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NOTE FOR: TONY LAKE

FROM:

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SUBJECT: Dayton SITREP #1; November 2, 1995, 9:00pm.

Day one of serious negotiations complete. Described as "typical" day one by state pros. Atmospherics remain positive. Even lighthearted. Will take several days or even full week to see if positive steps today lead anywhere. All seem willing to deal - even anxious to do so.

Federation: Tudjman, Izetbegovic, and Zubak agreed to work program to define roles of Federation and B/H government in post-war Bosnia. Two meetings held under U.S./GE chair. Three Presidents attended all sessions. Agreed Bavarian/FRG good model, where Bavaria is part of FRG. Bavarian Minister doesn't take orders from Kohl, but has responsibilities such as revenue raising to help FRG which is internationally recognized state. (Pushing Federation now because Bosnians refuse to talk map until Federation issues worked. Plus, Tudjman departs tonight (Nov. 2). Turned lead responsibility for Federation restructuring over to Michael Steiner to bring EU more into play.

Annex 1, (IFOR): Preliminary discussions held with Serbs and Bosnians.

Serbs presented basic questions to clarify. No emotional rejection. Constructive in nature. Arms control portion caught attention of FRY FM. Didn't reject, but clearly will be tough issue, not likely to be agreed by Serbia and Croatia. Special note: Chris Spirou member of Serb delegation. Attends most sessions, and participates. Wears Serb delegation badge.

Bosnian reaction to IFOR annex began with pitch for arm and train. Want precise timeline and package. Call for lift by Nov. 30 regardless of outcome in Dayton. Bosnians calling in chit on U.S. pledge. Wes Clark to work assessment team to Sarajevo via Dayton next week). No major problems with IFOR scheme - yet.

Police Force Annex: Annex nearing completion. Euros spent most of day holed up babbling over role of unarmed international police monitors.

Atmospherics: Off to good start. Presidents are speaking directly. "Secret" meetings rumored. Milosevic/Tudjman lunched together. Milosevic seeking meeting with Izetbegovic. All parties cordial.

Friday: Contact Group huddles in morning. Follow-up talks with parties on annexes anticipated. Holbrooke hosts dinner in Air Museum for delegations at 6pm.

