

MONTENEGRO'S INDEPENDENCE DRIVE

Europe Report N°169 – 7 December 2005

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MONTENEGRO'S INDEPENDENCE DRIVE

EXECUTIVE SUMMARY AND RECOMMENDATIONS

Montenegrins are more likely than not to vote in April 2006 to break away from the State Union of Serbia and Montenegro. It is time for the European Union, whose diplomacy in 2001-2002 created the manifestly dysfunctional confederation, to make clear that it will accept whatever decision Montenegro's citizens make, and encourage those opposing independence to participate peacefully in the referendum process. At a time when the international community needs to concentrate on resolving Kosovo's status, it is important for the EU not to be seen as giving any comfort, inadvertently or otherwise, to those still-dangerous Serbian nationalist forces who may be prepared to risk potentially destabilising actions, not only in Montenegro but elsewhere in the region.

The State Union's Constitutional Charter of 4 February 2003 permits either party to begin independence procedures as early as February 2006. Opinion polls in Montenegro suggest that pro-independence forces are likely to prevail, though that is not a foregone conclusion. The State Union appears to be equally unpopular in each of its constituent parts. But the independence question remains sensitive domestically both for nationalist and emotional reasons, and because of uncertainty about property and pension rights for the many citizens of one republic who live in the other. And it remains sensitive internationally because of questions about how it would affect the political climate in a still highly nationalist and significantly unreformed Serbia, the political and constitutional climate in a still fragile Bosnia and Herzegovina, and the diplomatic climate around the Kosovo negotiations that have just begun.

Those sensitivities notwithstanding, Montenegro has taken major steps to earn the right to make its own decision free of outside pressure. It is the only republic of the former Yugoslavia that has formed a genuinely multi-ethnic government without internal conflict. It is also the only one to volunteer reparations for the wars of the 1990s, and it enjoys good relations with its neighbours, including Kosovo, Albania, Bosnia and Croatia. Its economy has been largely self-sufficient since 1999, and its reforms – privatisation, restitution of nationalised

property and banking sector adjustments – are well ahead of Serbia's, as demonstrated by higher per capita foreign private investment. These differences are reflected in official EU assessments and in the twin-track Stabilisation and Association process the EU recently established. The Montenegrin government also appears to be cleaning up its act with respect to organised crime, which has long caused international concern. There is a strong feeling in Podgorica that its opportunity to advance faster toward EU membership is held hostage to Serbia's often retrograde policies.

Against this background, Montenegro's neighbours (other than Serbia), the U.S. and a number of EU member states appear relaxed about accepting a referendum's results: Montenegro seems objectively to fulfil the requirements the EU used when it recognised the independence of other former Yugoslav republics, and it has operated as a de facto independent state since 1999. But other EU member states and the foreign policy apparatus of the Council and the European Commission remain concerned about independence implications, to the point of pressing the Council of Europe's Venice Commission to delay pronouncing on preconditions for the referendum, threatening consequences in the Stabilisation and Association process, and at least tacitly encouraging the anti-independence opposition.

Any effort to freeze the Montenegrin independence issue until Kosovo's final status is worked out would risk repeating the mistakes of the early 1990s, when Western reluctance to face up to the impending break-up of Yugoslavia encouraged extremists. Already there are indications that Serbian nationalist elements, in both Belgrade and Montenegro's anti-independence opposition, interpret EU discomfort as a green light to reject dialogue with the government, boycott a referendum and possibly resort to violence. There are signs that some elements are discussing the organisation of a secessionist Serbian Autonomous Region inside Montenegro, a move reminiscent of the precursors to the wars in Bosnia and Croatia.

There are risks in Montenegrin independence: probably the most serious of them is that the immediate reaction in Serbia could be to the political advantage of that republic's most extreme elements. However, at least from a slightly longer-term perspective, resolving Montenegro's status definitively (likewise Kosovo's) would be likely on balance to contribute to regional stability by encouraging Serbia – its most essential potential component – to concentrate at last on its own internal problems, beginning by finally carrying through advertised reforms of the military and security services as well as halting the army's practice of using Montenegrin ports for smuggling weapons, immigrants and other goods into the EU.

In any event, the EU needs to begin sending a consistent message that should include the basic point that it is prepared to accept whatever decision Montenegro's citizens make about their future – provided it is done transparently and democratically, pursuant to internationally accepted standards.

RECOMMENDATIONS:

To the European Union:

1. Formulate a consensus policy with respect to the Montenegrin independence question that includes the following elements:
 - (a) no linkage to conclusion of the Kosovo final status process;
 - (b) a clear message that whether to conduct a referendum is an internal matter for Montenegro to decide free of external political pressure, and that the EU will accept the results of such a referendum provided it is conducted transparently, democratically and in accordance with internationally accepted standards;
 - (c) encouragement to the opposition in Montenegro to discuss the referendum issue with the government and engage peacefully in the process, without boycott, if a referendum is called; and
 - (d) readiness, in the event Montenegro chooses independence, to offer technical assistance to both republics in the State Union to achieve a "velvet divorce" with respect to the settlement of technical issues, and to modify the current Stabilisation and Association Agreement (SAA) so that both republics can continue forward in the European integration process without negotiating a new SAA.

2. Encourage the Council of Europe's Venice Commission to issue its report on referendum standards by 20 December 2005.

To the Venice Commission:

3. Issue its report on referendum standards by 20 December 2005.

To the Governments of Montenegro and Serbia:

4. In the event Montenegro chooses independence, strive for a "velvet divorce", including smooth regulation of issues such as dual citizenship, property rights, pensions, taxation, health care, labour rights and schooling, and consider whether there are additional areas of common interest in which cooperation should be continued such as diplomatic infrastructure and sports.

To the Government of Serbia:

5. State publicly that it wishes to maintain good relations with Montenegro regardless of how that republic decides with respect to independence and encourage Montenegro's opposition parties to talk constructively with the government about the possible referendum.
6. In the event Montenegro chooses independence, pass a law permitting Montenegrins in Serbia to continue to enjoy their current rights and privileges.

To the Government of Montenegro:

7. Modify the election law to include the technical recommendations from the 2001 reports of the OSCE's Office for Democratic Institutions and Human Rights (ODIHR).
8. In the event of independence, pass a law permitting Serbs from Serbia in Montenegro to continue to enjoy their current rights and privileges.

To Montenegro's Opposition Parties:

9. Discuss a possible referendum constructively with the government and if a referendum is called, participate peacefully in the process without boycott.

To the Serbian Orthodox Church:

10. State unequivocally that the Church does not take a position on the political question of Montenegrin independence, which individual citizens should decide in a peaceful and democratic process.

To the Army of the State Union of Serbia and Montenegro:

11. Declare publicly through the minister of defence and the chief of the general staff that the army does not take a position on the political question of Montenegrin independence and will not involve itself in a possible referendum.
12. Leave restoration of public order, should that become necessary before, during or after a referendum, to the Montenegrin police and, in the event Montenegro becomes independent, avoid any provocative actions, particularly relating to the movement or sudden withdrawal of military assets.

Belgrade/Podgorica/Brussels, 7 December 2005

MONTENEGRO'S INDEPENDENCE DRIVE

I. INTRODUCTION

On 14 March 2002 Montenegro and Serbia – the two republics that remained of Slobodan Milosevic's rump Federal Republic of Yugoslavia following the violent break-up of Socialist Yugoslavia – signed the Belgrade Agreement that created the State Union of Serbia and Montenegro. According to the Constitutional Charter, this Union inherited the de jure international personality of the old Federal Republic.

The EU worked very hard to counter, or at least postpone, any prospect of Montenegrin independence, which it felt would have a negative spillover effect in Kosovo and force a decision on its final status before the international community had a consensus on that question, and have a wider destabilising effect in a still fragile region.¹ Javier Solana, the EU's High Representative for the Common Foreign and Security Policy,² applied strong and sustained pressure on Montenegro's politicians to obtain their agreement to remain in an awkward construct with Serbia that permitted both republics de facto independence in nearly all spheres. In return they were promised they could engage in a more rapid EU accession process.

The Constitutional Charter governing the State Union replaced the old federal Yugoslav structures with a

figurehead central government and parliament lacking any real authority and at the mercy of the republic governments. Since its creation, the State Union – unpopular in both Montenegro and Serbia – has been referred to disdainfully in local media as a “Frankenstein” state.

The Montenegrin government agreed to the State Union on the condition that there be an opt-out clause permitting either republic to begin independence procedures within three years of the Constitutional Charter coming into effect. This date – 4 February 2006 – is fast approaching, and the Podgorica authorities are actively preparing for a vote that will probably take place in late April 2006.³ Given public opinion, the pro-independence forces are likely, though not certain, to produce both a voter turnout and a majority that will satisfy international observers. The government could be expected to declare independence shortly thereafter.

Yet, the road to that independence has obstacles: most notably the perception of continuing EU opposition. This encourages opponents to calculate they may have the EU's blessing to boycott a referendum, perhaps even obstruct it or cause violence. Ironically, these same forces oppose EU policy in the Western Balkans in nearly all respects and are allied to the Serbian republic government in support of positions largely unchanged since the Milosevic era.

Some of the concern about independence within the EU is based on fear that it would increase regional instability at the crucial time when status negotiations are under way on Kosovo, which is formally an autonomous republic of Serbia but in practice a UN protectorate. Others are uneasy lest an independent Montenegrin state not be economically self-sustainable, lack capacity to integrate into European institutions, or become an outlaw state dominated by organised crime. In addition, some worry that the dual loss of Kosovo and Montenegro in the same year might radicalise Serbia's politics and seem to favour holding out the prospect of rewarding Belgrade for good

¹ See in particular Crisis Group Europe Report N°101, *Current Legal Status of the Federal Republic of Yugoslavia (FRY) and of Serbia and Montenegro*, 19 September 2000; Crisis Group Europe Briefing N°16, *Montenegro: Which Way Next?*, 30 November 2000; Crisis Group Europe Report N°107, *Montenegro: Settling for Independence?*, 28 March 2001; Crisis Group Europe Briefing N°18, *Montenegro: Time to Decide*, 18 April 2001; Crisis Group Europe Report N°114, *Montenegro: Resolving the Independence Deadlock*, 1 August 2001; Crisis Group Europe Report N°129, *Montenegro, Serbia and the European Union: Still Buying Time*, 7 May 2002; Crisis Group Europe Report N°142, *A Marriage of Inconvenience: Montenegro 2003*, 16 April 2003; and Crisis Group Europe Briefing N°29, *Thessaloniki and After III: The EU and Serbia, Montenegro and Kosovo*, 20 June 2003.

² An office created in 1999 under the 1997 Treaty of Amsterdam. Solana is also Secretary General of the Council of Ministers.

³ Crisis Group interviews with Montenegrin premier Milo Djukanovic, Podgorica and Kotor, October and November 2005.

behaviour during the Kosovo negotiations by permitting it to “keep” Montenegro. Consequently, though EU member states are actually still divided on the issue, Solana is seeking at least to delay a Montenegrin independence referendum.

This report discusses the issues surrounding the possible dissolution of the State Union and its causes, and the potential knock-on effects for the Western Balkans. It examines EU concerns and suggests that Brussels’ approach to a Montenegrin independence referendum is counterproductive and could itself possibly lead to increased regional instability and violence.

II. MONTENEGRO IN BRIEF

Montenegro – the name means “Black Mountain” – is a small, spectacularly mountainous country of 13,938 square kilometres with a beautiful seacoast and little arable land. The 2003 census reported 672,656 inhabitants, around 70 per cent of whom adhere to some form of eastern Orthodox Christianity. Its largest national group is formed by those who consider themselves Montenegrins (40.64 per cent), followed by Serbs (30.01 per cent), Bosniaks (9.41 per cent), Albanians (7.09 per cent), Muslims (4.27 per cent), Croats (1.05 per cent) and Roma (0.43 per cent).⁴

A. HISTORICAL OVERVIEW

What is today known as Montenegro has had an international legal personality far longer than its larger neighbour Serbia. It was the last Balkan state to fall under Ottoman rule, and that only briefly at the end of the fifteenth century.⁵ The Ottomans were never able to control Montenegro fully, however, and progressively lost larger portions of it, due mainly to the difficulty of subduing the clans in their mountain strongholds. In 1637 Montenegro established a tradition of ecclesiastic rule whereby the Metropolitan of the Orthodox Church also wielded secular power, a situation that continued until 1852.

Throughout the seventeenth, eighteenth and nineteenth centuries, Montenegro allied itself periodically with European powers against the Ottomans, signing various treaties and other documents. Its Prince-Bishops were typically consecrated at the Russian Imperial Court in St. Petersburg, and Montenegro was formally recognised as an independent principality at the 1878 Congress of Berlin, along with Serbia and Romania. In 1906 Montenegro adopted its own currency, the Perper, and in 1910 it became a kingdom: King Nikola was known as the “Father-in-Law of Europe” due to the many daughters he married off to leading royal houses.⁶

⁴ Montenegrin Republic Census of 2003.

⁵ Very little has been written on Montenegro in the English language. For the medieval period see John Fine's two works, *The Early Medieval Balkans* (1991) and *The Late Medieval Balkans* (1994). For the modern period see Ivo Banac's *The National Question in Yugoslavia* (1989) and Barbara Jelavich's two volume *History of the Balkans* (1983).

⁶ His sons-in-law included the kings of Serbia and Italy, and two Russian Grand Dukes.

Montenegro expanded to roughly its current borders during the First Balkan War in 1912.⁷ During the First World War, it sided with Serbia against Austria-Hungary, and was occupied by the latter in 1916, at which time its government went into exile. Following the retreat of Austro-Hungarian forces in 1918, the Serbian army entered Montenegro, and the Serbian crown prince Aleksandar Karadjordjevic forcibly incorporated it into the Kingdom of Serbs, Croats and Slovenes (later renamed the Kingdom of Yugoslavia) and prevented the royal government and parliament in exile from returning. At the same time the Orthodox Church in Montenegro, which had maintained its independence for centuries, was subsumed into the Serbian Orthodox Church. From 1919 until 1926, Serbian troops maintained a reign of terror to suppress pro-independence forces.

Following World War II Montenegro was given the status of a republic in Tito's socialist Yugoslavia. Under the 1974 constitution each republic had a high degree of autonomy, a balance that shifted even further away from the federal government and towards the republics in the 1980s. Montenegro reopened its foreign ministry in 1979 after 54 years.⁸

In January 1989 Slobodan Milosevic overthrew Montenegro's republic government in a coup directed from Belgrade. Montenegro, under its pro-Milosevic government, participated with Serbia in the 1991 attack on the historic Croatian city of Dubrovnik and the war in Bosnia, and joined with Serbia in a new Federal Republic of Yugoslavia in 1992. The smaller republic carried out Milosevic's bidding until 1997, when Milo Djukanovic, then prime minister, took control of the ruling Democratic Party of Socialists (DPS) and defeated the pro-Milosevic president, Momir Bulatovic, in that year's presidential election. From that point on, the Montenegrin government began increasingly to assert its prerogatives and oppose Milosevic on numerous issues. It distanced itself in particular from his nationalist legacy, war crimes and anti-minority policies.

Montenegro has been de facto independent of Belgrade since 1999, when Djukanovic sided with NATO over the Kosovo issue, opening its doors to nearly 70,000 refugees and also to members of Serbia's democratic opposition who fled Milosevic's security forces. One such politician was the late Zoran Djindjic, premier of Serbia from early 2001 until his assassination in 2003. Milosevic suspended or overrode Montenegrin appointments to federal Yugoslav institutions such as the parliament and the

central bank. As a result of the latter move, Montenegro unilaterally adopted the German (Deutsche) Mark in late 1999 (and consequently the euro from 2002) as its official currency, rather than remain dependent on the Yugoslav dinar and Milosevic's fiscal policy.⁹

Until the overthrow of Milosevic on 5 October 2000, the West actively courted Djukanovic, supporting him politically, financially and with veiled security assurances. In return Djukanovic steered Montenegro away from Milosevic and provided assistance to Serbia's democratic opposition. In retaliation Milosevic tried to use the army's 7th Battalion to destabilise the republic and overthrow Djukanovic. After the Kostunica/Djindjic-led Democratic Opposition of Serbia (DOS) ousted Milosevic, the West no longer wished to destabilise Serbia and it seemed to lose interest in Montenegro, perhaps with the expectation that the good relations between DOS politicians and Montenegro's government would facilitate the repair of relations between the two republics. However, too much water had passed under the bridge, particularly in terms of economic separation, and Montenegro's governing parliamentary majority now favoured independence.

To forestall that independence, the EU placed strong pressure on Djukanovic. In addition to security concerns, the European Commission wanted to avoid complications as Serbia and Montenegro embarked upon the early stages of the road to EU membership, the Stabilisation and Association Process, a position that also reflected the legal requirement that the EU sign agreements with states, not parts of states. Likewise, there was understandably little appetite anywhere in the EU for having another very small state as a potential future member.

⁷ In fact slightly beyond: the area surrounding Peje/Pec, now in western Kosovo, was annexed by Montenegro in 1912.

⁸ The Montenegrin government in exile retained a foreign ministry until 1925.

⁹ Montenegro's unilateral adoption of the euro does not give it a seat on the European Central Bank. Other small territories which have adopted the euro as their official currency include the Vatican, Monaco, San Marino and Andorra – and, perhaps more relevantly for present purposes, Kosovo.

III. MONTENEGRINS AND SERBS

A. INTERMINGLING

To understand why the newly formed State Union seemed doomed even before the Belgrade Agreement was signed requires an examination of relations between Serbs and Montenegrins and their attitudes towards each other. Historically it has been a love-hate relationship, though both tend to be eastern Orthodox, speak the same language, albeit often with different dialects, and to an outsider are effectively indistinguishable from each other in all respects. During the nineteenth century Montenegro and Serbia occasionally cooperated against the Ottoman Empire, and each drew inspiration from the other's victories. In 1863 they even signed – but did not implement – an agreement for a political federation. They allied against the Ottomans in the First Balkan War (1912), and Montenegro sent troops to help Serbia defeat the Bulgarians at the crucial Battle of Bregalnica during the Second Balkan War (1913). During the First World War, Serbia supplied the Montenegrin army with equipment, training and in some cases officers. Although Montenegrins and Serbs viewed each other as ethnic kin, many Serbs – particularly those who had fallen under the influence of the nationalist ideas in Foreign Minister Ilija Garasanin's 1844 tract, *Nacertanije*, coveted the Montenegrin seacoast, which they saw as Serbia's natural outlet to the sea.¹⁰

Due to the rough topography and consequent dearth of opportunities in their homeland, many Montenegrins have for centuries migrated to Serbia and Bosnia, where they have risen to positions of power and influence. During the Second World War, Montenegrins were prominent in the Partisan movement. Tito resettled them in large numbers in the fertile plains of Vojvodina, from which the ethnic German population had been expelled. Their loyalty was also often rewarded with key management positions and political posts: they were over-represented in Yugoslavia's army, police, and republic administrations – particularly inside Serbia and Bosnia – as well as in the federal administration and Communist Party. Many studied in Serbian universities. Indeed, more Montenegrins and persons of Montenegrin descent are in Serbia than in Montenegro.

This constant outflow of Montenegrins means that for a geographically small republic Montenegro has historically

played a very significant role in Balkan and specifically Serbian culture and history. The greatest South Slavic literary work is often considered to be “The Mountain Wreath”, by the nineteenth century Montenegrin Prince-Bishop Petar II Petrovic Njegos.¹¹ The leader of the First Serbian Uprising, Karadjordje Petrovic – founder of Serbia's Karadjordjevic royal dynasty – was a Montenegrin, as is in fact Slobodan Milosevic. Other Montenegrins prominent in Balkan history include the father of the Serbo-Croatian language, Vuk Stefanovic Karadzic, and the indicted war criminals Radovan Karadzic and Zeljko “Arkan” Raznjatovic. Some of Serbian Premier Vojislav Kostunica's closest advisers have Montenegrin backgrounds, as does the president of Serbia, Boris Tadic and Rade Bulatovic, the head of Serbia's Security-Intelligence Agency (BIA).¹²

B. R-E-S-P-E-C-T

Montenegrins and Serbs differ in one important way. Montenegrin society tends to organise itself tightly around clan and family units and is noticeably more conservative and patriarchal than Serbian society. Because of this, Serbs typically look down on Montenegrins as more primitive, crude and less cultured. They also consider them to be lazy, with an inflated sense of self-importance and heroism, and make them the butt of frequent ethnic jokes. The heavy Montenegrin presence and influence in Serbia, including in the state administration and publicly owned enterprises, has led to increasing Serb resentment. Under the Milosevic regime, many Serbs came to associate Montenegrins with organised crime and “business” activities associated with the ruling couple.

These negative attitudes spill over into the views Belgrade politicians hold of Montenegro as an impoverished, backward and primitive republic. Average Serbs and officials alike tend to regard Montenegrins as their country cousins and Montenegro as a drain on Serbia's economy. Many in nationalist circles seem to consider Montenegrins as a nuisance, who happen to be occupying what should rightfully be Serbia's outlet to the sea. These negative attitudes have been reinforced by the dysfunctional State Union arrangement and the high cost Serbia bears to finance a state administration whose only real benefit to the republic is often seen to be to placate the EU. Many

¹⁰ Ilija Garasanin was a nineteenth century Serbian statesman who created a detailed plan [*nacertanije*] to make Serbia the centre of a movement for unifying Serbs and other South Slavs into a single state. See Dusan Batakovic, “Belgrade in the nineteenth century: A historical survey”, *Journal of the North American Society for Serbian Studies*, vol. 16 (2).

¹¹ It has to be said that the “The Mountain Wreath”, which celebrates the Montenegrins' slaughter of the Muslim population in the late seventeenth century, is not exactly an advertisement for peaceful multi-ethnic coexistence.

¹² Formerly known as State Security, DB.

Serbs feel Montenegro reaps the benefits of the State Union without having to pay any of the costs.¹³

This disdain and antagonism is resented in Podgorica and is a motivating factor in the independence drive. Many Montenegrins feel that Belgrade does not understand their needs and problems, is too caught up in its own internal struggles over the Milosevic legacy, and is interested in the tiny republic only for its seacoast.

IV. STATE UNION POLITICS

The 14 March 2002 Belgrade Agreement stated that the two republics should negotiate immediately a Constitutional Charter and laid out the principles it should contain, including the right for either to begin proceedings to withdraw after three years. Despite that level of detail, internal politics and Montenegrin reluctance meant that the document was not adopted until nearly a year later, on 4 February 2003, and only then after repeated EU intervention and pressure.¹⁴

One unintended side-effect of EU insistence on the State Union was that for nearly eighteen months during 2001 and 2002, Serbian Premier Zoran Djindjic had to shift his government's priorities and resources away from the crucial political, economic, judicial and security sector reforms that had just been started in order to concentrate on the negotiations with Montenegro. This in effect halted Serbia's reform process and gave the Milosevic-era loyalists inside Serbia time to regroup. As a result, Djindjic was unable to control the old security structures that eventually killed him and with which Serbia is still struggling.

Neither of the republics liked the agreement that they signed.¹⁵ Serbia wanted a stronger, more centralised system, while Montenegro wanted complete independence. The intense dislike for the compact weakened EU prestige in the eyes of Serbs and Montenegrins alike.

Montenegro resisted almost all attempts at forming an effective and functional central State Union government, fearing it would lead to Serbian domination. The only institutions in which Montenegro seems to have truly cooperated are the Foreign Ministry and the Supreme Defence Council. Participation in the former has been motivated by a desire to use the diplomatic corps to further its independence agenda, while cooperation on the latter has been in an effort to place the army under civilian control and rein in nationalist forces inside the military that are interested in influencing Montenegrin politics, protecting war criminals, or even supporting a coup.¹⁶

¹³ Though Montenegrin officials complain that their taxpayers bear an excessive burden for the State Union, Serbia pays 94 per cent of the expenses of its institutions.

¹⁴ Negotiations on the document actually began in November 2001, four months before the Belgrade Agreement.

¹⁵ See in particular Crisis Group Report, *A Marriage of Inconvenience*, op. cit.

¹⁶ Montenegro has not, however, accepted the portfolio of either foreign minister or defence minister though the Constitutional Charter specifies that if a Serb holds one of these, a Montenegrin must have the other; it has also not insisted on the provision that these posts should rotate between Serbs and Montenegrins. The dispute over election of members of the State Union Parliament is described below.

As a result of the fundamental disagreements over its very nature, the State Union has never acquired a national anthem, the two republics still issue passports bearing the name "Yugoslavia", and embassies still use the old stamp bearing that name. Neither republic has harmonised its constitution with the Constitutional Charter.

Serbia bears equal responsibility with Montenegro for the inability of the State Union to become functional. It quickly became apparent that the republics had significant differences in economies, politics and societies. In particular, it was obvious that Serbia's political and economic course and its relations with its neighbours and the wider international community were serious hindrances to European integration. This meant that if policies were to be harmonised, as the EU initially insisted, the smaller republic would be forced to retreat from its more progressive positions. Montenegro opposed any arrangement that would force it to adopt Serbia's go-slow, in some cases retrograde, policies.

A. DIVERGENT PRIORITIES

The governments of the two republics have consistently taken radically diverging stances on issues of importance to the international community. This has been a factor of both the structural differences between their economies and their world views. Much of Serbia's political elite and electorate continue to look at the world through the distorted lens of Milosevic-era nationalism, with its xenophobia, sense of victimhood and denied entitlement. Montenegro's governing elite has broken with that past and taken a broader European perspective.

In almost every instance Montenegro's stance has been more responsive to EU interests. This has led it to complain, with justification, that its prospects of European integration have been held hostage by Serbia's refusal to cooperate with the international community on a host of issues, costing five precious years in the European integration process. This is clearest with regard to the International Criminal Tribunal for the Former Yugoslavia in The Hague (ICTY). The Montenegrin government and its institutions have harboured no one indicted for war crimes on their territory and have repeatedly made it clear that they will arrest any such persons and cooperate fully with the ICTY. Unlike Belgrade, Podgorica has never disputed the ICTY's legitimacy or taken issue with its procedures. Montenegrins believe that were they not harnessed to Serbia they would have joined NATO's Partnership for Peace several years ago.¹⁷

The Montenegrin government has a hands-off approach to Kosovo's status. In contrast to Serbia, which consistently opposes international community policy in Kosovo and the UN mission there (UNMIK), it enjoys good relations with the Kosovo government. It has recognised UNMIK travel documents and license plates for years, something Serbia refuses to do. Its ruling coalition is multi-ethnic and it treats its ethnic Albanian citizens better than does Serbia.

Montenegro has pushed Serbia, with little success, to make the State Union's armed forces fully answerable to democratically elected civilian officials and to radically rethink defence strategy. It is worried not only by the influence of hard-line nationalist elements within the army who have sheltered Ratko Mladic and others indicted by the ICTY, but also by the army's intelligence service (known colloquially as KOS) and its well documented propensity to interfere in domestic politics and monitor politicians. It has attempted unsuccessfully to stop the army's involvement in smuggling through Montenegrin ports.

Likewise, Montenegro has taken a different stance towards relations with Croatia. For several years following Milosevic's overthrow, Serbia refused to negotiate with Croatia on the return of the captured Prevlaka peninsula, even though it abuts directly on Montenegro, not Serbia. After Prevlaka was returned in 2002, Montenegro became the first Balkan government to volunteer war reparations to a neighbour, offering Croatia €375,000 for livestock taken during the assault on Dubrovnik.¹⁸ Djukanovic publicly apologised to Croatia for the involvement of Montenegrin reservists and paramilitaries in that campaign.¹⁹ Serbia's relations with Croatia remain at best tepid; on a recent visit to Zagreb, Kostunica refused to apologise for Serbian actions during the 1990s.²⁰

Montenegro's relations are also far better than Serbia's with the remainder of the Western Balkans, in large part because it harbours no unfulfilled territorial ambitions, does not have a national church pushing a program of national expansion, and has a functioning, genuinely multi-ethnic governing coalition. When the Djukanovic government resisted the siren-song of Greater Serbian

institutions. Prime Minister Djukanovic anticipates that an independent Montenegro would require a military with only a few thousand personnel, whose largest component would be naval. Crisis Group interview, November 2005.

¹⁸ Crisis Group interviews with Montenegrin Foreign Minister Miodrag Vlahovic, Podgorica and Berlin, October/November 2005.

¹⁹ "Montenegro apologizes to Croatia for Dubrovnik," at <http://www.mediaclub.cg.yu/eng/news/archive/2000/june/26/index.htm>.

²⁰ "Kostunica ne bi da se izvinjava", B92, 24 November 2005.

¹⁷ This would, of course, also have required a functioning military; Montenegro does not have a defence ministry, and its armed forces are under the control of the State Union

nationalism, opposed Milosevic and sided with NATO during the 1999 Kosovo war, there was significant resentment of his policy; today, with hindsight, most feel it was the correct choice.

Pro-independence forces in Montenegro point to Serbia's international misbehaviour as one of their motivations. They argue that if they remain harnessed to Serbia, they will continue to suffer the consequences, especially in terms of relations with neighbours, and the ability to integrate into the EU and the broader international community. In particular, they point to the 15 December 2005 deadline the international community has imposed on Serbia to transfer Ratko Mladic to The Hague and worry that the SAA process may well be halted over this.

Meanwhile, Serbian politicians are preoccupied by the Kosovo status question, which is causing them to hint at partition not only of that province, but also of Bosnia and Herzegovina. Reforms are on hold, and some Milosevic era ideas and practices appear to be returning, while the Serbian Radical Party (SRS) of ICTY indictee Vojislav Seselj has become the most popular party, with approval ratings approaching 40 per cent. Belgrade's seemingly unreconstructed Serbian nationalism makes Montenegrin interest in leaving the State Union understandable.

B. DIVERGENT ECONOMIES

Montenegro's separate currency is only the most visible economic difference. Serbia adopted a more protectionist policy toward domestic industry, while Montenegro – largely import and tourism dependent – quickly moved to lower its customs duties and align many of them with those of the EU. The result is that customs checkpoints exist on the borders between the two republics, and banks treat inter-republic financial transactions as foreign.²¹

Whereas Serbia follows a go-slow approach to social and economic reform, privatisation and the return of nationalised property, Montenegro has a far more aggressive policy. According to reports by the European Commission, it is further along in privatisation as it is in the more general transition process.²² Those reform policies

have begun to bear fruit. Montenegro is attracting far higher per capita levels of (mostly Russian) direct foreign private investment than Serbia, approximately €376 per capita in the first three quarters of 2005, compared to €87 per capita for Serbia in the first two quarters. In the first three quarters of 2005, Montenegro had a respectable GDP growth of 3.8 per cent, which economists estimate will be 4.1 per cent at year-end. Although this is less than Serbia's 6.1 per cent in the first half of the year, Montenegro has kept annual inflation to 2.3 per cent while in Serbia it is 18 per cent.²³ These developments have been helped by banking sector reforms and a law on restitution of nationalised property, both areas in which Serbia lags.

Montenegrin tourism is beginning to take off. During the first nine months of 2005, it registered 16.8 per cent growth, with a particularly large increase in foreign tourists. Strong foreign private investment in this sector suggests this growth will continue.²⁴ Unemployment has always been a problem, as evidenced by the traditional migration to Serbia and Bosnia. Although statistics are somewhat unreliable, it appears the number of unemployed dropped from 60,438 to 51,266 over the twelve-month period from October 2004 to October 2005.²⁵ If current economic trends continue, this number should continue to decrease in the coming year. According to the EU and IMF, other positive indicators include a narrowing budget deficit; an improved current account; increased consumption and investment; a reduction in domestic debt; and a downward trend in interest rates.²⁶

The republic is still relatively impoverished and burdened by the usual problems of economic transition, but its small economy appears to be performing well, suggesting that, despite scepticism in both Belgrade and Brussels, it is viable and self-sustainable. Had Montenegro heeded the EU's initial advice and harmonised its economic policies with those of Serbia on the State Union level, its economy would almost certainly be in worse shape today. The European Commission eventually accepted that no economic harmonisation would be forthcoming and adopted a "twin track" approach, essentially parallel negotiation tracks for Montenegro and Serbia under the

²¹ Travellers flying from Montenegro to Serbia must pass customs inspection as they leave the Podgorica airport, although there is no similar check on entry to Podgorica from Serbia. Passport and customs checks are in effect on the land crossings between the two republics.

²² See the European Commission documents "Serbia and Montenegro, 2005 Progress Report", {COM (2005) 561 final}, 9 November 2005, and "Proposal for a Council Decision On the Principles, Priorities and Conditions contained in the European Partnership with Serbia and Montenegro including Kosovo as defined by the United Nations Security Council Resolution 1244

of 10 June 1999", {SEC (2005) 1423} {SEC (2005) 1428}, 9 November 2005.

²³ Statement by Montenegrin Central Bank Governor Nikola Fabris as reported in "Crnogorska inflacija najniža u regionu", *Pobjeda*, 30 November 2005. Other economic figures are from MONSTAT, the Montenegrin state statistics office.

²⁴ Figures supplied to Crisis Group by MONSTAT.

²⁵ *Ibid.*

²⁶ "Economic Developments in Montenegro and Serbia: Fac(t)e to Fac(t)e", prepared by the Montenegrin government on the basis of IMF and EU statistics.

same umbrella.²⁷ Montenegro's claim that the connection with Belgrade prevents it from reforming its economy even more rapidly should not necessarily be accepted at face value, but it is hard to see how participation in the State Union enables it to reap benefits greater to what it could expect if it were participating in the EU accession process on its own.

C. A NEAR COLLAPSE

According to the Constitutional Charter, the initial parliamentary deputies to the State Union Parliament were to be chosen by each republic's parliament and therefore reflect the last election results of each. The Constitutional Charter also called for both republics to hold new, direct elections to the State Union Parliament in two years.²⁸ Montenegro's government did not wish to call these elections, worrying that it might not be able to motivate its supporters to vote for an unpopular institution.

The deadline for the expiration of the original parliamentary mandates was 3 March 2005, and by September 2004 it was clear that Montenegro would permit those mandates to run out without holding new elections. In late February 2005 the Montenegrin government forwarded a proposal to Serbia to transform the State Union into a union of independent states. This brought a strong and uncharacteristically blunt response from Premier Kostunica, who labelled it a "rude violation of the Belgrade Agreement".²⁹ Kostunica, who had never liked the two-year delay over direct elections, insisted that they be held. President Tadic took a different position, stating that Serbia's priority was entry into the EU, not maintaining the State Union.³⁰ Deputy Premier Miroljub Labus and Finance Minister Mladan Dinkic of the G17+ party continued their long-standing criticisms of the State Union, largely on economic and financial grounds, and called for Serbia to withdraw and become independent.

The mandates of the parliamentarians expired, and the deadline for the elections passed with little notice. While legally the parliament had ceased to exist, it continued to function as if nothing had happened, in a fashion reminiscent of the last days of socialist Yugoslavia. The

President of the Parliament, Zoran Sami, rejected calls that it stop work and even called for a parliamentary debate about removing State Union President Svetozar Marovic from office.³¹ Among the general public of the two republics, no one seemed to notice or care much. Following intense intervention from Javier Solana's office, the formal crisis passed. On 7 April 2005 Montenegro and Serbia agreed to change the Constitutional Charter to extend the mandates of the old deputies and to hold direct elections concurrently with the next elections for each republic's parliament. The agreement was signed by the two republic premier, Kostunica and Djukanovic, the two republic presidents, Tadic and Filip Vujanovic, the president of the State Union Marovic, and Solana. It was subsequently ratified by the parliaments of the two republics.³²

²⁷ The first negotiating session on the Stabilisation and Association Agreement was apparently enlivened by an argument between Montenegrin and Serbian representatives over which republic to list first, and how they should be described.

²⁸ The text of the Constitutional Charter may be found at <http://www.gov.yu/start.php?je=s&id=34>.

²⁹ "SCG: Terapija ili razvod?", B92, 23 February 2005.

³⁰ "U krizi država, ideje, planovi...", B92, 19 February 2005.

³¹ "Skupština SCG o smeni Marovića", B92, 20 March 2005.

³² "Potpisana promena Ustavne povelje", B92, 7 April 2005.

V. REFERENDUM POLITICS

Montenegro's governing coalition consists of two parties, the Democratic Party of Socialists (DPS, 31 seats) and the Social Democratic Party (SDP, seven seats), both of which strongly support independence. They hold a majority of one in the 75-seat parliament. However, three other parties, with one seat apiece, favour independence and often support the government on crucial votes: the Democratic Union of Albanians (DUA), the Civic Party (GP) and the Democratic Alliance in Montenegro (DSCG). There are also two opposition parties that favour independence: the Liberal Union of Montenegro (LSCG, three seats)³³ and the Liberal Party of Montenegro (LPCG, one seat).³⁴ The majority of Montenegro's Albanians support the ruling DPS, rather than either of the two Albanian parties.

The pro-State Union parliamentary opposition consists of four parties, all of which appeal primarily to ethnic Serbs: Predrag Bulatovic's Socialist People's Party (SNP, nineteen seats),³⁵ the People's Party (NS, five seats), the Serbian People's Party (SNS, four seats) and the Democratic Serbian Party (DSS, two seats), for a total of 30 seats.

Djukanovic won the 2002 elections with a promise to hold an independence referendum before the end of his government's term, and internal politics are compelling him in this direction. Rifat Rastoder, the vice president of the SDP – his main coalition partner – has said the party will leave the government if a referendum is not called.³⁶ In addition 2006 is an election year, with municipal votes scheduled for May and parliamentary ones for October. Any attempt by Djukanovic to back off would cost his party support in both elections. He is thus unlikely to be dissuaded by either EU promises or pressure, and he has stated that he plans on holding the referendum before the end of April 2006.³⁷

³³ Although the LSCG holds three seats in the parliament (formerly four, prior to the defection of one deputy), it officially disbanded itself as a party in March 2005 at a press conference at which party leader Slavko Perovic expressed his disgust with Montenegrin politics, politicians and the people in general for choosing such bad politicians. "Liberalni savez više ne postoji," B92, 25 March 2005.

³⁴ Elections were last held on 20 October 2002.

³⁵ As of late Bulatovic's SNP has been trying to appeal more to the centre and attract non-Serbs. Crisis Group interviews with Lisa McLean, National Democratic Institute (NDI) Montenegro, October and November 2005.

³⁶ As quoted in *Montenegro Daily News Service*, no.1891, 21 November 2005.

³⁷ "Serbia-Montenegro Summit Highlights Achievements, Challenges," *Southeast European Times*, 24 May 2005.

A. HOW WILL THEY VOTE?

Traditionally Montenegrin elections have high voter participation, frequently between 70 and 80 per cent.³⁸ Absent an opposition boycott, an independence referendum would likely attract numbers at the higher end of this scale, given the importance of the issue at stake. Attitudes towards independence are mixed. The latest poll, from September 2005, shows 41.6 per cent for independence, 34.5 per cent opposed, and nearly a quarter of the population undecided.³⁹

At the moment the issue evokes more exhaustion than enthusiasm, with the numbers of those committed on either side off their previous highs.⁴⁰ This is due to the constant pro-independence barrage in the media and years of parliamentary discussion without a concrete date. Many voters, including among the undecided, believe the government uses the independence question to avoid action on pressing social and economic problems.⁴¹ Should a referendum actually be called, this would likely energise the undecided vote, most of which are likely to swing towards the independence camp, if for no other reason than to end the frustration of the State Union arrangement and remove any possible excuse for further delay on those problems.⁴²

The pro-Union parties are refusing to engage in dialogue with the government over referendum procedures and are threatening to boycott a referendum, partly in hope of robbing the result of legitimacy and so rendering a subsequent independence declaration difficult, if not impossible, and partly out of a genuine feeling that the referendum procedures are a done deal and that they are sure to lose anyway. An important exception is Predrag Bulatovic, the SNP leader, who has stated publicly that

http://www.setimes.com/cocoon/setimes/xhtml/en_GB/features/setimes/features/2005/05/24/feature-02

³⁸ In recent parliamentary elections, 76.5 per cent voted in 1998, 78 per cent in 2001 and 77 per cent in 2002. Crisis Group interviews with Lisa McLean, NDI Montenegro, October and November 2005.

³⁹ Centre for Democracy and Human Rights (CEDEM), September 2005 poll results at <http://www.cedem.cg.yu/opolls/detailmn.php?id=33>.

⁴⁰ For some time there had appeared to be hard cores of approximately 45 per cent in favour of independence and 40 per cent opposed, with undecideds around 15 per cent. See the opinion polls in "Javno Mnjenje Crne Gore", *Godisnjak* no.1, April 2004-January 2005, published by CEDEM; also polls published on the CEDEM website, <http://www.cedem.cg.yu/>.

⁴¹ A detailed survey of attitudes may be found in "Focus Groups: General Report", 29 November 2004, sponsored by the National Democratic Institute's Montenegro office.

⁴² Crisis Group interview with pollster Srdjan Darmanovic, Podgorica, November 2005.

his party will not boycott if the EU indicates that it approves of a referendum.⁴³

Such approval has not been forthcoming; rather, the EU is sending the opposite signals, presumably in hopes of giving pause to Djukanovic. At present Bulatovic seems confident that EU pressure will prevent a referendum from taking place, and has stated so publicly.⁴⁴ State Union President Marovic, a Montenegrin from the prime minister's party, has sought EU assistance in getting the opposition parties to discuss the matter, but Brussels appears to be putting the obligation to initiate dialogue on the government.

In what was perceived in Montenegro as an effort to discourage the referendum, the EU Presidency prepared a non-paper on the issue, which was delivered to the Montenegrin government on 10 November by representatives of the EU Troika.⁴⁵ It placed the onus for negotiations with the opposition on the government, concluding with a warning that failure to hold a dialogue on the matter would have "severely negative consequences of Montenegro's future aspirations for European integration".⁴⁶ The non-paper also carried a veiled threat not to recognise Montenegrin independence, quoting from the Belgrade Agreement that if Montenegro leaves the State Union, it "shall not inherit the right to an international legal personality"⁴⁷ and that "this will also affect the continuing SAA process for Serbia and Montenegro".

In response to the non-paper, the leaders of the four main Montenegrin opposition parties wrote to Javier Solana and Olli Rehn, the EU's Commissioner for Enlargement, declaring that they saw a referendum as unnecessary and had no intention of engaging in dialogue with the government.⁴⁸ Solana responded on 29 November, reiterating the need for the referendum to comply with international standards, but concluding that:

Only a broad consensus on the rules of the process will ensure that the outcome will be accepted as legitimate. The EU would not accept the outcome of a unilateral process, in which the Montenegrin

authorities and the opposition fail to cooperate with the EU and other responsible international bodies.⁴⁹

Opposition leaders read the EU approach as endorsement of their determination to boycott both talks with the government and any eventual referendum.⁵⁰ They say they are prepared to organise street demonstrations against the referendum and prevent polling places from opening in areas they control.⁵¹ While it is not clear what numbers of supporters the opposition could actually mobilise for such actions or whether they are thinking of using force, the EU's signals to them may have the effect of destabilising the security situation at a delicate moment.

A straight-forward boycott strategy might well fail to delegitimise a referendum. The pro-Union parties attract about 30 per cent of the vote in a normal election. If they called a boycott and all those supporters honoured it, turnout based on past experience might still be respectable, somewhere between 50 and 60 per cent of the eligible electorate.⁵² Moreover, to date every Serb election boycott in the Balkans has ended up backfiring, whether in Bosnia, Croatia or Kosovo.⁵³

B. WHO OPPOSES INDEPENDENCE?

Unlike other Balkan countries – such as Bosnia – where a person's ethnicity is a large factor in determining how he or she will vote, in Montenegro much of how a person declares his or her ethnicity seems to be determined by the stance taken on Montenegrin independence. Those who declare themselves Serbs make up approximately 30 per cent of the population and vote exclusively for the four pro-Union parties, while Albanians, Bosniaks, Croats, Montenegrins, Muslims and Roma tend to vote for pro-

⁴³ "Dijalog, nego sto!", *Vijesti*, 1 December 2005.

⁴⁴ "Sto posto nema referenduma u aprilu," *Vijesti*, 29 November 2005.

⁴⁵ UK Ambassador David Gowan, the Head of the European Commission Delegation to the State Union Josep Lloveras, and Austrian Chargé d'Affaires Ulrike Hartmann.

⁴⁶ EU Troika non-paper of 10 November 2005.

⁴⁷ See below, section V.C.

⁴⁸ "Sto su pisali lideri opozicije", *Vijesti*, 1 December 2005.

⁴⁹ Letter from Solana to Messrs. Bulatovic, Kadic, Mandic and Popovic, 28 November 2005; copy supplied to Crisis Group by the EU Council Secretariat.

⁵⁰ "Sto posto nema referenduma u aprilu," *Vijesti*, 29 November 2005.

⁵¹ Crisis Group interviews with Dragan Soc and Andrija Mandic, Podgorica, November 2005.

⁵² Crisis Group interview with pollster Srdjan Darmanovic, Podgorica, November 2005.

⁵³ On a number of occasions since Yugoslavia began to break apart, Serbs have resorted to a boycott when they felt that they would lose on an issue to be decided in a democratic election. A notable example was the referendum held in Bosnia and Herzegovina from 29 March to 1 April 1992. The Serbian minority – 31 per cent of the population – boycotted. The result was a turnout of 63.4 per cent and a positive vote in excess of 99 per cent. The most recent such case was in north Mitrovica in 2004; see Crisis Group Europe Report N°165, *Bridging Kosovo's Mitrovica Divide*, 13 September 2005.

independence parties. This raises, of course, the important question: “what is a Serb?”

As explained above there are few differences between ethnic Serbs and ethnic Montenegrins. In some Montenegrin families children of the same parents declare themselves differently, one as a Serb, another as a Montenegrin. In the 1991 census 61.86 per cent of the population declared themselves Montenegrins and only 9.34 per cent Serbs. In the 2003 census these numbers changed considerably: Montenegrins had fallen to 40.64 per cent; Serbs had risen to 30.01 per cent.⁵⁴ In both instances the numbers refer to the approximately 71 per cent who identify themselves loosely as Slavic Eastern Orthodox Christians. The answer to the dramatic difference in only twelve years is to be found largely in the nationalist politics of the Milosevic era.

The way a person defines his or her ethnic group seems to reflect largely that person's attitudes towards Milosevic's policies, the vision of where Serbia's borders should lie, views of other national groups and about war crimes and the Hague Tribunal. It also reflects attitudes towards EU membership.

Within the pro-Union parties, many who define themselves as Serbs and oppose independence also hold negative attitudes towards cooperation with the Hague Tribunal and membership in NATO and are less enthusiastic about joining the EU than their fellow citizens.⁵⁵ Crisis Group conversations with members of these parties, as well as their own statements, reveal strong animosities towards Albanians and Croats and paranoia that an independent Montenegro could be divided between a Greater Croatia and a Greater Albania.⁵⁶ There is also opposition to Kosovo independence and Djukanovic's position on the 1999 NATO bombing, and support for the Serbian nationalist rationale that led to the wars of the 1990s. The areas in northern Montenegro where Serbs are strongest – Andrijevisa, Pljevlja and Pluzine – are those that are rumoured to have offered help to indicted war criminals such as Radovan Karadzic.

The result is that much of Montenegro's pro-Union opposition is comprised of parties and citizens who hold views that run counter to the ideals and policies of the EU. The divide between the pro-independence and pro-Union camps can to a certain extent be characterised as one between those who wish to choose a European future and those at least comfortable with a return to many of the policies of the 1990s. The EU's statements

encouraging the opposition, therefore, puzzle many pro-European Montenegrins.

But the opposition is not motivated by union alone. Many are anxious to have a chance to come to power and share in the distribution of wealth that is taking place under the current privatisation drive, and they feel they are missing out on this opportunity to distribute patronage; Djukanovic's eight years in power have left them out in the cold. It would also be unfair to characterise all pro-Union supporters as Serbian nationalist, Milosevic-era throwbacks: at least a quarter of the 40 per cent of the population that polling suggests are uncomfortable with the idea of independence vote for non-Serb parties. Many Montenegrins fear the unknown: whether for or against independence, all wish to maintain good relations with Serbia and fear what independence might mean for their ability to continue to seek jobs or education in Serbia. There are also complex issues of tax payments, corporate registration, property ownership, voting rights, citizenship rights, health care, family members in Serbia and pensions – particularly for Serbian military retirees in Montenegro. Such concerns are shared by Montenegrins living in Serbia and Serbs living in Montenegro.

Given the many ties between the two republics, it would make sense for both to maintain cordial relations and work towards a velvet divorce should a referendum produce a “yes” vote. Although Montenegrin government officials have told Crisis Group that they are preparing legislation that would guarantee Serbs from Serbia living in Montenegro all their current rights, there has been no real movement on the issues as yet. There does not appear to be discussion of similar legislation in Belgrade, which is preoccupied with the Kosovo question. This is an area where the EU and some of its member states – notably the Czech Republic and Slovakia – as well as the OSCE could offer valuable technical assistance.

C. INDEPENDENCE CRITERIA

The EU has long had criteria regarding independence for the republics of the former Yugoslavia. An arbitration body, known as the Badinter Commission, was created on 27 August 1991 and issued a number of opinions that served as the legal basis for reaction to the break-up of socialist Yugoslavia. Its Opinion no. 1 of 29 November 1991 stated that the situation involved the dissolution of the Federal Republic and the consequent emergence of its constituent republics as independent states and noted that the process was not yet complete. The rationale was that Yugoslavia lacked a reconstituted federal government that represented the population as a whole, and there was, therefore, no government with the authority to prevent the constituent republics from breaking away. This would in and of itself lead to the disappearance of the Socialist

⁵⁴ Yugoslav 1991 Census, Montenegrin Republic 2003 Census.

⁵⁵ See “Javno Mnjenje Crne Gore”, op. cit.

⁵⁶ “Odvajanje Crne Gore opasno”, B92, 7 May 2005.

Federal Republic.⁵⁷ Opinion no. 8 of 4 July 1992 affirmed that “the dissolution of a State means that it no longer has legal personality”.

European foreign ministers met in Brussels on 16 December 1991 and issued a “Declaration on the Guidelines on the Recognition of the New States in Eastern Europe and in the Soviet Union”, which was accompanied by a “Declaration on Yugoslavia” that introduced a process for republics of the Socialist Federal Republic of Yugoslavia (SFRY) to apply for recognition.⁵⁸ The Milosevic-loyalist government of Montenegro installed in the January 1989 coup declined to submit such an application but it noted on 24 December 1991 that:

“By the decision of the Berlin Congress of 1878 the then great powers unanimously recognised the independence and sovereignty of Montenegro.... When Montenegro, upon unification became part of Yugoslavia, the sovereignty and international personality of Montenegro did not cease to exist, but became part of the sovereignty of the new state. In case Yugoslavia disunited and ceased to exist as an international entity, the independence and sovereignty of Montenegro continue their existence in their original form and substance.”⁵⁹

In other words, Montenegro reserved the right to secede at a later date should it so decide, contingent on whether Yugoslavia ceased to exist as an international entity, as did happen later in the decade. Notably Montenegro also claimed the right to reclaim its international legal personality should circumstances warrant.

Montenegro's right to secede was reasserted in the Belgrade Agreement, which states: “After a period of three years, the member-states have the right to initiate a procedure to change the statehood status or to leave the union of states.” However, that document sets some obstacles before Montenegro that were not faced by other republics of the old Yugoslavia. The text is slanted in favour of Serbia. It provides that: “In the event that Montenegro leaves the union of states, the international documents relating to the FRY... would relate in their entirety to Serbia as successor”. There is no corresponding provision favouring Montenegro in the event Serbia leaves. Moreover, the agreement adds that: “A member-

state that avails itself of that right does not inherit any right to subjectivity under international law, and all contestable issues shall be regulated separately between the successor state and the newly created state”. In other words, if Montenegro secedes, Serbia would retain its international personality as Serbia (not the State Union or Yugoslavia), while Montenegro would have to reassert and gain international recognition for its international personality, presumably in part at least by negotiating Serbia's acceptance.

The U.S. has a more hands-off approach. Its ambassador to Serbia and Montenegro has stated publicly that Washington will take no position on Montenegrin independence, which it regards as purely an internal matter to be worked out in accordance with the Constitutional Charter.⁶⁰

D. REFERENDUM CRITERIA

Perhaps the most contentious issue surrounding a referendum is which criteria should be used. The State Union's Constitutional Charter provides that “laws on a referendum shall be enacted by the member-states, taking into account internationally recognised democratic standards”. The crux of the problem is that there are no widely accepted international standards regarding referendums. EU member states have different criteria, which in most cases do not include a minimum voter turnout.⁶¹

While provisions requiring (as Montenegro's current law does) a turnout of over 50 per cent for a referendum to be valid are not uncommon, thresholds specifying that the vote in favour must exceed a particular proportion of the total electorate are much rarer. Such a provision did apply to the 1979 referendums in Scotland and Wales on creating devolved (autonomous) governments, which required for passage not just a majority of votes cast but also that those in favour should exceed 40 per cent of the eligible electorate. In the event, the vote in favour in Scotland was only 33 percent of the electorate (to 31 per cent against), and the referendum failed. The 40 per cent threshold was widely felt to have been an artificial requirement, intended to prevent devolution from being

⁵⁷ The Badinter Commission's first three Opinions can be found in the *European Journal of International Law*, vol. 3 (1992), pp. 182-185.

⁵⁸ See Roland Rich, “Recognition of States: The Collapse of Yugoslavia and the Soviet Union”, *European Journal of International Law* vol. 4 (1993), pp. 36-65.

⁵⁹ See *ibid.* and *Focus*, Special Issue, Belgrade, 14 January 1992, p.292.

⁶⁰ See for instance Ambassador Michael Polt's interview in *Pobjeda*, 1 December 2005, “Intervju: Majkl K. Polt, Ambasador Sjedinjenih Američkih Država u SCG: ‘Građani Crne Gore treba da odluče o budućnosti svoje države’”.

⁶¹ See the survey in Oonagh Gay, “Thresholds in Referendums”, House of Commons Library Standard Notes, 17 March 2004. Italy does have a 50 per cent turnout criterion (as indeed does Montenegro).

implemented;⁶² the exercise was repeated in 1997 without such a provision, and both Scotland and Wales voted in favour of devolution, which was then implemented.⁶³ (Northern Ireland, by contrast, has the constitutional right to leave the UK and join the Republic of Ireland by a simple majority of those voting, whatever the turnout.) The only current example within the EU of a threshold relating the votes cast in favour to the number eligible to vote is Denmark's requirement for a constitutional amendment to receive approval from 40 per cent of the electorate, the most restrictive provision for constitutional amendment of any EU member state.

Montenegro already has a law on a referendum dating from February 2001; the OSCE's Office for Democratic Institutions and Human Rights (ODIHR) discussed and made recommendations on it in a report of 6 July 2001.⁶⁴ ODIHR endorsed the existing provision that any referendum have a minimum 50 per cent plus 1 voter turnout and further recommended that there be a weighted majority: in other words, that a certain percentage of registered voters must vote in favour of an independence proposal for it to carry.⁶⁵ ODIHR also made a number of other more concrete technical recommendations, but the 2001 referendum law has not been changed to take any of these into account.

The Venice Commission⁶⁶ was asked in late May 2005 by the Parliamentary Assembly of the Council of Europe to provide an expert opinion on international standards applicable to the referendum. The Commission was encouraged by EU officials not to adopt such an opinion too quickly; this is one of the reasons why the opinion is scheduled for adoption at its December rather than its October session.⁶⁷ EU officials assert that they wish to avoid a situation in which Montenegro calls a referendum

whose results might not be recognised by Belgrade or by the domestic opposition, and that they seek to ensure that any referendum is carried out in accordance with European standards.⁶⁸ However, their actions are perceived in Montenegro as an attempt to delay the referendum by not giving the government sufficient time to comply with recommendations and to create the prospect of questioning its legitimacy if the government does not implement the recommendations.

Another contentious question derives from the Montenegrin Constitution, which on some interpretations requires an affirmative vote from two thirds of the parliamentary deputies to implement any referendum result.⁶⁹ This would enable the opposition to negate a positive referendum result, no matter how many "yes" ballots there were.

A final question concerns who has the right to vote. There are a large number of Montenegrins in Serbia, many of whom were born there or have lived there most of their lives. In an effort to derail a referendum, Kostunica on 16 June 2005 visited Commissioner Rehn in Brussels to hand over a list of 264,000 Montenegrin citizens in Serbia, who, he said, should have the right to vote in an independence referendum. The European Commission did not respond to the list. However, State Union President Svetozar Marovic accused Kostunica of creating an ethnic divide and raising tensions between the republics.⁷⁰ Montenegrin authorities also reacted strongly, and a number of articles appeared criticising Kostunica and asserting that the creation of the list by the Serbian Interior Ministry harkened back to the Communist era. The largest association of Montenegrins in Serbia also reacted negatively, writing to the Venice Commission to express fear they would be subject to discrimination and possibly lose voting rights inside Serbia.⁷¹

While Kostunica's approach was rather ham-handed, the issue is important. Under the current laws and practices of the two republics, a person votes in the municipality where he/she is registered as residing. This means that any Montenegrin who has legally established residence in Serbia may vote in Serbian elections, and most do,

⁶² See, among many other sources, David Denver, James Mitchell, Hugh M Bochel, and Charles Pattie, *Scotland Decides: The Devolution Issue and the 1997 Referendum* (Frank Cass, 2000), pp. 15-24. In Wales, the 1979 devolution proposals were rejected by 80 per cent of those voting.

⁶³ The affirmative vote in Wales was less than 51 per cent, as was turnout.

⁶⁴ A further ODIHR report of 5 November 2001 discussed a new draft referendum law which was ultimately never enacted.

⁶⁵ ODIHR's recommendations on the weighted majority question were unclear, references being made to obsolete provisions of Danish law, to threshold requirements in various U.S. Pacific island territories (which turned out to be unworkable) and to a draft provision (which was not included in the final document) of the 2001 Bougainville peace agreement.

⁶⁶ The Venice Commission is the popular name for the European Commission for Democracy through Law, the constitutional law wing of the Council of Europe.

⁶⁷ Crisis Group interviews with international officials, Brussels, October 2005.

⁶⁸ Crisis Group interview with a Council official, Brussels, November 2005.

⁶⁹ Article 2 of the constitution states that a referendum is valid if passed by a popular vote in which 50 per cent plus 1 of the electorate votes. But Articles 117-119 seem to suggest that a two thirds parliamentary majority might be necessary to implement a referendum result. A Montenegrin Constitutional Court decision of 26 February 2002 has already overruled the two thirds provision.

⁷⁰ "Kostunicina balkanska pravila", B92, 18 June 2005.

⁷¹ Open letter of the Association "Krstas", 7 November 2005, widely circulated at the time and available on their website <http://www.geocities.com/udruzenjecnogoraca>.

including in Serbian referendums.⁷² The same applies to individuals from Serbia living in Montenegro. Some Montenegrins in Serbia have maintained residency and voting rights in Montenegro, even though they live in Serbia, while most have, for all intents and purposes, settled in Serbia and live as Serbian citizens (dual residency and citizenship are not allowed). In any event, at present residents of Serbia and Montenegro vote in the republic in which they are registered, so Montenegrins in Serbia cannot vote in a Montenegrin referendum under current arrangements (though citizens of Serbia with residence in Montenegro can). The Venice Commission is unlikely to suggest any change in these arrangements.⁷³

A final twist was introduced by the Montenegrin government's suggestion on 18 November 2005 that, while it still plans to hold the referendum in April 2006, the implementation of independence, if approved in a referendum, could be delayed, at the EU's request, if that would help with the resolution of Kosovo's status.⁷⁴

VI. EU POLICY AND REGIONAL SECURITY

A. WILL MONTENEGRIN INDEPENDENCE BE A FORCE FOR INSTABILITY?

The European Union and the international community as a whole have a natural preference to avoid the creation of new states. Sometimes this can lead to grievous mistakes, most notably in this region when U.S. and EU efforts to prevent the breakup of Yugoslavia in 1990-1991 were interpreted by hard-liners in Belgrade as a green light for the use of the army to intervene in Slovenia and Croatia.⁷⁵

Following Milosevic's overthrow, Western concerns about Montenegrin independence typically have focused on a number of potential consequences. First, given the domestic strength of opposition to independence, particularly in certain areas, it is feared that such a step might have destabilising consequences for the republic and could even lead to violent conflict. Secondly, there is concern that it might undermine the fragile development of democracy within Serbia. Thirdly, it is suggested that it would complicate efforts to resolve the status of Kosovo and might lead to unilateral steps by Kosovo Albanian leaders to confirm the province's independence. Fourthly, it has been feared that Montenegrin independence could produce a "domino effect", in which first Kosovo, and then Macedonia and Bosnia and Herzegovina would suffer negative consequences. The most specific concern has been that precipitate moves towards Montenegrin independence would encourage separatism among Macedonia's large Albanian minority and among the Serbs of the Republika Srpska in Bosnia and Herzegovina.

However, the Balkans have changed in the last five years, and the threats to regional security and stability are no longer the same. First and most noticeably, the "domino effect" is no longer a genuine issue. **Bosnia and Herzegovina** – although still fragile – is for the first time since 1995 seeing significant progress in its internal politics, with Bosnian politicians beginning to shoulder some of the responsibility for change, as opposed to shrugging it off onto the international community. Their recent agreements on police and state-level constitutional reforms suggest they have concluded that the stakes for European integration are too high to continue digging in their heels on the nationalist agenda.

⁷² In a similar provision, Irish citizens have been able to vote in British parliamentary elections since Irish independence in 1922; the favour was reciprocated recently.

⁷³ The stakes were further raised on 2 December, when the Serbian government's Ministry for State Management and Local Self-Management posted a legal interpretation on its web site suggesting that 263,984 persons of Montenegrin origin currently on Serbian electoral registers could be disenfranchised unilaterally by the Serbian government if Montenegro went ahead with a referendum. It also asserted that these individuals should therefore be permitted to vote in Montenegro's referendum so as not to be deprived of their voting rights. This legal interpretation may be found at <http://www.mpalsg.sr.gov.yu/sr/?lang=cirilica>.

⁷⁴ "Paroubek: Đukanović spreman da odloži proglašenje nezavisnosti," *MNNews*, 17 November 2005. Government press agency statement, 18 November; see also government adviser Slavica Milacic's interview with Radio Free Europe, 19 November.

⁷⁵ See in particular the then U.S. Ambassador in Belgrade, Warren Zimmerman, *Origins of a Catastrophe: Yugoslavia and its Destroyers* (1996, revised 1999).

Most importantly, there is no direct parallel between Montenegro and the Serb-inhabited areas of Bosnia. Montenegro's right to self-determination was recognised by the Badinter Commission and again in the Belgrade Agreement (and the Constitutional Charter). The Republika Srpska was founded on genocide and ethnic cleansing; although it was legitimised as a sub-state entity by the 1995 Dayton Peace Agreement, it has no justifiable claim to equivalence with Montenegro as a potential sovereign state.

Any linkage between their fates is vigorously rejected by both **Kosovo** and Montenegro. At the time the State Union was brokered, the international community did not have a consensus on how to deal with Kosovo's final status. That consensus has now been reached, at least on process: the United Nations has appointed a special envoy, the former Finnish president, Martti Ahtisaari,⁷⁶ to guide it. Kosovo Albanian leaders have committed to full participation in this process and are unlikely to be distracted by any developments in Montenegro.

Similarly, **Macedonia** is quite different from what it was when conflict broke out in 2001 and had to be contained by the international community. The country appears to have resolved its internal differences in a manner that will permit it to continue to make progress towards the EU. A positive recommendation from the European Commission on its membership application is on the agenda of the European Council's mid-December meeting. Fears of a "domino effect" from Montenegrin independence no longer stand up to serious scrutiny.

Montenegrin independence is also unlikely to weaken the development of democracy in **Serbia**. Democrats there have had five years to strengthen their position in power but have used the past two years to rehabilitate Milosevic's legacy and to empower the parties of the old regime, the SPS and SRS. That trend is a serious one that deserves more international attention but it is not fuelled by Montenegrin independence.

The EU no longer seems to be of one mind on the importance of preserving the State Union. While some member states back Solana's cautious approach toward a Montenegrin referendum, others have established good relations with Montenegro and appear to have no problems with the concept of its independence. Fifteen countries – eight of whom are member states and three of whom are EU candidates – have a diplomatic presence in Montenegro.⁷⁷

In order to reach a consensus, the EU should examine carefully the security concerns facing Montenegro and the region, many of which are exacerbated by the State Union. It has postulated from the beginning that the State Union increases regional stability. This has been based on the premises that Serbia is a key factor in maintaining such stability and that the dissolution of the State Union would weaken it. Whatever the theoretical validity of such an analysis, it needs to be weighed against the fact that for sixteen years Serbia has been the leading factor producing regional instability and indeed open conflict, and that its unresolved territorial ambitions in Kosovo, Bosnia, and Montenegro prolong that state of affairs.

For Serbia to become a factor for regional stability, it will need to define its borders and concentrate harder on fixing its own problems, while repairing damaged relations with its neighbours. This is likely to happen only when it turns its attention away from Kosovo, Montenegro and Bosnia. This cannot realistically be anticipated until the status of both Kosovo and Montenegro has been definitively resolved.

Some forces in Belgrade are playing the familiar role of catalyst for instability by encouraging the pro-Union opposition not only to boycott a referendum but to resort to street demonstrations and protests to prevent it from being held.⁷⁸ To the extent that the EU does not make clear that it would at least accept a decision for independence should that be the expressed will of Montenegro's voters, it risks inadvertently giving a touch of plausibility to the hope of some in the pro-Union camp that even violent actions that prevented a break-up might be condoned. By no means is a lack of violence a forgone conclusion. Although the Defence Minister, Zoran Stankovic, stated unequivocally on 26 November that the army would not interfere with the referendum in Montenegro in any way, he also said that there are some "perfidious attempts [from unnamed quarters] for it to be pulled into a conflict in Montenegro."⁷⁹ The Army of Serbia and Montenegro (formerly the Army of Yugoslavia) has a track record over the past fifteen years of acting outside of the constitutional framework and ignoring the orders of civilian politicians. The EU and NATO could also go a considerable way toward heading off any Serb nationalist-generated instability by simply stating that they will not tolerate

Germany, the UK and Hungary maintain more vaguely defined representation offices. The Austrians and Hungarians share the same building, leading a local wit to comment that he eagerly anticipates an Ottoman consulate next door.

⁷⁸ Crisis Group interviews with Andrija Mandic and Dragan Soc, November 2005.

⁷⁹ Interviewed in the Montenegrin daily *Pobjeda*, "Vojska neće uticati na referendumski proces u Crnoj Gori," 27 November 2005.

⁷⁶ Ahtisaari is also a former Chair of Crisis Group.

⁷⁷ Bulgaria, China, Croatia, Greece, Italy, Macedonia, Romania, Russia, Slovenia and the U.S. have consulates. Austria, France,

any violence and encouraging the opposition to talk with the government about the referendum.

B. WILL MONTENEGRIN INDEPENDENCE AID ORGANISED CRIME?

One of the EU's greatest worries regarding Montenegrin independence is that it is a corrupt, criminal entity that derives revenues by engaging in cross-border organised crime. During the war and international sanctions of the 1991-2000 period, the smuggling through Montenegro of cigarettes and other items such as stolen vehicles flourished, as it did in almost all the republics of the former Yugoslavia. As in many of the other republics, this continued after the war, distorting economic development and political life.⁸⁰ Allegations have touched the highest levels of Montenegro's government. Since the late 1990s there have been repeated reports in the Italian media about smuggling, describing Montenegro as a key transit route for cigarettes destined for Italy. Prime Minister Djukanovic's possible involvement has been officially investigated, and some individuals thought to be close to him were indicted. Although he himself was not indicted, he has admitted publicly and privately that Montenegro was used as a transit point by organised crime during the sanctions period.⁸¹

There is no doubt that smuggling through Montenegro, with the acquiescence of the authorities, occurred on a significant scale for many years during the 1990s, as it did in all Montenegro's neighbours. The fact that stolen vehicles could be registered without questions asked as to origin was strongly suggestive of official complicity. The West looked leniently upon such activities as long as it supported Djukanovic against Milosevic. Accusations of corruption were given prominence only after the fall of Milosevic and as the international community turned against independence aspirations.

What many in the West have not noted in recent years is that Djukanovic and his government appear to have taken steps to stop the smuggling rackets and crack down on the grey economy.⁸² Notably, the activities of speedboats that had plied their trade across the Adriatic to Italy have been drastically reduced. The authorities have actively cooperated with the Italian police against Italian criminals who sought refuge in Montenegro. The trade in stolen vehicles no longer receives official sanction: people in

Serbia who had grown used to the illegal import of cars through Montenegro complain of stiffer regulations that make it easier to bring them into Serbia directly. The government seems to have recognised that it is in Montenegro's interest to bring more of the grey economy into the legal sector and to end its image as a crime haven. Another step in that direction was the move, in 2002, to end Montenegro's status as an offshore banking centre.⁸³

Even at its height, Montenegrin involvement with organised crime was never a unilateral matter. The significant role played by Belgrade, which continuously used Montenegro as a transit point for smuggling, is often overlooked. Much of the cigarette smuggling that so angered the Italian government during the 1990s, for example, was directed out of Belgrade, at the highest levels of Serbian State Security (DB). The army also had an important part, smuggling weapons to Iraq and other countries under UN embargo,⁸⁴ as well as illegal immigrants to Europe.⁸⁵ The State Union arrangement permitted both these organisations to continue using Montenegro as a transit point. The army in particular enjoys immunity that makes it nearly untouchable by Montenegrin authorities.

Montenegro today appears to have no greater incidence of organised crime or other corruption than its neighbours, Bosnia, Kosovo and Serbia, where high-level officials have engaged in and in some instances currently seem to be engaged in organised crime activities. The Montenegrin authorities appear for the most part to be taking EU concerns on crime seriously. The government – with the help of partners such as the UN Development Programme (UNDP) – is working on an anti-corruption strategy. If Montenegro becomes independent, there could well be a further drop in the organised crime spilling out of Montenegro because the government would finally be able to cut off illegal activities being run under cover of State Union institutions such as the army.

C. THE ARMY-CHURCH AXIS

Serbian appetite for territory remains a significant regional problem. Today, the main driving force behind this seems to be the Serbian Orthodox Church, which receives considerable sympathy and logistical support within the Army. The Church's hostile attitude toward the EU and European integration has not been grossly exaggerated

⁸⁰ Crisis Group interview with Milo Djukanovic, November 2005.

⁸¹ Crisis Group interview with Milo Djukanovic, November 2005.

⁸² On measures against the grey economy, see "Closing Down Smugglers' Paradise", IWPR, 24 August 2001.

⁸³ See "Montenegro: 'US Pressure' Led to Offshore Bank Blow", IWPR, 18 July 2002.

⁸⁴ *Jane's Intelligence Review*, 1 January 2003.

⁸⁵ In an August 2000 instance, the Montenegrin police stopped an army truck full of Chinese illegal immigrants destined for Western Europe, <http://www.danas.org/vijesti/2000/08/20000824162022.asp>.

by the retired but still highly influential and politically active Bishop Atanasije Jevtic, who said that Europe came to the Balkans in tanks in 1914, 1941, and 1999, brought the world gas chambers and communism, and has been treating the Serbs like Kurds and Iraqis. Serbia, he said, fought for 200 years to free itself from Europe and looks to the east for its future.⁸⁶

As is the case with most Orthodox Churches in their homelands, the Serbian Orthodox Church often acts as an arm of the Serbian state in an effort to create an “ethnos”, an ethnically pure state of Orthodox Serbs. It considers itself the preserver of Serbdom under Turkish rule, and it holds a unique position in Serbia’s modern political life. Many politicians – including Premier Kostunica and other ministers – frequently consult the Church hierarchy before important decisions. The government frequently includes Church representatives on important state bodies, particularly those dealing with Kosovo. Serbia’s Minister of Religion, Milan Radulovic, has stated publicly that the Church must consent to the construction of houses of worship of other denominations.⁸⁷

The Church’s attitudes are often anti-Western, isolationist and defensive. During the wars over the dissolution of the former Yugoslavia, it took extremist positions, turning a blind eye to ethnic cleansing and in some cases justifying it; it has never distanced itself from, let alone apologised for, its statements from that time.⁸⁸ Even today, priests are often associated with hate-speech attacking other nationalities, and the Church categorises most other Christian denominations as sects.⁸⁹ Much of its current thinking derives from the writings of two anti-Semitic clerics active during the Second World War: the recently canonised Bishop Nikolaj Velimirovic, who received a civil decoration from Adolf Hitler,⁹⁰ and Archimandrite Justin Popovic, who taught anti-European attitudes in a manner reminiscent of Russia’s Slavophile movement.⁹¹

The Serbian Church in Montenegro is headed by the controversial Bishop Amfilohije Radovic, who openly uses it as a political institution. Amfilohije has been closely linked to Radovan Karadzic and his family, and has

frequently been accused in the Montenegrin, Bosnian and Serbian press of harbouring him at the Ostrog monastery. At her funeral in May 2005, he likened Karadzic’s mother to the mothers of mythical heroes from Serbia’s medieval past.⁹² Amfilohije also delivered a nationalist eulogy at the funeral of Zoran Djindjic, which shocked those present by implying the assassinated Serbian premier was a traitor who got what he deserved.⁹³ He takes a strong stand against Montenegrin independence, and his Church has organised numerous meetings, both religious and secular, against independence,⁹⁴ in contrast to the Islamic community, which has declared the issue political, not spiritual, and remained neutral.

In June 2005 an army helicopter airlifted a prefabricated metal Orthodox chapel to the top of Mt. Rumija in Montenegro, a site holy to Orthodox, Catholic and Muslims alike. The Church had not received permission to place the chapel on the site – which is public land – and the army failed to follow legal provisions by consulting with State Union President Svetozar Marovic. Its involvement in what the Montenegrin government viewed as a blatantly nationalist provocation has never been explained, though it helped cost Defence Minister Prvoslav Davinic his job. The incident has raised tensions among Montenegro’s ethnic groups and particularly angered the Albanians, Bosniaks and Croats, who view the chapel as a territorial marker for Great Serbia. Amfilohije said officials who called for removal of the chapel were possessed of a “demonic spirit” and could be considered “Turkish occupation forces”.⁹⁵ In spite of Podgorica’s order to remove the chapel, it remains, due to Church opposition and the lack of a capable Montenegrin government helicopter.

A well-connected Serbian opposition politician has charged that, similar to Croatia in 1991 and Bosnia in 1992, Serbian nationalist elements within that republic’s government, security forces and army are preparing the creation of a Serbian Autonomous Region in the event an independence referendum succeeds, and that the Church is involved in this planning.⁹⁶ The army appears to have approximately 8,700 troops (including naval and air forces) stationed inside Montenegro.⁹⁷ Most commanders are new since Milosevic’s overthrow, vetted by the Montenegrin government through the State Union’s Supreme Defence Council and thought to pose no security

⁸⁶ “Duhovna akademija”, povodom stogodisnjice Prvog srpskog ustanka, B92, 14 February 2004.

⁸⁷ “Ministar Radulovic: Potrebna saglasnost SPC”, *Danas*, 10 August 2005.

⁸⁸ “Srpska pravoslavna crkva, patrijarha i rat”, in *Zene za mir* (Belgrade, 2002), p. 199.

⁸⁹ Crisis Group interviews with civil rights activists in Serbia, 2003-2005. See also “Fasizm i neofasizm danas”, in *Zene za mir* (Belgrade, 2002), p. 144.

⁹⁰ See Ljubica Stefan’s *Fairy Tale to Holocaust* (Zagreb, 1993).

⁹¹ “Dva lica Srbije: Cena otetih godina”, *Vreme*, 13 December 2001. See also “Srpska pravoslavna crkva, patrijarha i rat”, in *Zene za mir* (Belgrade, 2002), p. 199.

⁹² “Opelo majci Karadzica”, *Danas*, 9 May 2005.

⁹³ “Amfilohije Radović: ko se mača maši, od mača će i poginuti”, *FoNet*, 15 March 2003.

⁹⁴ “Odvajanje Crne Gore opasno”, B92, 7 May 2005.

⁹⁵ “Amfilohije: Demonski duh”, B92, 25 July 2005; “Rumija - provokacija, okupacija...”, B92, 28 July 2005.

⁹⁶ “Sprema se SAO Crna Gora”, B92, 14 August 2005.

⁹⁷ Crisis Group interview with Boro Banovic, November 2005

threat. As mentioned above, State Union Defence Minister Zoran Stankovic has stated that the army will not interfere in a referendum, and Montenegrin officials confirm there is no reason to believe they would leave their barracks in the event of increased tensions surrounding the referendum. However, according to sources inside the Montenegrin government, army intelligence (KOS) is still active, monitoring and eavesdropping on Montenegrin politicians and giving logistical support and information to both the opposition and the Church.

Under Amfilohije, the Church has defaced numerous buildings listed as protected historical monuments by the Montenegrin government, largely because the predominantly Romanesque architecture and decorations of the medieval churches do not fit its pro-Byzantine ideology.⁹⁸ This typically takes the form of illegal modifications to “Byzantize” the structures. Several dozen sacral buildings have been affected, causing the government to bring criminal charges against Abbot Filaret of the Mileseva Monastery for defacing church buildings.

The Serbian Church, which accepted the defection from the Macedonian Orthodox Church of the Bishop of Veles in mid-2002, refuses to recognise an independent orthodox organisation in Montenegro. The more liberal autocephalous churches, particularly the Ecumenical Patriarchate of Constantinople, but also the Romanian Orthodox Church, should engage with those who are reluctant to adapt Church structures and practices dating from Ottoman and Communist times to the modern world.

VII. CONCLUSION

The State Union of Serbia and Montenegro has proved to be a dysfunctional construct that has added to the risks of instability in the Western Balkans. While there are various and not always consistent strands to EU policy, the efforts of High Representative Solana in particular continue to be directed at maintaining the State Union, though there are no indications that its flaws can be remedied and it can be made more acceptable to either of its constituent parts. Given the deadlines that are inherent in both the Montenegrin independence referendum and Kosovo issues, the EU should urgently seek to develop a consensus policy. Its basic elements should include non-interference in internal Montenegrin decision-making processes; engagement over the possibility of an independence referendum that meets reasonable international standards with the government and opposition, without favouritism to either side; and declared willingness to accept the results of such a referendum.

At the same time, the EU should focus on the root causes of instability in the region: Kosovo’s unresolved status and Serbia’s unresolved borders. Attempting to keep Montenegro in the State Union in the event its citizens declare themselves opposed would distract from the concentration the former issue requires and make it less likely that Serbia will finally turn inward to deal with its own myriad problems so that the Milosevic era can be put to rest and Belgrade can become the key component of a stable Western Balkans that all wish it to be.

Belgrade/Podgorica/Brussels, 7 December 2005

⁹⁸ “Izvještaj o stanju nepokretne kulturne baštine u Crnoj Gori,” Montenegrin Ministry of Culture.

APPENDIX B

GLOSSARY OF ABBREVIATIONS AND ACRONYMS

BIA	(Serbian) State Security Agency
DB	former name for Serbian state security
DOS	Democratic Opposition of Serbia
DPS	Democratic Party of Socialists (largest party in ruling coalition)
DSCG	Democratic Alliance in Montenegro (ethnic Albanian political party in Montenegro)
DSS	Democratic Serbian Party (political party in Montenegro)
DUA	Democratic Union of Albanians (political party in Montenegro)
EU	European Union
FRY	Federal Republic of Yugoslavia (1992-2003)
G17+	Serbian political party
GDP	Gross Domestic Product
GP	Civic Party (political party in Montenegro)
ICTY	International Criminal Tribunal for the Former Yugoslavia, in The Hague
IMF	International Monetary Fund
LPCG	Liberal Party of Montenegro
LSCG	Liberal Union of Montenegro (political party in Montenegro)
NATO	North Atlantic Treaty Organisation
NS	Peoples Party (political party in Montenegro)
ODIHR	Office for Democratic Institutions and Human Rights (of the OSCE)
OSCE	Organisation for Security and Cooperation in Europe
SAA	Stabilisation and Association Agreement
SDP	Social Democratic Party (smaller member of government coalition)
SFRY	Socialist Federal Republic of Yugoslavia (pre-1992)
SNP	Socialist People's Party (largest opposition party in Montenegro)
SNS	the Serbian People's Party (political party in Montenegro)
SPS	Socialist Party of Serbia
SRS	Serbian Radical Party
U.S.	United States of America
UK	United Kingdom
UN	United Nations
UNDP	UN Development Program
UNMIK	UN Mission in Kosovo

APPENDIX C

ABOUT THE INTERNATIONAL CRISIS GROUP

The International Crisis Group (Crisis Group) is an independent, non-profit, non-governmental organisation, with over 110 staff members on five continents, working through field-based analysis and high-level advocacy to prevent and resolve deadly conflict.

Crisis Group's approach is grounded in field research. Teams of political analysts are located within or close by countries at risk of outbreak, escalation or recurrence of violent conflict. Based on information and assessments from the field, it produces analytical reports containing practical recommendations targeted at key international decision-takers. Crisis Group also publishes *CrisisWatch*, a twelve-page monthly bulletin, providing a succinct regular update on the state of play in all the most significant situations of conflict or potential conflict around the world.

Crisis Group's reports and briefing papers are distributed widely by email and printed copy to officials in foreign ministries and international organisations and made available simultaneously on the website, www.crisisgroup.org. Crisis Group works closely with governments and those who influence them, including the media, to highlight its crisis analyses and to generate support for its policy prescriptions.

The Crisis Group Board -- which includes prominent figures from the fields of politics, diplomacy, business and the media -- is directly involved in helping to bring the reports and recommendations to the attention of senior policy-makers around the world. Crisis Group is chaired by Lord Patten of Barnes, former European Commissioner for External Relations. President and Chief Executive since January 2000 is former Australian Foreign Minister Gareth Evans.

Crisis Group's international headquarters are in Brussels, with advocacy offices in Washington DC (where it is based as a legal entity), New York, London and Moscow. The organisation currently operates fifteen field offices (in Amman, Belgrade, Bishkek, Dakar, Dushanbe, Islamabad, Jakarta, Kabul, Nairobi, Pretoria, Pristina, Quito, Seoul, Skopje and Tbilisi), with analysts working in over 50 crisis-affected countries and territories across four continents. In Africa, this includes Angola, Burundi, Côte d'Ivoire, Democratic Republic of the Congo, Eritrea, Ethiopia, Guinea, Liberia, Rwanda, the Sahel region, Sierra Leone, Somalia, Sudan, Uganda and Zimbabwe; in Asia, Afghanistan, Indonesia, Kashmir, Kazakhstan,

Kyrgyzstan, Myanmar/Burma, Nepal, North Korea, Pakistan, Tajikistan, Turkmenistan and Uzbekistan; in Europe, Albania, Armenia, Azerbaijan, Bosnia and Herzegovina, Georgia, Kosovo, Macedonia, Moldova, Montenegro and Serbia; in the Middle East, the whole region from North Africa to Iran; and in Latin America, Colombia, the Andean region and Haiti.

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December 2005

APPENDIX D

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