

Serbia & Montenegro: An Unhappy Marriage

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On a Saturday in Belgrade's Kalemegdan Park, street vendors are busy assembling their stands, selling calendars, pictures and posters of the one of the Hague war crimes tribunal's two chief suspects, the former Bosnian Serb leader Radovan Karadzic. Beside the stalls, a male singer creates a deafening noise on a one-stringed traditional folk instrument called the gusle, regaling the crowd with the historic plight of Serbian people.

Such stands have been there for years. But the merchandise is not just harmless folklore. The pictures and calendars of Karadzic and his military ally Ratko Mladic address the large nationalist constituency that still supports the creation of a "Greater Serbia" and is generally bitterly anti-western.

This powerful anti-western sentiment in Serbia is one reason why its leaders shy away from declarations of support for the Hague war crimes tribunal, even though co-operation is one of the conditions of European Union membership.

But Serbia's problem with Europe goes beyond issues of public sentiment. It is structural, too. Even if Svetozar Marovic, president of the State Community of Serbia and Montenegro, SCG, promised to extradite Karadzic or Mladic, his words would mean little because the president lacks the power to implement such a decision.

This is because the State Union, the body linking Serbia and Montenegro, does not function as a recognisable state, and the decisions of its president in consequence have little authority.

According to the union's constitutional charter, drawn up at Europe's behest in March 2002 to prevent the further break-up of the former Yugoslavia, accession to Europe represents one of its main goals.

But there are questions over whether this cumbersome structure can achieve any such progress. Although the EU treats Serbia-Montenegro as one international subject, capable of signing international agreements and becoming a member of the international organizations, in reality the State Union's authority is minimal. It is the two member states, Serbia and Montenegro, which enjoy real sovereignty.

Professor Jovan Teokarevic, editor of European Forum magazine, says that while the State Union is supposed to coordinate decisions that the states then implement, in reality this does not happen. As Teokarevic told IWPR, "There is no political wish [on the part of the states] to implement this coordination."

In other words, although Brussels wants Serbia and Montenegro to join the EU as a single entity or not at all, there is little political will in either republic to make the State Union a going concern.

This failure of political will was illustrated in the State Union president's interview to the Montenegrin press on March 17, in which Marovic voiced clear sympathies for an independent Montenegro. "I was born in Montenegro and I feel like a Montenegrin," he said. "I see the future in Montenegro's right to independently choose its own path."

A STATE UNITED BY FORCE?

The State Union was born of external pressure. Formed at EU insistence, it came into being when Vojislav Kostunica, then Yugoslav president, and Montenegro's prime minister, Milo Djukanovic, signed the Belgrade Agreement.

This laid the foundations for the State Union, under which any referendum in Montenegro on independence had to be postponed for a minimum of three years.

Which constituted a grave setback for Montenegro's leaders. After the pro-western Djukanovic won the elections in Montenegro in 1997, relations between Podgorica and Belgrade deteriorated sharply. Seeking to distance itself from Slobodan Milosevic, Montenegro espoused a separatist line with the active support of the West and began conducting its own foreign policy. It abandoned the Yugoslav currency, the dinar, and introduced its own customs.

After the fall of Milosevic in October 2000, western policy began to flip-flop. Having encouraged Montenegrin aspirations to independence, the West suddenly reversed gear and demanded Montenegro cooperate again with Serbia.

Worried by the implications of Montenegrin independence for both Kosovo and Bosnia-Herzegovina, the West resolved to block further border changes in the Balkans by ramming the two republics together in a fictive state.

Podgorica was ordered to abandon the goal of immediate independence and in the presence of the EU High Representative for foreign policy, Javier Solana, to sign the Belgrade Agreement, which defined the terms of the new union with Serbia.

The result was an entity that lacks credibility. According to Mihajlo Crnobrnja, a former advisor to the minister for EU integration, it is "a state united by pressure, without any real context".

Although to the outside world the SCG looks like a state, with a parliament, president, foreign policy and an army, the façade barely conceals the existence of two separate states. Two years after signing of the Belgrade Agreement, the new state does not even have a coat of arms, a flag or a national anthem.

The existence of two separate police forces and two supreme courts is a reminder of the fact that the justice systems remains divided.

The two currencies - the dinar in Serbia and the euro in Montenegro - and two central banks, are a reminder that their economies also remain separate.

The existence of these divided economic systems and markets is aptly symbolised by the internal customs border. There is no open flow of goods and cash between the two republics.

James Lyon, Serbia Project Director of International Crisis Group think-tank, comments that what is supposedly a weak internal frontier is in fact "one of the tightest borders in the Balkans".

Traders wanting to bring luxury foreign soap bars into Serbia-Montenegro must pay one set of customs to bring the goods into Serbia - and another set to take them from Serbia into Montenegro.

Monetary transactions between the two parts remain complex owing to the different currencies. Even the simple business of subscribing to a newspaper in Montenegro from Serbia through bank payments is complicated, owing to the reluctance of banks from one side of the State Union to accept transfers to banks on the other side.

This financial disunity has its parallel in a constitutional muddle. Mutual rivalry means it has taken Serbia-Montenegro almost a year to draft a new constitutional charter, bringing the State Union into being, and the same time for the two parliaments to adopt it following the signing of the agreement. Both member states have yet to amend their own constitutions to make them compatible with the constitutional charter.

At the beginning, Brussels looked indulgently on this disharmony. The EU accepted these idiosyncrasies as the consequences of a hastily-arranged marriage. But now Europe wants to see business. In particular, it wants to see the creation of a single economic space, with a single customs service.

In March 2002, an action plan was drawn up by the State Union parliament to do just that, by regulating and harmonising movements of goods, capital, people and services between Serbia-Montenegro and bringing them into line with EU standards.

However, the EU recently expressed concern that 56 agricultural tariffs had still not been harmonised between Serbia and Montenegro. Nor does an agreement between the two states on the issue look imminent, experts say.

Their problem is diverging interests. Serbia, with its large agricultural sector, wants high taxes on foreign food imports to protect its big domestic agricultural sector, while Montenegro - which grows little - wants low or no taxes on food imports to keep prices in shops low.

Goran Svilanovic, Serbia-Montenegro's foreign minister, says the two parties to the State Union should not take all the blame. He criticised the role Brussels had taken in forming the State Union in a speech in early March, saying Europe had been given a free hand to shape Serbia's and Montenegro's relations and needed to accept some responsibility for the shortcomings.

"Europe let this union have two central banks and two currencies only to demand harmonisation of the economic systems and common market later," he told European representatives. "We are bearing the consequences of the decisions of your governments."

THE EU'S SHOPPING LIST

Europe's list of requirements before Serbia-Montenegro can contemplate EU membership starts with creating a single functioning state.

This means the creation of a unified economic space, a single market and working institutions. Europe also wants certain key reforms, starting with the judiciary, police and armed forces. Finally, it demands absolute cooperation with the Hague war crimes tribunal.

According to the Copenhagen criteria, a set of EU requirements for new members laid down in 1991,

applicants must possess stable democratic political institutions and demonstrate their adherence to the rule of law, their respect for human rights and their protection of minorities. In the economy, they must show they have a functioning market economy and can face the competitive pressure of life within the EU market.

Senior EU officials have all reiterated that they must see a single functioning state in Serbia-Montenegro. This was also the message of last year's EU Thessalonica summit, where a signal was given to the countries of the western Balkans to prepare to join Europe.

The demand for a single state is not a fetish but a practical requirement. Europe at the moment has no single authority to negotiate with. "The address of the partner for negotiations is unknown," Professor Slobodan Samardzic, Kostunica's adviser, told European Forum magazine.

Danijel Pantic, secretary-general of the European Movement in Serbia, told IWPR that the Copenhagen criteria had not been fulfilled. "Between Serbia and Montenegro we have two completely different economic systems," he said. "Until this is solved, this country cannot become an EU partner."

No authority exists within the State Union to implement any of Europe's economic and political demands. As a result, Serbia and Montenegro have effectively been left to their own devices to enact reforms piecemeal.

There are around 80,000 pages of legislation that need to be passed to prepare the economies of both member states for competition in a single EU market. Well-prepared Slovenia has taken 13 years to work through these demands. To date, Serbia and Montenegro have drafted some important laws, but little has been done to implement them.

On March 24, Zivorad Kovacevic, head of Serbian European Movement, said Serbia and Montenegro had done little to deal with any of the three major obstacles to joining Europe, namely cooperation with the Hague tribunal, settling of relations between Serbia and Montenegro and Kosovo.

As a result, he said, no serious step had been made towards the EU, and the State Union was sitting "in the last carriage of the train that leads from the Balkans to Brussels". It was not only lagging well behind Croatia, but also behind its economically poorer neighbours, Macedonia, Bosnia-Herzegovina and Albania.

MONTENEGRO'S INDEPENDENCE DILEMMA

Though under continuous pressure from Europe to adapt to life in the State Union, Montenegro is not reconciled to formal ties with Serbia. It is still planning a referendum on statehood and working on an exit strategy.

In spite of the poverty of the tiny republic, where the average salary is 170 euro and almost two thirds of adult population is unemployed, Montenegro's ruling coalition comprising Djukanovic's Democratic Party of Socialists, DPS and the Social Democratic Party, SDP, led by Ranko Krivokapic, talk optimistically of solo entrance to Europe.

Krivokapic told the Montenegrin media in February that the State Union remained a burden to Montenegro. "It is slowing down Montenegro's EU integration, failing to contribute to its democratisation, [and] on the contrary leading to its destruction," he said.

The Montenegrin leadership believes the economic systems of Serbia and Montenegro are too diverse to comply with the demands of Brussels for closer union. They say a better path to Europe would involve Serbia and Montenegro separating their programmes in the Stabilisation and Association Agreement, SAA.

At a press conference on March 17, Djukanovic said Montenegro and Serbia should come up with new models for EU integration.

Montenegro sees the demand in Brussels for a central bank and a single market as a violation of the terms of the Belgrade Agreement - which they insist envisaged Serbia and Montenegro maintaining their current levels of sovereignty.

Djukanovic also said Solana has promised that the Belgrade Agreement would not become an obstacle to Montenegro's European integration.

"If the EU wants to follow its international obligations, it will create a specific SAA model for Serbia and Montenegro. Otherwise, we can think of other alternative ways into Europe," he said.

Early in March, to test the water, Krivokapic, who is also speaker of the Montenegrin parliament, said that a referendum on independence would go ahead in Montenegro next March.

In the meantime, Montenegro says it is implementing its own European reforms. The late Rajko Milovic, who worked for the legislative office of the Montenegrin government, told IWPR that 95 per cent of Montenegrin legislation - some 360 laws in all - had been amended to meet EU standards.

However, an official from the SCG EU mission, who wanted to remain anonymous, said he was sceptical of such claims - there was a wide gap between the passage of laws and their implementation, he said.

In reality, the endemic smuggling and corruption on which many people rely run counter to the government's professed aim of joining Europe. Some experts in Podgorica say the government talks of reform but wants to keep the status quo, fearing close ties to Europe would bring an unwanted degree of regulation and even prosecutions of officials.

According to Nebojsa Medojevic, executive director of the Montenegrin think-tank Group for Changes, "Montenegro's political elite [is] controlled by the financial oligarchs [and] does not want European standards in Montenegro.

"They don't want any changes. Going to Europe means implementing reforms, which so far have been only theoretical and could jeopardise their 'business' interests."

Medojevic says the government has not even started reforming the police or the judiciary, which remain amenable to corruption and to pressure from the executive.

"Montenegro has not prepared a single strategic document required by the process of Stabilisation and Association - the government has no idea what to do," he concluded.

While Montenegro's larger and wealthier partner is more promising economically, growing political radicalisation, intertwined with the worsening problem of the Hague tribunal, is dragging Serbia down.

Serbia lacks a political consensus about its European destiny and widespread resentment about the indictment of war criminals feeds strong anti-European sentiment.

The republic's new prime minister, Vojislav Kostunica, leader of Serbian Democratic Party, DSS, pandered to this feeling at the beginning of his mandate when he announced, "Cooperation with the Hague tribunal would not be a priority."

His minority government, which took power in December 2003, unites several parties with varied programmes and ideas on cooperation with the war crimes court. Furthermore, the government depends on the support in parliament of the Socialist Party of Serbia, SPS, whose leader Slobodan Milosevic, is standing trial in The Hague.

Serbia-Montenegro's hopes of joining both the EU and NATO's Partnership for Peace programme, PfP, remain blocked by their failure to deal with the issue of war crime suspects. Experts agree the only road to Europe leads through the tribunal.

According to Professor Teokarevic, "Europe is unlikely to make an allowance on this issue." He added that Europe will not place sanctions on Serbia-Montenegro if they fail to comply with the Hague court, "They will not simply let us become members".

Just as better-placed Croatia finds its own path to a SAA blocked by the failure to hand over a key war crimes suspect, General Ante Gotovina, Serbia-Montenegro's path has been blocked by the issue of Karadzic and Mladic.

"Without Gotovina there will be no ratification of Croatia's SAA agreement," said Teokarevic. "The same goes for Serbia-Montenegro. Without the extradition of Karadzic and Mladic there will never be a [SAA] ratification."

An EU source pointed out that Serbia's problem with the tribunal is more serious than Croatia's, as the Belgrade government relies in parliament on a party whose president is Milosevic, the most serious war crimes indictee of them all.

An extra problem for Serbia is that it has to deliver two important figures - Karadzic and Mladic - rather than one, Gotovina. Additionally, the tribunal is more unpopular among the Serbian public than it is in Croatia.

There is a deep resentment over the Hague court among ordinary people, most of whom see it as a political institution administering justice selectively towards Serbs.

One 60-year-old pensioner from Belgrade told IWPR that while she understood European integration depended on the surrender of Karadzic and Mladic, she still opposed extradition. "These people defended our country, they are heroes," she said.

Although 70 per cent of the public routinely declares it supports EU integration, few understand the process or are ready to accelerate it through extraditions to The Hague.

The Serbian public did not realise that "Europe does not represent only flowers but also thorns," Crnobrnja said. "What is more, people are not interested in walking through these thorns."

The path to Europe could be additionally burdened if - as expected - Tomislav Nikolic, candidate of the anti-European and extreme nationalist Serbian Radical Party, SRS, wins the Serbian presidential election in June.

The SRS, whose leader, Vojislav Seselj, is in The Hague on trial for war crimes, won 27.5 per cent of the vote last December in parliamentary elections. It was unable to form a government but its strong showing highlighted the lack of consensus over the direction Serbia should take.

The SRS programme is openly anti-western and hostile to the Hague court in particular. The party will do everything to present to the public the "perilous meaning of the Hague tribunal", it says.

The party pledges also to "unmask" its activities and help imprisoned Serbs. It opposes NATO membership for Serbia, citing the alliance's "brutal aggression against our country" - referring to the NATO air campaign of 1999 that forced Serbia to withdraw forces from Kosovo.

Kosovo is a third major obstacle to Serbia-Montenegro's European integration, with the potential to become an even larger problem than Serbia's relationship with Montenegro or the Hague tribunal.

An outbreak of anti-Serbian violence in Kosovo on March 17-18 triggered an upsurge in nationalist agitation in Serbia itself and emboldened many Serbian politicians to call for Serbs in the international protectorate to be granted more autonomy in areas where they represent the majority.

As Albanians perceive such decentralisation as an attempt to create separate entities like Republika Srpska, the possibility of renewed violence in Kosovo or between Kosovars and Serbia cannot be ruled out.

Without an agreement on the final status of the entity, the potential even for a new war remains. According to Charles Grant, of the London-based think-tank, the Centre for European Reform, Kosovo is a crisis in waiting.

"As long as the final status of Kosovo is not settled, you cannot integrate the region into Europe because of potential for conflict between Albanians and Serbs," he said. Grant predicted that the final resolution of Kosovo's status would be a precondition for Serbia joining the EU.

THE WAY AHEAD?

Since the fall of Milosevic, Serbia-Montenegro has rejoined the international stage and become a full member of the Council of Europe and the United Nations.

However, with the State Union patently not working, most analysts agree that further progress towards Europe entails the EU revising its stance towards the State Union and taking a more pro-active approach.

According to Teokarevic, the EU should start by recognising that neither Podgorica nor Belgrade can deliver a fully functional united state on their own and that Brussels must adopt a more flexible approach.

Samardzic has said an example of a more active involvement might involve Europe drawing up a concrete action plan that the State Union could realistically accomplish, and which Brussels should monitor, rather than continuing to insist that the State Union's cumbersome and unworkable structure is capable of delivering results.

If a referendum does take place in Montenegro next March, and leads to the dissolution of the State Union, the two republics will have to start the whole European accession process individually all over again. Some experts believe that may be better in long run, however painful in the immediate period.

Either way, although Serbia-Montenegro will soon border the EU member state of Hungary - and from 2007 may well be surrounded by the EU - few believe Serbia or Montenegro will have a seat at the Brussels table before 2016, at the earliest.

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