

EASTWEST INSTITUTE
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**«THE FUTURE OF THE FEDERAL REPUBLIC OF YUGOSLAVIA IN
THE CONTEXT OF THE POST-WAR RECONSTRUCTION»**

**A Conference Organised by the EastWest Institute
&
Co-sponsored by the Ministry of Foreign Affairs of Slovakia
Bratislava – July 21-22, 1999**

DRAFT

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SUMMARY

Following a flurry of international conferences and meetings on the question of Kosovo, the EWI conference in Bratislava was one of the first to raise the issue of the future of Yugoslavia, one of the main players in South Eastern Europe.

1. Isolation vs. engagement

The situation in the FR of Yugoslavia is expected to remain critical over the coming months, with Slobodan Milosevic not being likely to loosen his grip on power. Many voices from within Yugoslavia even speak of a serious risk of either **civil war** or of a **'fascist' coup** by forces close to V. Seselj. The upcoming winter and expected shortages of gas and fuel are likewise going to pose tough challenges.

Although the international community still insists on isolating the Yugoslav regime by maintaining sanctions, representatives of the democratic forces from within Yugoslavia are virtually unanimous in speaking out in favour of **easing the embargo**, stressing that the embargo only serves to strengthen Mr. Milosevic's grip on power.

Maintaining the embargo is therefore gradually becoming indefensible and an acceptable way has to be found to overcome the current situation which unduly penalises both the population and the democratic opposition.

It is therefore important to re-engage Yugoslavia. Members of the Yugoslav democratic forces at the conference made several proposals of how to effectively do this, such as by including the FRY at least on paper in fora like the Stability Pact for South East Europe, SECI and by including representatives of the democratic forces in the regional working tables in the quality of observers.

2. Whom to work with ?

If one of the major results of the conference was the need to re-engage Yugoslavia, the question of whom to engage seems more difficult. While representatives of the **democratic forces** would seem the logical partners, reform-minded representatives of the **establishment** should not be completely shut off, possibly by including them in discussion fora and other institutions¹. Members of the **private business community** should likewise be included in order to discuss issues concerning not only Serbia, but also Vojvodina, Montenegro and Kosovo.

3. How to assist the forces of change ?

In order to support the development of democratic forces of change within Yugoslavia, it is necessary to provide them urgently not only with moral and political but more importantly with **financial assistance**. This assistance has to be **quick and unbureaucratic** in order to have an immediate effect.

Another option would be to enlarge the role of the **EU Agency** for the Reconstruction of Kosovo, by extending its mandate to the whole FRY.

A **foundation** modelled on the example of the Carpathian Foundation could be set up with the assistance of institutions like the Mott Foundation, the EU Phare and Obnova programmes etc. with the aim to provide small grants to the forces of change in the FRY.

Moreover, active **Private Sector Development** has to be undertaken to prevent the economy from total collapse.

4. Next steps

At the Bratislava conference it was decided to set up a **Task Force**, one of whose leading members will be Sonja Licht of the Open Society Institute in Belgrade. The task force will be composed of 15 people, of which 10 will be from within Yugoslavia. It will be in charge of guiding the development of a partnership between Yugoslavia and the outside world by drawing the attention of the international community to the situation in Yugoslavia while at the same time assisting the forces of change within the country. Its first meeting is scheduled for the first week of December either in Bled (Slovenia) or Budapest.

5. Outlook

After years of conflict and isolation, Yugoslavia is today on the brink of collapse. Both the regime of Slobodan Milosevic and international sanctions have considerably reduced its role and influence in the region, although it remains still one of the major players in South Eastern Europe. There can be no serious long-term reconstruction and stabilisation of this volatile part of Europe without the active participation of Yugoslavia. The only way of solving the current deadlock is by engaging the country in regional cooperation

¹ NB : Milo Djukanovic, president of Montenegro, originally led a breakaway faction of Milosevic's Socialist Party.

and by encouraging democratic forces within the country to lead Yugoslavia to peace and prosperity.

CONCLUSIONS:

« A New International Partnership with the People of the Federal Republic of Yugoslavia (FRY)»

The goal of this new international partnership is to end the isolation of the people of the FRY and Serbia and to promote the full engagement of the international community² in the process of building democracy, a civil society, prosperity, peace, good neighbourly relations, as well as European integration of the Balkans.

I. Core Principles for both International and FRY/Serbian Partners

This new international partnership must begin immediately. There is little time to waste as winter approaches and general discontent grows within Serbia. The partnership should be **open, transparent, inclusive and welcoming**. It should be founded on a **long-term** vision for a SEE that is peaceful, democratic, prosperous and European. The parties to the partnership should recognise the central importance of culture, education, a change of mentality and the role of youth in the future of society.

This vision of partnership cannot be effectively realised unless it includes The Republic of Serbia. The actions of the partners must be responsive to the perspectives, needs and priorities of the FRY, Serbia and the wider region of SEE – not based on preconceptions imposed from outside.

Overall, the partnership must recognise the realities on the ground in the FRY/Serbia and the realities of the international community. Both sides need to learn how to deal with the extraordinary speed of events and maintain momentum for meaningful change.

II. Action Steps for the New Partnership

It is essential that this new partnership begin to act immediately. It is appropriate to consider two phases in the near-to-mid term:

- **Phase One: Transition to a New Regime**
- **Phase Two: Working with A New Regime to Consolidate Democracy**

A. Phase One: Transition to a New Regime

1. Provision of immediate humanitarian assistance to FRY, including Serbia, under a «liberal» definition of the term
2. Direct support (moral, intellectual, *and financial* to the forces of change in FRY/Serbia. This can be provided through a number of international channels to the following groups in FRY/Serbia:
 - nongovernmental organisations
 - political parties
 - local governments and cities (through twinning)

² The term «international community» is here used with full recognition for the diversity of international institutions and actors that have an interest in the future of FRY, including governmental, multi-lateral and private organizations.

- free media
 - the private sector, small and medium sized entrepreneurs
 - trade unions
3. Support for economic development – in this phase this means, in particular, support for SMEs, which will be the engines of growth over the long term (the currently small number of private enterprises (5%), provide over 30% of GDP)
 4. A new instrument for the provision of financial support to the forces of change. This instrument must be flexible and quick.

The conference imagined three possible options:

- a. amend the mandate of the EU Agency for Reconstruction of Kosovo to include support to the forces of change in Serbia
- b. set up a new Agency for the Reconstruction of Serbia
- c. set up a Foundation for Change in Serbia with capital donations provided by governments, the EU, World Bank (and other IFIs) and major international foundations – to be re-granted to local NGOs, local governments, etc. by an independent board of directors and staff³

Whatever their interim form, the end result should be a unified program for the reconstruction of the whole Federal Republic of Yugoslavia.

5. Representation of the legitimate democratic forces of Serbia in all international and sub-regional organisations with appropriate status as «observers,» or «participants,» including: The Tables of the Stability Pact, OSCE, SECI and other appropriate bodies
6. In parallel and simultaneously with the action steps above, planning (identification of needs, priorities and costs) must take place for the action steps of the second phase.

B. Phase Two: Working With A New Regime in Serbia

1. Immediate provision of official reconstruction assistance to Serbia (to the extent that it has not yet been provided.), according to plans developed during Phase One
2. Economic integration and the full lifting of the international embargo
3. Official membership in all relevant international and sub-regional organisations, including early negotiations of an EU Stability & Association Agreement

³ One useful model may be the Carpathian Foundation based in Kosice, Slovakia.

4. Support for economic reforms and growth, including assistance for:
 - Macroeconomic stabilisation
 - Banking and financial sector reform
 - Liberalisation
 - Trade
 - Privatisation
 - Continued support to SME development
5. Establishment of an Agency for the Reconstruction of Serbia

It should be emphasised that considering the potentially explosive pace of change in FRY, planning for Phase Two must begin immediately

III. Communication and Reconciliation

True partnership requires change and actions by both parties.

A. Points addressed to FRY/Serb Partners:

1. While it is essential to face up to the past and responsibility for the brutal actions taken in the name of the Serbian nation, the people of Serbia must also focus on actions to build a better future.
2. There is a need for a «community of change» in Serbia – not *unity*. Democracy is about differences of opinion and pluralism. Take advantage of common ground in the short-term.
3. Develop a comprehensive program for the transformation of Yugoslav society. Getting rid of Milosevic is necessary, but this is not a program.
4. A comprehensive program must include a plan for Serbia's future relations with Kosovo and Montenegro, a plan for the future of the Federal Republic based on decentralisation, full respect for human rights and tolerance.
5. NGOs should take the lead in coalescing the community for change. Experience from other Central and Eastern European countries, especially Slovakia, may be relevant in this respect.
6. Act now. Do not wait for the international community to bring change. The future of FRY and Serbia is in the hands of the Yugoslav citizens.

B. Points addressed to Partners in the International Community:

1. Act now to support the forces of change in FRY and Serbia. Assistance must be immediate, flexible and decentralised. More streamlined and responsive programs need to be developed. Traditional bureaucratic assistance channels such as Phare, Tacis and USAID are not sufficient to the need.
2. Move quickly to develop a comprehensive program for the future. Once again, the message is the same: forcing Milosevic out is not a program.

3. Reconsider rigid positions with regard to the economic sanctions/embargo and the current narrow definition of humanitarian assistance
4. Encourage, seek out and welcome participation by Serbs in international and sub-regional structures. There is a large community of legitimate leaders in NGOs, local governments, trade unions and citizens initiatives, which can represent the forces for change. Their voices must be heard.
5. Maintain a long-term commitment to change in South Eastern Europe.

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Organized by the EastWest Institute, with the Ministry of Foreign Affairs of Slovakia

Hotel Suza, Conference Hall

Bratislava, Slovakia

21 – 22 July 1999

PROGRAMME

Wednesday, July 21, 1999

9:00 – 9:30 **Welcome**
Eduard Kukan, Minister of Foreign Affairs, Slovakia and UN Secretary –
General's Envoy for the Balkans
Stephen B. Heintz, Executive Vice-President and Chief Operating Officer,
EastWest Institute

I.

II. 9:30 – 11:00 PANEL 1

III. Post – War Reconstruction of SEE and the Involvement of the Federal Republic Yugoslavia

Chairman: *Eduard Kukan*, Minister of Foreign Affairs, Slovakia

Panelists:

Jiri Dienstbier, UN Special Representative for Human Rights for former
Yugoslavia

Zoran Batic, Alliance for change, Belgrade

Slobodan Vuksanovic, Democratic Party, Vice-president

Zarko Jokanovic, MP, New Democracy, Belgrade

Erhard Busek, Coordinator, Southeast European Cooperative Initiative
(SECI)

Stevan Lilic, Democratic Center of Belgrade, Vice-President

Walter Rochel, Head of the Delegation of the European Commission in Slovakia

Discussion

11:30 – 13:00 PANEL 2

Needs and Priorities for FRY in Post-War Reconstruction

Chairman: *Vasil Hudák*, Vice President, EastWest Institute

Panelists:

Branislav Canak, President of Yugoslav Action Group, Trade Union
"Nezavisnost",

Sonja Licht, Open Society Institute, Belgrade

Goran Pitic, Economic Institute of Belgrade

Biljana Kovacevic Vuco, Yugoslav Action Group, Trade Union "Nezavisnost",
Vice-President

Mijat Damjanovic, Chairman of teams of experts for «Aid for Reconstruction and
Development» project

Discussion

13:00 – 15:00 Lunch

Speaker: *Erhard Busek*, Southeast European Cooperative Initiative

15:00 – 17:00 PANEL 3

The Complexities of Post – War Assistance to FRY

The Need for a Regional Approach in Dealing with FRY

Chairman: *Erhard Busek*, Southeast European Cooperative Initiative,
Coordinator

Panelists:

Jozef Kasa, MP, Union of Vojvodina Hungarians, President

Igor Sevastianov, Head of the Russian Mission to OSCE in Vienna

Dusan Mihajlovic, New Democracy, Belgrade, President,

Lutra d.d., Belgrade, President

Dusan Janjic, Forum for Ethnical Relations, Belgrade, President

Srdjan Zivkovic, Center for Development and Democracy, NIS, President

Discussion

Thursday, July 22, 1999

9:00 – 10:30 **WORKING GROUPS**

1. How to Support Democratization in FRY

Chairman: *Hans Peter Furrer*, Council of Europe

Panelists:

Miljenko Dereta, Civic Initiatives, Belgrade, Chairman

Aleksandar Lojpur, Yugoslav Lawyers Committee for Human Rights,
ABA/CEELI

Gordana Susa, Chairperson of Media Committee of group of NGOs

«Yugoslav Action Group», Nezavisnost

Jelica Minic, European Movement in Serbia

2. How to Support Private Sector Development in FRY

Chairman: *Michael Gold*, Crimson Capital, Czech Republic

Vassili Takas, Federation of Industries of Northern Greece, President

Dusan Mihajlovic, Lutra Group, President

Dragan Niksic, IBI d.d., Manager

Milko Stimac, Group 17, Belgrade

11:00 – 11:30 **Reports from the Working Groups**

11:30 – 12:00 **Conclusions and Recommendations**

Chairman: Stephen B. Heintz, Executive Vice President and Chief
Operating Officer, EastWest Institute

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BRATISLAVA, SLOVAKIA

21 – 22 JULY 1999

List of Participants

From the Federal Republic of Yugoslavia

On political reform in FRY:

1. **Zarko Jokanovic**, MP New Democracy, Belgrade
2. **Stevan Lilic**, Democratic Center, Belgrade, Vice-President
3. **Obrad Kesic**, Political Director for Milan Panic in Washington, DC
4. **Slobodan Vuksanovic**, Democratic Party, Vice-president
5. **Djordje Stojiljkovic**, Demo-Christian party of Serbia
6. **Svetlana Nahod**, Demo-Christian party of Serbia
7. **Mr. Pribisevic**, Serbian Renewal Movement

On Economy, Reconstruction and Private Sector Development in FRY:

8. **Vladan Batic**, Demo-Christian party of Serbia, President
9. **Branislav Canak**, President of Yugoslav Action Group of Nongovernmental Organizations and Association of Independent Trade Unions "Nezavisnost"
10. **Dusan Mihajlovic**, New Democracy, Belgrade, President; President of Lutra Group Inc.
11. **Milko Stimac**, Group 17, Belgrade
12. **Dragan Niksic**, IBI d.d., Belgrade, Manager
13. **Petar Stankovic**, International Chamber of Commerce, Secretary General, Belgrade
14. **Goran Pitic**, Economic Institute Belgrade

On Civic Society, Non-profit sector and NGO's

15. **Biljana Kovacevic Vuco**, Yugoslav Action of Non Governmental Organizations "Nezavisnost", Vice President, and Yugoslav Lawyers Committee for Human Rights, President
16. **Milan Vukomanovic**, Center for Development of Non Profit Sector, Belgrade

17. **Miljenko Dereta**, Civic Initiatives, Belgrade, Chairman
18. **Daniel Stoyanovich**, Alliance for Change

On Rule of Law, Independence of the Judiciary

19. **Aleksandar Lojpur**, Yugoslav Lawyers Committee for Human Rights, ABA/CEELI

On Freedom of Media

20. **Gordana Susa**, Chairman Media Committee of Yugoslav Action of Non Governmental Organizations 'Nezavisnost', and Editor in Chief of VIN (Video Information News) a bi-weekly TV magazine
21. **Dragan Bisenic**, journalist
22. **Zoran Jelacic**, Media Center of Belgrade, Manager

On Transfrontier Cooperation

23. **Dusan Janjic**, Forum for Ethnic Relations of Belgrade
24. **Srdjan Zivkovic**, Centre for Democracy (CERID) of NIS, Chairman
25. **Jozef Kazsa**, Union of Vojvodina Hungarians, President, MP
26. **Sinisa Nikolin**, Fund for an Open Society Novi Sad
27. **Alpar Losonc**, Center for Multiculturalism Novi Sad

On Cooperation with the EU, OSCE and Donors

28. **Jelica Minic**, European Movement in Serbia, EU Law Specialist
29. **Mijat Damjanovic**, Expert Team Member of «Aid for Reconstruction and Transition
I. Project»
30. **Dusan Bogdanovic**, Representative of Group of NGO's «Yugoslav Action Group, Trade Union «Nezavisnost»
31. **Ivan Djordjevic**, New Democracy, Chief of Staff
32. **Sonja Licht**, Fund for Open Society Belgrade, President

International Participants

1. **Andrew Bair**, United States Department of State, Office of the Special Representative of the President and Secretary of State for Implementation of the Dayton Peace Accords
2. **Pierre Boiraud**, Civil Works, International Commercial Manager
3. **Sandra Breka**, Aspen Institute, Berlin

4. **David Buchan**, Financial Times
5. **Vera M. Budway**, SECI-OSCE, Assistant Coordinator
6. **Erhard Busek**, SECI, Coordinator
7. **Marian Coblentz**, OSCE Mission in B&H, Senior Political Advisor
8. **Jiri Dienstbier**, United Nations, Special Representative for Human Rights in Former Yugoslavia
9. **Giorgio Dominese**, Centro Studi Nord Est, President
10. **Jozef Drogenik**, Slovenian Embassy in Slovakia, Charge d'Affairs
11. **Miroslav Frick**, World Bank
12. **Hans Peter Furrer**, Council of Europe, Director of Political Affairs
13. **Dominique Gazal**, AKA RT, Hungary
14. **Michael Gold**, Crimson Capital, Managing Director
15. **Stephen Heintz**, EastWest Institute
16. **Doug Hengel**, US Embassy in Bratislava, Charge d'Affairs
17. **Janos Hovari**, Head of Secretariat, Office of the State Secretary, Hungary
18. **Vasil Hudak**, EastWest Institute
19. **Gerald Knaus**, International Crisis Group
20. **Eduard Kukan**, Foreign Minister of Slovakia and UN Secretary General's Envoy for the Balkans
21. **Hans-Gunter Loffler**, German Embassy in Slovakia, Charge d'Affairs
22. **Nicholas Mansfield**, ABA/CEELI, Regional Director for the Balkans
23. **Lubica Masarova**, Slovenske Iodenice Komarno
24. **Radoslav Petkov**, EastWest Institute
25. **Tanja Petovar**, Institute for Democracy and Electoral Assistance (IDEA), Senior Executive
26. **Elizabeth Rasmusson**, OSCE Mission to Bosnia and Hercegovina, Deputy Head
27. **Walter Rochel**, European Commission, Ambassador, Head of Delegation to the Slovak Republic
28. **Jean Daniel Ruch**, OSCE Office for Democratic Institutions and Human Rights
29. **Igor Sevastianov**, Russian Mission to the OSCE, Senior Counselor
30. **Sasa Slavec**, Entrepreneur, Slovenia
31. **Daniel Stojanovic**, Alliance for Change
32. **Kilian Strauss**, EastWest Institute
33. **Vassili Takas**, Federation of Industries Northern Greece, President
34. **Milada Anna Vachudova**, Center for European Studies, Harvard University
35. **Walter Veirs**, C.S. Mott Foundation, Prague
36. **Alexander Voznyuk**, Russian Embassy in Slovakia, Charge d'Affairs