if the BSA begins to lose significant ground in the fighting.
- Belgrade reportedly has agreed to a Bosnian Serb request to round up and return deserters from the BSA who have fled to Serbia. Press reports indicate that Belgrade is now sending deserters back via the Krajina. [redacted]