

# **Policy analysis**

## ***Bilateral Relations Between Bosnia and Herzegovina and Serbia***

*Focus on Serbian Foreign Policy toward BiH*

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# ***Bilateral Relations Between Bosnia and Herzegovina and Serbia***

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Burdened with the legacy of conflicts and intertwined with an array of interests and motivations, relations between Bosnia and Herzegovina and Serbia are a complex subject to analyse.

Historical legacy of these relations is an inherent factor in the contemporary bilateral analogies. Nevertheless, for the purpose of this analysis, history will not be treated in a separate section of the document and the background of different aspects of the relations will be presented in a given context. In this way, we intend to avoid providing a summary overview of the historical development of the relations, which might easily introduce elements that would prejudice the current and future relations, without being comprehensive and encompassing all important aspects and events.

The text below is a result of consideration of vital and central issues in the relations between the two countries and does not in any way represent a comprehensive overview of the overall bilateral relations. Particular attention was paid to the Serbia's foreign policy, which helped to limit the analysis and thus deepen its scope. Other issues that may be worth reviewing and that have not been encompassed in this text may be examined in a similar way in future analyses.

This paper comprises two main sections, followed by the conclusions on key aspects in the relations between BiH and Serbia. The first section sets out factors and guiding principles defining and framing these relations. These guiding principles are divided into politico-legal and economic ones. The second section grasps the essence of the problem, dealing with different actors, their interests and consequences thereof for the relations between BiH and Serbia. In this section, particularly noteworthy are the parts on political, national, security and economic issues and the issues specifically related to European integration. The key idea herein is that BiH and Serbia have asymmetrical relations on several levels, different interest-dominated political and economic dynamics and general tendency to maintain the "Dayton" *status quo* and stability in the region.

## I

## **FRAMEWORK AND CHARACTERISTICS OF BILATERAL RELATIONS**

The key factors characterising relations between BiH and Serbia can be divided into the following categories: ethnic interests and relations, war and obligations arising from it (particularly, the Dayton Agreement), regional multilateral initiatives, wider integration (EU, NATO), economic situation and relations. These factors encompass the elements of internal and external, and also of local, regional and global nature. In addition, these relations are under the influence of social, political, economic and legal factors. All these classifications are not of primary relevance for this analysis. In this part, it is important to set out the framework within which the bilateral relations between the two countries operate and within which the foreign policy of Serbia is formulated and implemented.

### ***Legal and Political Framework***

The main document linking the two countries is the Dayton Framework Peace Agreement. As a legal successor of the SR Yugoslavia, Serbia is one of the guarantors of the Dayton Agreement. This implies not only a formal and legal status, but it also generates direct political implications. Namely, the framework set by the Dayton Agreement represents an opportunity for collaboration and cooperation, both on the state and entity level. Besides, following the establishment of bilateral relations in December 2000, BiH and the SR Yugoslavia, State Union of Serbia and Montenegro and their legal successor the Republic of Serbia signed a series of agreements, mainly of technical nature with a focus on cooperation. Furthermore, the Interstate Cooperation Council was established already in May 2001, as an institutional framework for resolving any outstanding issues. The Council is composed of the BiH Presidency members and the President of the SR Yugoslavia, now Serbia. However, this initiative was abandoned, considering that the Council had not had meetings since the initial activities when it was established.

On the other side, intensive and regular cooperation is maintained under the Agreement on Special and Parallel Relation between Serbia and Republika Srpska, signed for the first time in 1997 and renewed in 2001, 2006 and 2011. Again, this cooperation stems from the Dayton Agreement, which in Article 3 of the BiH Constitution stipulates that entities may establish such relationships, with the consent of the Parliamentary Assembly of BiH. This legal possibility is a kind of legitimisation that the political leadership of Serbia relies on (regardless of the position and political orientation of the parties in power) in the implementation of the **multi-levelled policy** toward BiH. This multilayer approach, which can also be characterised as *asymmetrical*, is the main feature of the Serbian foreign policy toward BiH and it has crucial influence on the political relations between the two countries. At this point, it is enough to establish that the special and parallel relations between Serbia and Republika Srpska are a part of the legal framework governing the relations of BiH and Serbia. Representatives of Serbia (President Tadić and Minister Dačić) have over the past several years publicly referred to the possibility of establishing special relations with the Federation of BiH. Furthermore, it is important to highlight the Agreement on Dual Citizenship which was signed in October 2002 and entered into force the following year. Taking into account the obligations inherited from the SR Yugoslavia and State Union of Serbia and Montenegro, BiH and Serbia have approximately fifty bilateral agreements, the last one being the Memorandum of Understanding for Cooperation in the Field of European Integration.

Status and membership in multilateral organisations and particularly situation in terms of the EU and NATO integration, to a significant degree, frame relations between the two countries. Membership in the Central European Free Trade Agreement (CEFTA), regional organisations such as the Southeast European Cooperation Initiative and continental organisations, such as the Council of Europe carries certain obligations which may provide opportunities or constrain foreign policy. Furthermore, it is necessary to take into account relations with the EU and NATO in the process of integration, where the two countries have different formal status, but are in a similar position, far from membership in any of the two organisations. Serbia, unlike BiH, was granted the EU candidate status, but it is faced with a difficult requirement to achieve progress in negotiations on the Kosovo issue prior to opening the negotiations. BiH, despite the progress achieved in approximation with the European legislative

standards (particularly on the level of entities), has had four consecutive negative progress reports of the European Commission, which has not happened to any other country monitored. In addition, the two countries have a different position with regards to NATO: BiH has to resolve the issue of military property in order to activate the Membership Action Plan (MAP, candidate status), while Serbia remains in the Partnership for Peace, limited by its position to maintain military neutrality adopted in 2007.<sup>1</sup> Particular attention will be paid to the relations between BiH and Serbia from the aspect of multilateral organisations, including the EU and NATO integration process, in another part of this analysis.

Political and legal bases for the relations between the two countries are also related to the interpretation of the dissolution of Yugoslavia and war in BiH. Although the judgement had been given, the 1993 lawsuit against Serbia for genocide before the International Court of Justice remains a factor which can have an effect on the relations, bearing in mind the different understanding and interpretation of the war and judgement itself. In 2007, the Court ruled that Serbia violated the UN Genocide Convention, as its representatives failed to do everything in their power to prevent the crimes and that Serbia is not responsible for the genocide. In political practice, this is often a subject to different interpretations within the context of individual interests. On the other side, indictments against some military and political Bosniak and Croat war leaders in Serbia and the arrests that followed once more brought focus to the issue of different interpretations of war events, primarily within BiH itself. Moreover, the issue of guilt and accusations remains to be of political significance for the relations between the two countries.

## ***Economic Framework and Interests***

Poor economy, incomplete transition, difficulties in increasing production and employment levels and strong black market are only some of the economic problems common to these neighbouring countries. However, their problems do not mean poor trade as well. To the contrary, BiH and Serbia, more precisely people and companies from these countries, do have intensive cross-border trade. The balance of trade was positive mainly for Serbia, with exports from Serbia to BiH being twice larger than imports from BiH to Serbia.<sup>2</sup> In terms of volume of trade, BiH is Serbia's largest export market, while Serbia is the third market for BiH.

In terms of the investments, Serbia holds the second place with EUR 938 million, taking into account all the investments up to now.<sup>3</sup> Here, there are two issues requiring further attention. First, the largest part of the investments from Serbia was invested in one transaction only, purchase of the telecommunication company Telekom Srpske in 2007 for EUR 646 million. Second, investments from Serbia went mainly into the companies in Republika Srpska (Hemofarm, Delta, Komercijalna banka and so forth). This is demonstrates only the economic side of the asymmetry, while the asymmetry in a political sense will be discussed later

Foreign trade represents one of the most important elements in the foreign policy decision-making. Accordingly, Serbia's positions and policy toward BiH should also be analysed in this context. Favourable trade balance for Serbia certainly can represent an important interest. On the other side, misbalance of the investments between the two entities indicates a combination of political and economic factors influencing the decision making, while primarily increasing the economic benefit of Serbia. To what degree and how this economic power can be used politically is another question. The text below will show that possible objectives in that context contribute towards maintaining the existing state rather than towards changing the balance of relations in favour of BiH.

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<sup>1</sup> Point 6 of the Resolution on the Protection of Sovereignty, Territorial Integrity and Constitutional Order of the Republic of Serbia of 26 December 2007. Only one sentence of this broader document speaks of neutrality: "...the National Assembly hereby declares the neutral status of the Republic of Serbia towards effective military alliances until a referendum is called, based on which the final decision on this issue will be made."

<sup>2</sup> In 2012, imports from Serbia to BiH amounted to EUR 842.5 million, while imports from BiH to Serbia amounted to 382.2 million. Source: Ministry of Foreign Affairs of Serbia, <http://msp.gov.rs/sr/index.php/spoljna-politika/bilateralala/45-bilateralala/582-bosna-hercegovina?lang=cyr>.

<sup>3</sup> Only Austria had larger investments than Serbia with EUR 1.194 billion. Source: BiH Foreign Investment Promotion Agency, <http://www.fipa.gov.ba/informacije/statistike/investicije/default.aspx?id=180&langTag=bs-BA>

## II

### **ACTORS, INTERESTS AND MOST IMPORTANT ASPECTS OF RELATIONS BETWEEN BiH AND SERBIA**

In terms of the actors in relations between BiH and Serbia, the asymmetry is one of the key characteristics. In foreign affairs, the Republic of Serbia is represented by the state government and there could be some differences between coalition partners. On the other side, there is a complex situation in BiH where foreign policy decisions are often interpreted as unilateral moves representing the interests of one of the constituent peoples. Representatives of Republika Srpska and to a lesser extent of the political parties representing Croats are also active on the international scene, in addition to the Presidency of BiH, which in accordance with the Constitution has the responsibility for conducting the foreign policy and giving authorisations to the Ministry of Foreign Affairs. In situations of particular relevance for national issues, entity and state levels in BiH frequently have conflicting opinions. When it comes to the relations with Serbia, such an example was a dispute in BiH institutions between representatives of Republika Srpska and the Federation in early 2007 as to whether the Agreement on Dual Citizenship signed with the SR Yugoslavia in 2002 was applicable on the independent Republic of Serbia. Different internal interests of the foreign policy actors caused the situation in which the BiH Foreign Minister Sven Alkalaj sent a note to the Government of Serbia terminating the Agreement while, on the other side, Serb representatives in the National Assembly of BiH and members of the BiH Council of Ministers coming from Republika Srpska condemned such a decision and dissented from it. Similar example would be a disagreement over the Istanbul Declaration signed in 2010 by the Chair of the BiH Presidency Haris Silajdžić with the Turkish President Abdullah Gül and Serbian President Boris Tadić. On the other hand, parallel foreign and European path sometimes pursued by Republika Srpska can also be a subject of disagreement within BiH.

In majority of cases, BiH foreign policy is not unified as it is not based on a recognised common interest of the parties – entities and peoples – which can exert influence over it. Again, multiple layers appear as a particularity of BiH, which means that in certain circumstances it would be more correct to talk of “foreign policies of BiH” than of a unified state policy. This is also reflected in bilateral relations, principally when it comes to neighbouring countries, primarily Serbia and Croatia, in which case key political actors in BiH have considerably different interests. Such multilayered range of relations is also supported from the outside, in a way that multilayered foreign policy of their neighbours suits different internal interests. In this case, representatives of Serbia look for the interests at different levels in BiH compatible with their interests, depending on the priority to be achieved. In order to expediently guide this analysis, considering its limitations and scope, it will primarily deal with relations between BiH and Serbia from the perspective of foreign policy of our eastern neighbour. The following is an examination of the actors in Serbia’s foreign policy in relations with BiH and their aspirations, in the period since the change of government in 2000.

#### ***Actors in Foreign Policy of Serbia and Their Interests***

In the period covered by this analysis, from the October 2000 changes up to now, Serbia existed within three forms of the state, the SR of Yugoslavia, State Union of Serbia and Montenegro and as an independent state. In this period, Serbia, as a federal unit, member state of the State Union and independent state, had five government presidents (Zoran Đinđić, Zoran Živković, Vojislav Koštunica, Mirko Cvetković and Ivica Dačić), four Presidents/heads of state (Milan Milutinović, a number of National Assembly Speakers who were Acting Presidents of the Republic, Boris Tadić and Tomislav Nikolić). Political spectrum is so wide that almost all relevant actors were in power. Presented chronologically, particularly relevant in terms of foreign policy, were the following: Đinđić, as a reformer and pragmatic (Democratic Party – DS), Koštunica, as a conservative legalist with national orientation (Democratic Party of Serbia – DSS), Tadić, who pursued a moderate course on foreign affairs, but with the tendency to the concentration of power (again DS), Dačić, as an entrepreneurial and populistically inclined politician (Socialist Party of Serbia – SPS) and in the end, Nikolić and Vučić, who are reformed and pro-European, yet nationally “aware” (Serbian Progressive Party – SNS). All governments were coalition based, often including opposing parties and with the participation of a larger number of “smaller” parties, such as

G17, Party of United Pensioners, United Serbia and Serbian Renewal Movement, Liberal-Democratic Party or New Serbia. Such diversity is accompanied by substantial continuity in terms of the relations with BiH, even more so, considering that no governing structure in Serbia essentially questioned the scope of Serbia's interests in BiH.

Quite to the contrary, despite the changes that occurred in dramatic or even tragic circumstances (the 5<sup>th</sup> October, murder of the Prime Minister Đinđić, break-up of the State Union, declaration of Kosovo independence and so forth), interests of Serbia in relations with BiH remained almost unchanged. The priority, which could be characterised as ethnic, is the support to Republika Srpska and Serb people in BiH and this is the issue no government over the last 13 years deviated from, regardless of the differences among them. Serbia's interests in relations with BiH encompass different dimensions, but they are entwined and, in practice, combined. The most important interests are those of national (ethnic), international and legal – "Dayton-related", security, economic and regional and European nature.

### ***Dayton Framework and National Interests***

Primarily, there is a combination of **ethnic-national** and **legalistic** "Dayton" interests. The national interest of Serbia is to maintain the position of Republika Srpska with its Dayton competences and to strengthen the role of Serb people in the BiH politics. In this way, it is possible to ensure, not only support to Serbia in Republika Srpska, but also the situation in which the politics of BiH as a state do not undermine the vital interests of Serbia. The most significant example of such "Serbian influence" on the politics in BiH in relations with Serbia is that BiH has not recognised the independence of Kosovo, unlike all other former Yugoslav republics where Serbs do not have collective power similar to the one in BiH. In this case, there are at least three key links between the ethnic and legalistic approach. The first one is the interest to uphold the Dayton Agreement which is, among other things, entwined with national interests of maintaining the equal position of Republika Srpska in the politics in BiH. The second one, from the aspect of foreign policy, is the interest of Serbia to uphold the Dayton Agreement due to the symbolic value and room for manoeuvre in negotiations, regardless of how limited it seemed. Namely, Serbia through its status of a guarantor for the Dayton Agreement openly demonstrates that it has the role in preserving the peace and security in the region, where it can symbolically highlight its reputation, relevance and positive role, even if minimal. The third potential Serbia's benefit arising from the Dayton Agreement is a room for manoeuvre: should it put the Dayton obligations on the agenda in a wider regional context – as a means to maximise its requests – Serbia may, at least in theory, ensure some negotiation benefits.

Therefore, as a legal successor of the SR Yugoslavia, Serbia bases its official policy toward BiH on upholding the Dayton Agreement. In addition, its role as a guarantor does not only protect Serb national interest (preservation of Republika Srpska and large negotiating powers of Serb people in the internal politics in BiH), but it also maintains the stability in BiH which is necessary to Serbia in order to resolve its internal issues, particularly for a long-term solution to the question of Kosovo. Such a need for the stability on the right-hand side of the Drina River eventually leads to Serbia being a "***status quo player***" in relations with BiH.

Generally speaking, representatives of the foreign policy of Serbia never swerved from the "Dayton path". This proved to be common to all foreign ministers and presidents of the government or state. Following the electoral victory of the Serbian democratic opposition and protests on 05 October 2000, the main task of the SR Yugoslavia foreign policy was to return to the international scene, re-establish bilateral relations with a number of countries and also, to return to international organisations. Serbia saw this as an inevitable prerequisite to resolve internal problems, primarily economic ones, and also to regulate its relations with Montenegro within the federation/union. The overall regional policy was officially to serve this purpose. Goran Svilanović, Federal Foreign Minister, in his presentation of 24 October 2011 said: "In its relations with BiH, as already said, the SR Yugoslavia rests on the Dayton-Paris Agreement as a framework governing both the institutional set up in BiH and bases for its relations with neighbouring countries ...."<sup>4</sup>

Serbia's strong position in relation to the Dayton Agreement was never questioned, even in strategically

<sup>4</sup> Presentation of the programme by Goran Svilanović, Federal Minister of Foreign Affairs before the Federal Assembly of the SR of Yugoslavia, 24.10.2001, *Spoljna politika Srbije: strategije i dokumenta*, European Movement of Serbia, Belgrade, 2011.

important public appearances of the highest government officials. In an interview for the German weekly "Spiegel" in 2003, the Prime Minister, Zoran Đinđić, referring to the possibility of a "new Dayton" said that in the event of Albanian declaration of independence on Kosovo, borders and stability in the entire region would be in question and, in that case, there would be a need for a "new Dayton" in order to secure peace and interests of all parties.<sup>5</sup> Such an action to try to postpone unilateral independence of Kosovo by a public warning caused a strong rhetorical momentum in relations with BiH. Reactions from Sarajevo were fierce. In this case, it is important that "anti-Dayton" or revisionist formulation by the Serbian Prime Minister was put in the context of Kosovo. In spite of unfavourable internal (economic fall, political crises, divided society, territorial integrity and so forth) and foreign factors (inclination of the leading countries toward independence of Kosovo, recent conflict with NATO, pressure to introduce reforms, lawsuits and antagonism in the neighbourhood, etc.), the Prime Minister played the card not so often used in Belgrade: Republika Srpska as a counterbalance to Albanian aspirations for independence of Kosovo. Đinđić, even for a moment, put the relations between BiH and Serbia with recently renewed diplomatic relations in the Kosovo equation. However, bearing in mind his pragmatism, antinationalistic positions and tendency for negotiations, in this statement we can see a desire to provoke a dialogue on Kosovo issue rather than a serious attempt to destabilise BiH or mobilise Republika Srpska.

Similar, yet sharper rhetorical "looping" was made in November 2007 by Ivica Dačić, today's Prime Minister, then President of the raising opposition party, the Socialist Party of Serbia (SPS). Following the announcement that the Kosovo Government would declare independence, he said: "If there is a unilateral declaration of Kosovo's independence, meaning, outside of the UN Security Council, Serbia must clearly say that it will then recognize an independent Republika Srpska."<sup>6</sup> In addition to establishing an unusual link between Đinđić and Dačić, as an SPS reformer, these statements are given in an entirely different context. Dačić's statement was given by an opposition leader to domestic media, while targeted audience of the Đinđić's statement given to the "Spiegel" was the West. When it comes to Dačić, he publicly rectified his position when he came to power. Presenting his government programme, as the incoming Prime Minister in 2012, he said the following:

"Serbia wants to be a factor of peace and stability in the region, supporting the European perspective of the entire region. We support security, stability and good relations in the Western Balkans. All disputes, all outstanding issues have to be resolved peacefully in the spirit of cooperation. If they say the word Balkans means blood and honey, there has been enough blood. It's time that we tasted honey. Serbia is extending the hand of reconciliation to all. Let's not dwell on the past, let's think of the future. We want good relationships, with mutual respect of the independence and territorial integrity of all states.

At the same time, the Government will, within the Agreement on Special Relations, strive to ensure full compliance with the Dayton Peace Agreement and develop the strongest political, economic and cultural relations and cooperation with Republika Srpska."<sup>7</sup>

In one of his most recent statements on this subject matter, Dačić went even further and said: "There is no threat to the territorial integrity and sovereignty of BiH coming from our side and we also believe that no one has the right to change the Dayton Agreement in a way which would threaten continued existence of Republika Srpska, i.e. without the agreement of all three peoples and both entities."<sup>8</sup>

These examples illustrate the main characteristic of the relations between BiH and Serbia and Serbia's foreign policy: it spreads over a number of dimensions. Regardless of the negotiations-related "looping", pragmatic regional policy of the Prime Minister Đinđić influenced the foreign policy of the SR Yugoslavia in a way that, immediately following the democratic changes, it developed along the dimensions imposed by the foreign policy interest. Renewal of diplomatic relations with BiH and strengthening of connections with Republika Srpska were the opening moves in Serbia's relationship with BiH. As indicated in the Table 1, the logic "Sarajevo + Banja Luka" was kept regardless of the changes in the government, but the issue of the **actors** who act on behalf of Serbia on different levels is nevertheless very important. Thus, politically weak Svilanović opens the door in Sarajevo, as formally tasked, while entrepreneurial and politically powerful Đinđić implements his Realpolitik in Banja Luka.

<sup>5</sup> <http://www.spiegel.de/spiegel/print/d-26024519.html>

<sup>6</sup> [http://www.b92.net/info/vesti/index.php?yyyy=2007&mm=11&dd=11&nav\\_category=11&nav\\_id=271752](http://www.b92.net/info/vesti/index.php?yyyy=2007&mm=11&dd=11&nav_category=11&nav_id=271752)

<sup>7</sup> <http://sps.org.rs/2012/07/ekspeze-ivice-da%C4%8Di%C4%87a-mandatara-za-sastav-vlade-srbije/>

<sup>8</sup> Interview for BHT1, 3.2.2013. Quoted from: <http://www.akter.co.rs/25-politika/29754-da-i-srbija-nije-pretnja-za-bih.html>



Present-day leadership of Serbia has a very similar approach. The President Nikolić offered an apology and accepted an invitation to come to Sarajevo<sup>9</sup>, but only after, in the course of previous several months, in Banja Luka and Belgrade, he had managed to overcome recent political disputes with the President of Republika Srpska, Milorad Dodik. Nevertheless, circumstances under which these messages were sent are very important. The apology for crimes was given in the interview for a BiH state television BHT, following the question and perseverance of a journalist, when the President of Serbia was somewhat "on a defensive". On the other side, Nikolić's statements that there was no genocide in Srebrenica and the overall political legacy from the Serbian Radical Party influenced the interpretation and expectations. This was met with open disbelief by leaders from the FBiH. Thus, conditions are created in terms of personal aspects of these actors, so that the activities on the line Belgrade-Sarajevo can be quieter and more indirect. The Prime Minister Dačić communicates with the state leaders of BiH, but mainly through a multilateral approach. He came to Sarajevo as a Minister of Interior Affairs to attend a regional conference and used this opportunity for a "side meeting" with the BiH state leaders. More influential (and more popular) Nikolić and Aleksandar Vučić are in touch with Banja Luka.

In the meantime, between the Đinđić's pragmatism and his opponents who today stand for the new pragmatism of Serbia, there were two mutually opposite views: the Prime Minister Koštunica characterised by cooling of relations and agile, peaceful Boris Tadić. Koštunica, in terms of his position towards Republika Srpska, which was, *inter alia*, characterised by increased economic investments, did not have a corresponding counterpart in relations with the state of BiH, until the President Tadić took office and in cohabitation with Koštunica took over the "Sarajevo dimension". Following the victory in 2008 elections, Tadić, in his activities, combined different levels in BiH, simultaneously being an enthusiastic interlocutor of BiH in Sarajevo and a close friend in Banja Luka. Diplomacy "on steroids", as labelled by the media, led by the Minister Vuk Jeremić invested significant efforts on a global scale and in bilateral relations with distant countries, while the President Tadić was active in the region (although the first Jeremić's visit was to Sarajevo and Banja Luka). This created an interesting combination met by criticism, particularly in the Federation of BiH: partnership and even an apology in Sarajevo, with a large support and even personal encouragement for the Prime Minister and President Dodik and Republika Srpska. This period was to a large degree characterised by personal connection Tadić-Dodik, which ranged from activities of symbolic significance (football matches, informal gatherings, friendly gestures) to a concrete political support (in electoral campaigns). For the purpose of illustration, the President of Serbia in a period of just over six months attended the opening of an elementary school "Serbia" at Pale (September 2009) and signed the Istanbul Declaration that Republika Srpska disagreed with (April 2010).

The new Serbian pragmatism, as announced by the new government, reopened the question of who talks to BiH. At this moment, the President Nikolić has just got involved. Before that, involved were the Minister Ivan Mrkić, a quiet career diplomat, and to a certain degree, the Prime Minister Dačić, as a minor partner in the Government. In the period of six months following the formation of the Government, the first team has been playing on the line Belgrade-Banja Luka. In the game played on several levels, BiH can be used to strengthen the position in Kosovo negotiations and EU integration, meaning that alienation from the state level in BiH will not be beneficial. In addition, the challenge posed by Croatia's membership in the EU might in the future open new directions in the complex political relations between BiH and Serbia.

There have not been significant changes in the relations between BiH and Serbia, which is also indicated by the recent signs of the continuity of Tadić's policy: a visit to Belgrade of two BiH Presidency members (Presidency Chair Nebojša Radmanović and Presidency Member Bakir Izetbegović) and the apology and statements of the President Nikolić given in the interview for the BHT television at the end of April 2013. Certainly, these are individual events which only outline stronger interstate relations. The understanding tone announced by the president Nikolić, offering the apology for "the crimes committed on behalf of Serbs and Serbia", confirming that he did not intend to call Republika Srpska a state and accepting the invitation to pay visit to Sarajevo, is a part of a picture portraying a constructive regional player. This is the impression Serbia wanted to leave regardless of the composition of leading political parties. In addition, Nikolić accepted a trilateral meeting BiH-Serbia-Turkey in Istanbul, although when he was in the opposition he was against the Istanbul declaration. Serbia's "state cause" therefore has the objective to maintain relations with the BiH state leadership, although relations with Republika Srpska are given a priority. Judged by their continuity, the two countries have mainly had unchanged relations, which are not simply bilateral, but they take place on several tracks, regardless of a public display of readiness for cooperation on all levels.

<sup>9</sup> Interview for the BHT1, aired on 25.4.2013: [http://www.nezavisne.com/novosti/bih/Pogledajte-sta-je-tacno-rekao-Tomislav-Nikolic-za-BHT1-189824.html?utm\\_source=feedburner&utm\\_medium=feed&utm\\_campaign=Feed%3A+Novosti-NezavisneNovine+\(Novosti+-+Nezavisne+novine\)](http://www.nezavisne.com/novosti/bih/Pogledajte-sta-je-tacno-rekao-Tomislav-Nikolic-za-BHT1-189824.html?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+Novosti-NezavisneNovine+(Novosti+-+Nezavisne+novine)). Complete interview available on: <http://www.youtube.com/watch?v=1OJ1LXeagiU>

Table 1: Overview of foreign policy actors in Serbia after the year 2000 and their contributions to the relations with BiH

Actor – Name and Function	Most important actions toward BiH	Most important messages about BiH	Relevant visits to BiH		How does he see the relations with BiH?
			Entities	State level	
Zoran Đinđić, Serbian Prime Minister 2001-2003 (Democratic Party -DOS)	S <sup>10</sup> : / (foreign policy was on the federal level) E <sup>12</sup> : establishing special parallel relations with Republika Srpska, maintaining cooperation, facilitating investments from Serbia to Republika Srpska	- importance of dialogue, Dayton Agreement, overcoming conflicts, reconciliation Serbia's priority is economic cooperation with Republika Srpska - „New Dayton“ possible, if Kosovo declares independence	BL, 21.2.2003. (opening of the „Hemofarm“ plant, meeting with leaders of Republika Srpska, university lectures)	/ (state foreign policy was on the federal level)	Negotiations/ bargaining, dynamic politics, increased investments and trading, pragmatic national policy and open closeness with Republika Srpska Critical of tradition, but without rejecting it
Goran Svilanović, Foreign Minister of the SRY 2000-2004 (Civic Alliance of Serbia -DOS)	S: Protocol establishing diplomatic relations between the SRY and BiH, Belgrade (with J. Prlić), 15.12.2000. E: establishing special parallel relations meetings, talks	- unfounded fear of secession of Republika Srpska from BiH, „no entities without BiH or BiH without the entities“ - the SRY respects integrity of BiH, it is not Republika Srpska's „older brother“ unacceptable that Republika Srpska is „genocidal“	BL, 5.3.2002.	SA, 19.2.2003.	Liberal approach to resolving the issues, breaking up with the tradition without referring to the war past
Vojislav Koštunica, President of the SRY (Democratic Party of Serbia - DOS) 2000-2003 / Prime Minister of Serbia (Democratic Party of Serbia) 2004-2008.	S: messages, support for the position of Republika Srpska as established by the Dayton Agreement E: Agreement on Special Parallel Relations renewed, regular work of the Cooperation Council - Investments – purchase of „Telekom Srpske“, opening of Komercijalna bank, etc.	- Serbia is determined to defend the Resolution 1244 and Dayton Agreement, Kosovo and Republika Srpska of utmost importance - safeguarding the Dayton Agreement is the obligation of Serbia - respect for the integrity of BiH	BL: a series of visits 2005-2007, Serbia-Republika Srpska Cooperation Council Trebinje: 22.10.2000. burial of the remains of J. Dučić	SA: 22.10.2000. One-hour visit following the visit to Trebinje	Economic support to Republika Srpska, close ties between Republika Srpska and Serbia, proper relations with the state of BiH, strengthening the role of Serbia as a guarantor of the Dayton Agreement
Vuk Drašković, Minister of Foreign Affairs of the State Union of Serbia and Montenegro 2004-2007 (Serbian Renewal Movement)	S: Messages, statements E: Support messages, statements about integrity of Republika Srpska.	- Republika Srpska will join the EU as a part of BiH - BiH should withdraw the genocide lawsuit	/	/	Cooperation on Euro-Atlantic integration, overcoming the disputes, without laying the guilt on Serbia

<sup>10</sup> BiH state level activities.

<sup>11</sup> BiH entity level activities.

Actor – Name and Function	Most important actions toward BiH	Most important messages about BiH	Relevant visits to BiH		How does he see the relations with BiH?
			Entities	State level	
Boris Tadić, President of Serbia 2004-2012 (Democratic Party)	S: - Apology for the crimes committed by Serbs on Bosniaks - signing of the Istanbul Declaration E:- supportive statements - personal cooperation with M. Dodik - symbolic gestures, such as opening of the school „Serbia“ at Pale, opening of highways, sport matches, etc.	- reconciliation as a key process in the region - Serbia as a friend and partner of BiH - close relations with Republika Srpska within the framework of Dayton Agreement provisions are very important - Serbia as support for Serbs in the region	BL: several visits, Serbia and Republika Srpska Cooperation Council, ceremonial events	SA: 6.12.2006. 6.7.2011.	Wider regional understanding and reconciliation, where BiH is considered important and a part of a tetragon with Serbia, Croatia and Montenegro. Republika Srpska and its leadership (M. Dodik) as a key partner.
Vuk Jeremić, Minister of Foreign Affairs of Serbia 2007-2012 (Democratic Party)	S: - visits, messages concerning the closing of the OHR E: - visits, support within the „Dayton framework“	- Serbia respects the integrity of BiH - the institution of „viceroy“, the OHR, should be closed	BL: 28.5.2007. 26.12.2008.	SA: 28.5.2007. 26.12.2008.	Dialogue without achieving concrete solutions to improve relations – diplomatically reserved to give concrete proposals. „Strong Republika Srpska within strong BiH“
Ivica Dačić, Prime Minister of Serbia and Minister of Interior Affairs 2012- , (Socialist Party of Serbia)	S: - visit to Sarajevo, meeting with the Minister Lagumdžija in Belgrade E: - visit to Banja Luka, cooperation within the special parallel relations	- relations with Sarajevo and Banja Luka are equally important for Serbia - economy softens relations, numerous common interests - divisions should be overcome	BL: 14.9.2012. 26.12.2012. Serbia and Republika Srpska Cooperation Council	SA: 30.1.2013. (bilateral + regional Forum on Migration and Asylum, as the Minister of Interior Affairs)	Cooperation based on the Dayton Agreement, economic and security aspects very important, close ties with Republika Srpska
Ivan Mrkić, Minister of Foreign Affairs of Serbia 2012- , nonpartisan, career diplomat	S:- signing the MoU for Cooperation in the field of European Integration E: - supportive messages	- BiH is Serbia's closes neighbour, shared history, building the future with closest ties - it is important to maintain frequent contacts at the state level - independence of Republika Srpska is not possible		SA: 27.12.2012.	Diplomatic contacts and frequent talks at the state level, without neglecting the entity level relations
Tomislav Nikolić, President of Serbia 2012- (SNS)	S: visit postponed, meeting with N. Radmanović and B. Izetbegović in Belgrade, apology for crimes committed on behalf of Serbs and Serbia	- apology „down on his knees“ for crimes, Serbs in BiH are also Bosnians, but Serbia cares for them - Serbia respects the integrity of BiH, but BiH is not functional and it is slowly disappearing - „Sarajevo center“ should not be rejected, BiH was accepted in Dayton as a state composed of two entities	BL: 26.12.2012. Serbia and Republika Srpska Cooperation Council	/ (waits for an invitation)	Cooperation while accepting the strong role of Serbia, distancing from the negative image, relieved from history but fulfilling the national interest and close cooperation with Republika Srpska

## ***Economy of Uneven Strengths***

Economic relations were already introduced in an overview of the trade balance, investments and interests between BiH and Serbia. Different actors in Serbia's foreign policy have not considerably departed from the intention to use the economic ties, primarily with Republika Srpska and then with the rest of BiH, to derive benefit. Engagement of the Prime Minister Đinđić to open the "Hemofarm" plant and bring other investments was continued through a series of other investments. A specific example were the activities of Serbia during the rule of the Prime Minister Koštunica, particularly the purchase of Telekom Srpske in 2006 for the astounding price of EUR 646 million, which almost equals the total budget of Republika Srpska. Regardless of the intentions, many investments from Serbia are based on economic interest. The principal areas of interest of leaders in Serbia are positive trade balance and investment opportunities, but the priorities are determined in combination with the national interest. When explaining the economic framework for bilateral relations, we already emphasised the asymmetry in terms of the Serbia's economic presence in RS and the FBiH.

However, this does not mean that this is a sole intent of Serbia. The business environment, under the influence of politics, is not the same in both entities. Therefore, the actual economic asymmetry in terms of the presence of Serbia in BiH cannot be attributed only to the intentions, i.e. interests of Serbia. The problems related to the productivity levels, a series of unsuccessful privatisations and promising business accomplishments (such as "Fiat" plant in the Kragujevac "Zastava") certainly draw the attention of decision makers towards rare markets where Serbia's economy can be dominant and competitive. BiH is one of such markets, but economic possibilities for the capital from Serbia are greater in Republika Srpska thanks to, inter alia, the Agreement on Special Parallel Relations.

## ***Security Cooperation Model „Sarajevo + Banja Luka“***

Security, as a common source of Serbia's interests and BiH, also implies common challenges. Intensive cross-border crime, flows of illegal substances, dirty money, white slaves and other crime "products" require cooperation. Again, there are "Dayton-related" and national interests: Serbia expects effective cooperation with the existing security structures, including the Ministry of Interior Affairs of Republika Srpska with the entity level police. In terms of the security and defence related integrations, the difference in the position of the two countries with regards to NATO was already presented. Considering the criminal groups, terrorist threats, possible problems with asylum seekers and non-traditional threats related to new technologies (cyber crime, hackers, etc.), it can be said that the common threats to both internal and regional security do exist.

A common response to these threats is primarily of institutional nature. The Serbian Ministry of Interior and BiH Ministry of Security signed the Agreement on Cooperation in the Fight against Crime, Terrorism and Corruption in April 2010. On the other side, joint police actions included also entity and cantonal police forces. In the following year, in September 2011, the Ministries of Interior of Serbia and Republika Srpska formalised their cooperation when the two ministers Ivica Dačić and Stanislav Čađo signed the cooperation agreement. Therefore, in addition to the common problems and cooperation at the state level, Republika Srpska Police is certainly a part of this equation, as it, within the possibilities as set by the Dayton Agreement, can establish its own cross-border links with the security structures of Serbia. In addition to calling for closer relations between Serbia and Republika Srpska, on this occasion, Minister Dačić also accentuated the need for efficiency: "This cooperation is not a result of political needs for good cooperation between Serbia and Republika Srpska, but of daily and operational needs of the two police forces. We are establishing cooperation on all important matters and it will certainly be further improved in the forthcoming period".<sup>12</sup>

Guided by the idea that corruption and criminal channels rise above state and national barriers, government officials of both countries treat the security as a priority and yet they applied the model "Sarajevo + Banja Luka" in this area as well.

The two countries are divided on the issue of security integrations. Despite the reservation expressed by Republika Srpska, BiH expects that the Membership Action Plan (MAP) will be activated, which

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<sup>12</sup> <http://www.studiob.rs/info/vest.php?id=68494>

institutionally means being just a step away from the membership. Already mentioned military neutrality, which was in a way announced by Serbia, could be a point where BiH and Serbia security-wise begin to slightly distance themselves from each other. In any case, this is not a large gap, considering that Serbia maintains its membership in the Partnership for Peace and intensive relations with NATO.

### ***European Dimension of Relations: Support and Competition***

Even if they did not have an interest to maintain good relations, both BiH and Serbia would be “encouraged” to do so by the requirements of the European Union. Accordingly, one of the most important requirements for further integration is to have “good relations with neighbouring countries”. And not only that, the entire approach of the EU to the Western Balkans is characterised by the emphasis on *stabilisation*. Therefore, it is not a surprise that regional cooperation and regulated bilateral relations, as a sort of conflict prevention, are in the core of the main condition for EU integration. The Serbia 2010 Progress Report by the European Commission is an example of such conditionality. It is not only that cooperation with neighbouring countries is set as one of political conditions, but it is a very central requirement:

*Regional cooperation and good neighbourly relations form an essential part of Serbia's process of moving towards the European Union. The Serbian government has declared regional cooperation one of its priorities.<sup>13</sup>*

In the 2011 Commission Conclusions, this requirement is formulated as follows:

*Serbia is encouraged to maintain the momentum of reforms in pursuing the necessary degree of compliance with the membership criteria, with particular attention to the rule of law, and to continue its constructive engagement in regional cooperation and in strengthening bilateral relations with neighbouring countries.<sup>14</sup>*

This requirement of the European Union is not easy for Serbia to fulfil in relations with all neighbouring countries. Still, undertaking constructive activities in its relations with BiH, Serbia can ensure positive evaluations in the reports and also shift attention and agenda to the relations with BiH. Although requiring improvement, these relations, in terms of regulation and level of cooperation, cannot be compared with the Kosovo issue. Therefore, open cooperation channels with the entire BiH might be recognised by the European Commission as a positive sign, which would possibly be beneficial in the overall assessment of Serbia's progress towards the EU, although the attention of the EU is mainly focused on the dialogue between Belgrade and Pristina.

One should not forget that the same requirement for good neighbourly relations applies on BiH as well, expressed in the same words: “Regional cooperation and good neighbourly relations form an essential part of Bosnia and Herzegovina's process of moving towards the European Union”. European Commission reports on progress of BiH and Serbia assess their bilateral relations as good.

Cooperation in the area of European integration also includes the approximation with the EU standards. Exchange of experiences, mutual assistance and even task sharing for the purpose of enhanced progress of both countries are possible forms of mutual support. This is particularly important under the circumstances of high level of mutual interdependence (to use the terminology of liberalism in international relations) between BiH and Serbia, which means connected economies, information flow, security issues and a possibility that decisions on internal issues have consequences on the other side of the border. This was recognised, at least in principle, by the state leaders of both countries. Accordingly, the Memorandum of Understanding between the Council of Ministers of BiH and Serbian Government in the field of European integration was signed in Sarajevo on 27 December 2012. This document foresees mutual assistance in the process of further EU integration, including jointly adjusting to the membership of Croatia in the EU and resolving a series of bilateral issues, such as borders or property.<sup>15</sup>

European dimension in the relations between BiH and Serbia includes another relevant area which again reveals differences between the two countries: the cross-border cooperation financed from the IPA funds. This is one of the IPA components that BiH, as a potential candidate, can use. The amount that a country

<sup>13</sup> [http://ec.europa.eu/enlargement/pdf/key\\_documents/2010/package/sr\\_rapport\\_2010\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2010/package/sr_rapport_2010_en.pdf)

<sup>14</sup> [http://ec.europa.eu/enlargement/pdf/key\\_documents/2011/package/sr\\_conclusions\\_2011\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2011/package/sr_conclusions_2011_en.pdf)

<sup>15</sup> <http://www.nezavisne.com/novosti/bih/Potpisan-memorandum-o-razumijevanju-BiH-i-Srbije-173324.html>

gets (more precisely the areas covered by the programme) depends on the successfulness of projects, activities such as project writing and presentation and generally the agility in applying for the funds. Generally speaking, there is a large difference between BiH and Serbia in terms of the overall utilisation of the IPA funds. In 2012, Serbia managed to utilise 90% of the available funds, while BiH utilised only 61%.<sup>16</sup> This ratio refers to the overall funds available, while data for the IPA component for cross-border cooperation are shown in the table below (in EUR).<sup>17</sup>

Table 2: Funds used annually by BiH and Serbia from the IPA cross-border cooperation component

Year	2007	2008	2009	2010.*	2011.*
BiH	700 000	700 000	700 000	700 000	700 000
Serbia	1 100 000	1 100 000	1 300 000	1 100 000	1 100 000
Total	1 800 000	1 800 000	2 000 000	1 800 000	1 800 000

\*) indicative amounts;

The data above demonstrate the difference in the amounts utilised and better ability of Serbian border areas to secure financial support. Therefore, European framework represents an opportunity to gain certain benefit, while maintaining cooperation.

European integration and further cooperation can also be associated with the different position of the two countries in terms of NATO membership. Integration into NATO is an unofficial, yet practice-proven, accompanying element of the "European path". In this case, BiH is closer to the principle "first NATO, then EU", characteristic for all former socialist countries, now members of the Union.

### ***Conclusions and new issues: presence and future of "layered cooperation"***

Complicated relations between Bosnia and Herzegovina and Serbia surpass traditional bilateral framework. They are based on the interests of different actors and the interests of long continuity and diversity, providing a basis for different courses of action. Consequently, the foreign activities were layered and, in early stages, they evolved on many levels. This is not a pathological phenomenon. Multiple political levels, in addition to the state level, are the characteristic of modern international politics. The existing circumstances, both global and local, facilitate further layering of interests, actions and contacts. Simultaneously, other subjects developed and they take over a part of these processes. However, the problem appears when this diversification is used as an instrument for aggressive foreign policy or, on the other side, when it is used to nurture distrust and when, in fear, it is considered to be a threat. It requires multiple actors to remedy such abuses. All actors on different levels within relations between BiH and Serbia have a difficult task to find a healthy and efficient measure of their diversity. In other words, this means legitimising and developing a normal role of entity, national, civic, cultural and other actors, in addition to the state ones. In this way, normalised "layered cooperation" may be established in a clearer and more efficient manner.

On the other side, stability of BiH seems to be such an important objective, primarily for the actors from Serbia, that there are aspirations to keep the situation unchanged. From the perspective of short-term and medium-term interests of Serbia, there is no doubt that turbulent BiH or secessionist Republika Srpska would bring no good to Serbia. This is the reason for continuous confirmation of the respect for the BiH territorial integrity, apologies of two Presidents, statements of the president Nikolić that "Serbs in BiH are Bosnians", but Serbia has an "obligation to protect" their interests, or the statement of the Minister Mrkić that nobody in Serbia even considers the independence of Republika Srpska.<sup>18</sup> The principal interest of Serbia remains to have strong Republika Srpska within BiH which did not recognise the independence of Kosovo and which serves to improve the foreign trade balance. This situation maintains the institutional status quo. However, the challenge is to find an answer to the question whether BiH can, in its foreign policy toward Serbia and in general, learn to channel its internal diversity and establish common interests which would ensure efficient and satisfactory course of action.

<sup>16</sup> Data for Serbia as of 26.9.2012 for the period starting from 2007. Source: Office for European Integration of the Serbian Government: <http://www.euractiv.rs/srbija-i-eu/4773-dobra-iskorienost-ipa-fondova-za-prekograninu-saradnju>; Data for BiH as of 27.11.2012 for the period starting from 2007. Source: Directorate for European Integration of BiH: [http://www.dei.gov.ba/dei/media\\_servis/vijesti/?id=11074](http://www.dei.gov.ba/dei/media_servis/vijesti/?id=11074).

<sup>17</sup> Table quoted from the website of the BiH Directorate for European Integration: <http://www.dei.gov.ba/dokumenti/?id=6124>.

<sup>18</sup> <http://www.trtbosanski.com/bs/news/detail/region/2/ivan-mrkic-nezavisnost-republike-srpske-nije-moguca/12890>