



# U.S.-MONTENEGRIN POLICY FORUM

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## IS BRUSSELS BLACKMAILING BELGRADE?

Janusz Bugajski

**F**ollowing the election of the moderate Serbian President Boris Tadic, European Union (EU) spokesmen have evidently decided to hinder Serbia's progress by placing new conditions on its qualifications for European integration. Commenting on Tadic's election, the head of the European Commission's delegation in Serbia and Montenegro, Geoffrey Barrett, warned that Belgrade will not only have to cooperate with the Hague-based war crimes tribunal but also make certain that the artificial state of Serbia and Montenegro functions effectively.

Barrett's threatening statement that the EU "will not support the separation of Serbia and Montenegro" amounts to blatant interference in Serbia's and Montenegro's internal affairs and is a direct challenge to democratic procedures. Either Barrett is out of touch with reality and does not understand the commitment of both Belgrade and Podgorica to European integration, in which case he should be replaced, or he is simply voicing the views of his superiors in Brussels.

If indeed the EU's foreign and security policy chief Javier Solana and his entourage continue to hold archaic positions on the relationship between Serbia and Montenegro, they will in effect be creating new obstacles for the entry of both republics into the Union. Instead of providing a vision and timetable for membership for each aspiring state, Brussels will in practice be contributing to the region's instability and uncertainty by insisting on preserving a failed federal state.

Montenegro decided to be patient by waiting for three years, as stipulated by the EU-sponsored agreement, before proceeding with its referendum on independence. Unfortunately, since the shotgun marriage arranged by Solana, the progress of both republics toward political normalcy, economic development, and international integration is hindered by certain ambitious officials in Brussels who may aspire to be little Titos. They stubbornly fail to grasp that the unraveling of Yugoslavia needs to be completed before each new entity can embark on the difficult but necessary path toward NATO and EU accession.

The use of political threats, economic weapons, and membership blackmail by some EU representatives against the democratically elected leaders in both Serbia and Montenegro undermines the principles of European democracy that they are supposed to uphold. Solana and company were not elected by popular mandate and they do not speak on behalf of any state in the Union.

Barrett and his superiors should listen more closely to the views of Serbia's democratic reformers. Most recently, Serbian Deputy Prime Minister Miroslav Labus from the reformist G-17 Plus political party asserted that attempts to "harmonize" the markets of Serbia and Montenegro in a joint state have failed. According to Labus, the only practical solution is to dissolve the Union and allow each republic to seek European integration by itself.

In a recent interview for Radio Free Europe, Labus recalled that each country in the western Balkans has been told repeatedly by Brussels that it alone can determine the pace of its European integration. Hence, the time has come for both Serbia and Montenegro to take their futures into their own respective hands.

The time has also come for EU officials dealing with the Western Balkan region to be consistent, constructive, and future-oriented. The only pity is that the public cannot vote them out of office when they fail to deliver on their promises and mandates. Instead, they are able to deflect the blame on to the objects of their experiments. Maybe it is time for Montenegrin and Serbian leaders to establish a joint front to dissolve the artificial and wasteful Union and to cooperate as genuine neighbors on the road to NATO and EU integration. Moreover, if certain EU officials do not value the principles of electoral democracy, then it is high time for the United States to step in and uphold what is so often trumpeted as "our common values."

## MONTENEGRO'S ECONOMIC BOUNCE

William Sullivan

The Union of Serbia-Montenegro remains in economic limbo. But the official numbers belie one important fact: the junior Union member is actually coming on quite strong.

Serbia-Montenegro officially saw increases in its current account deficit in the first quarter of 2004. Industrial output continues to contract, with the government taking measures to slow an exodus of capital from the Union, and GDP growth continues to plod along in the 1 percent range. Meanwhile, Serbian leaders continue to ostracize themselves from the EU by failing to extradite indicted war criminals to The Hague, thus setting the stage for further economic decline. The usefulness of official statistics in evaluating the Montenegrin part of the Union economy is dubious, as the figures are dominated by Serbian economic travails and obscure Montenegro's specific achievements.

Also, conventional assessment approaches are less applicable to Montenegro than they are to more developed economies. Mature economies, such as the U.S. and Western Europe, rely upon figures such as industrial output and wages to gauge the direction of their economies. But such assessment methods are less effective when applied to a state that is slowly emerging from a prolonged period of stagnation. Conventional assessments center on old and often inefficient state-run companies, while ignoring the newer and increasingly significant industries that have blossomed.

According to the European Agency for Reconstruction, retail, catering, and tourism are driving economic development in Montenegro at a much faster rate than official indicators suggest. And along with high to moderate inflation rates for the past three years, the Agency suggests, the Montenegrin economy is actually growing at a positive rate of a few percentage points.

Recognizing the private sector as key to future economic prosperity, the Montenegrin government is dedicating resources to refurbishing the nation's public infrastructure and to upgrading its water supply and waste management systems, particularly in tourist destinations. The aim, as mapped out in a 9 July speech by Montenegrin Deputy Prime Minister Branimir Gvozdenovic, is to attract foreign investment and to increase tourism.

And foreign interest is already gathering. According to the World Travel & Tourism Council, Montenegro is soon expected to be the fastest-growing travel and tourism economy in the world. In a report released in March 2004, the Council estimated real growth in Montenegro at 10.3 percent, a figure that the Council also forecasted as the state's ten-year annualized growth rate for 2005-2014. Near-term, tourism is expected to grow by EUR322.6 million in 2004—an 8.2 percent increase—with the tourism industry accounting for 14.8 percent of Montenegrin GDP by the end of the year.

Yet while tourism is clearly a key focus, the government is also taking proactive measures to revitalize and westernize its industrial behemoths. The Montenegrin Privatization Council, for example, persists in its efforts to privatize KAP Aluminum, by far Montenegro's largest industrial company. Such steps will not only encourage further transparency in Montenegro's core industrial sector, but will help to streamline operations while further spurring foreign direct investment in the economy.

When viewed independently of Serbia, Montenegro is clearly making strides. The state is evidently on a positive growth track and has also proven its ability to avert hyperinflation: Inflation was in the 6 percent range for the 2003 fiscal year, down from the mid-20 percent range in 2001 and 2002. Montenegro is also taking a page out of neighboring Croatia's playbook, a country that is now a candidate for the EU. It is capitalizing on its natural resources and appealing to the West for assistance.

## “BRIGHT DAWN” FOR MONTENEGRO

Montenegro's parliament approved new national symbols, which underscore the Republic's long history and rich culture. The national anthem will be “Oj, svijetla majska zoro” (O, Bright May Dawn) and the current red, blue and white flag has been replaced with a red one with a golden coat of arms from the Petrovic Dynasty set in the centre. The national day has been set for 13 July, which marks the date in 1878 when the Berlin Congress recognized Montenegro as the 27<sup>th</sup> independent state in the world. Both Parliament Speaker Ranko Krivokapic and Prime Minister Milo Djukanovic argued that the significance of the adoption of national symbols is that Montenegro is set on an irrevocable road toward regaining independence.

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