

Serbia: Union with Montenegro Loses its Appeal

Author: [Daniel Sunter](#)

The recent deal preserving the union of Serbia and Montenegro has delighted the international community but left many Serbs wondering if there is anything worth preserving.

Opinion is growing in Serbia that last week's agreement on retaining a common state with Montenegro does not herald the creation of a new united state, but marks a milestone on the road towards peaceful separation and Serbian independence.

Economists in Belgrade say the proposed union will be inefficient and not meet the republic's needs, especially since it preserves the Yugoslav two-state system, with separate customs, banking and monetary networks, which works to the disadvantage of Serbian business.

Speaking a day after the deal was signed on March 14, Radomir Ljubic, director of Serbia's largest domestic appliances firm, Sloboda, said, "We should either have a common state with all attributes of statehood, or we should finally give it up. Montenegro is a foreign state to Serbia now, with a different currency, customs and banking system. It's expensive and complicated for Serbian companies."

Politicians increasingly back this position, bolstered by a surge in public support for the idea of Serbia going it alone.

The joint state agreement emerged after months of negotiations between Montenegro's pro-independence government led by President Milo Djukanovic and the Yugoslav authorities headed by President Vojislav Kostunica, who advocated the retention of a common state. The deal was mediated by the EU's foreign policy chief, Xavier Solana.

In Montenegro, about half the population supports a common state, as does the international community, which fears Montenegrin independence will reopen the question of the final status of the Serbian province of Kosovo. Though no longer under Belgrade's control, the mostly ethnically Albanian region remains part of Yugoslavia under UN Security Council Resolution 1244.

The creators of the new joint state claim it is neither a traditional federation, nor even a confederation, but something "completely original". But most people in Serbia see it as a political hybrid with a short shelf life that must end in the dissolution of ties between the two republics.

Mladjan Dinkic, governor of the National Bank of Yugoslavia, NBJ, and a leading reform-oriented economist from the influential NGO, G17 Plus, said the new union in fact represented an agreement on peaceful separation. "Nothing is clear in the signed agreement and it is unsustainable. This is an agreement on peaceful separation, because there is no defined currency, customs and market," he told Belgrade's Radio B92.

The authorities in Serbia are exploiting the vague wording of the economic aspects of the agreement to either cut some federal institutions or turn them into Serbian ones, all part of working independently of Montenegro.

For instance, Dinkic announced that the NBJ and the Yugoslav directorate of customs would be disbanded and become Serbian bodies. And finance minister, Bozidar Djelic, said his republic would now assume sole authority for all such cumbersome red tape, hopefully stimulating the level of foreign investment. The

federal system was widely blamed for deterring overseas investors who require federal and republican permits to operate in Serbia.

One boss of a Western company operating in Serbia hailed the steps being taken. "Institutions on both the federal and republican level complicated our operations in Serbia," he said. "The atmosphere for foreign investments should get better if procedures are simplified."

But politicians are reaching the same conclusion as the economists. Many say a state with only defence and foreign affairs held in common is untenable.

Velimir Ilic, leader of New Serbia and mayor of Cacak, says the deal merely prolongs the country's agony for a little longer. As the agreement entitles Montenegro to call a referendum on separation after three years, Ilic believes this period is bound to be wasted in quarrels rather than constructive reforms.

Vladan Batic, Serbia's justice minister and leader of Christian Democratic Party of Serbia, DHSS, also supports Serbia's independence and wants a referendum held on the issue in the republic.

Launching the party's platform on independence, Predrag Stojanovic, the DHSS deputy leader, said, "For years Serbia has been paying for both Serbian and Yugoslav administration, while Montenegro did not pay a dinar of its taxes for a federal state, even though its officials are sitting in those power structures and living a good life at others' expense."

Polls show the public drifting from its former support for an old-fashioned federation. Faktor Plus, a polling agency, said its survey showed 51.2 per cent of Serbs wanted an independent Serbia, or a weak union of independent states, while only 41.9 per cent opted for federation.

Ominously for the long-term future prospects of a united state, only 20.3 per cent of people in Serbia said that they consider Yugoslavia their homeland. The rest identify with Serbia.

Daniel Sunter is IWPR's coordinating editor in Serbia

Location: Serbia
Kosovo

Focus: Balkans: Regional Reporting & Sustainable
Training

Source URL: <https://iwpr.net/global-voices/serbia-union-montenegro-loses-its-appeal>