

BENCHMARKS FOR A SUSTAINABLE PEACE

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

A REPORT ON PROGRESS MADE TOWARD ACHIEVING BENCHMARKS FOR A SUSTAINABLE PEACE IN BOSNIA AND HERZEGOVINA



JUNE 5, 2001.—Message and accompanying papers referred to the Committees on International Relations, Appropriations, and Armed Services and ordered to be printed June 5, 2001

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To the Congress of the United States:

As required by the Levin Amendment to the 1998 Supplemental Appropriations and Rescissions Act (section 7(b) of Public Law 105-174) and section 1203(a) of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 (Public Law 105-261), I transmit herewith a report on progress made toward achieving benchmarks for a sustainable peace process in Bosnia and Herzegovina.

In July 2000, the fourth semiannual report was sent to the Congress detailing progress towards achieving the ten benchmarks that were adopted by the Peace Implementation Council and the North Atlantic Council in order to evaluate implementation of the Dayton Accords. This fifth report, which also includes supplemental reporting as required by section 1203(a) of Public Law 105-261, provides an updated assessment of progress on the benchmarks covering the period July 1, 2000, to February 28, 2001.

GEORGE W. BUSH.

THE WHITE HOUSE, *May 25, 2001.*

REPORT TO CONGRESS ON PROGRESS TOWARD ACHIEVING
BENCHMARKS IN BOSNIA

This document is divided into two parts, corresponding to two separate Congressional reporting requirements concerning SFOR operations and developments in Bosnia and Herzegovina (BiH). Part I responds to the requirements of section 7 of Public Law 105–174 and outlines the latest developments in our continuing efforts to achieve a sustainable peace in BiH. Part II responds to the supplementary reporting requirements contained in section 1203(a) of the National Defense Authorization Act for fiscal 1999. I submit these two reports in a single document to afford Congress a broad and comprehensive assessment of developments in BiH from July 1, 2000 to February 28, 2001.

PART I

Introduction. In July 2000, then President Clinton sent the fourth semiannual report to Congress under Public Law (PL) 105–174, detailing progress towards achieving the ten benchmarks adopted by the Peace Implementation Council (PIC) and the North Atlantic Council (NAC) for evaluating implementation of the General Framework Agreement for Peace in Bosnia and Herzegovina (GFAP, or the Dayton Peace Agreement) over the period from January 1 through June 30, 2000. This section is an updated assessment of progress on the benchmarks for the period from July 1, 2000 through February 28, 2001.

Working with our Allies and Partners, we are making gradual, steady progress in helping BiH to achieve political viability and economic recovery. The recent coming to power of the first-ever non-nationalist government in independent Bosnia is a significant step forward in the country's transition to a modern, post-war society. In December 2000, the PIC Steering Board identified priorities for the next six months for Bosnian authorities and the international community (IC). The broad goals remain self-sustaining peace, democracy, and economic growth in BiH. The PIC's specific focus was on economic reform, building state-level institutions, and pressing the fight against corruption and organized crime. Continued active engagement by the international community is needed to realize these objectives. The goal remains to foster circumstances that allow the people of BiH to assume stewardship of a lasting peace leading to full integration of BiH into the family of European democracies.

The following evaluation provides a detailed account of progress achieved over the reporting period under each of the ten benchmarks. Basic structures of government now in place are slowly extending their reach, and Dayton-mandated central institutions function with increased, though still limited, effectiveness. A multi-ethnic State Border Service, trained by the United Nations, has

performed well in limited areas and is scheduled to expand operations soon. A small, specially trained, multi-ethnic Bosnian police unit remains deployed in support of UN operations in East Timor and replacements are in training. In the second half of 2000, the international community (IC) began intensified action against deep-rooted corruption in BiH with mixed results. The IC maintained strong support for increased independence of the still-fragile BiH police force and judicial system. There remains much room to improve these institutions and prepare them to contribute to establishing a truly unified, multi-ethnic state. The PIC Steering Board stressed in December that newly elected BiH authorities would be “required to meet all standards of a modern European state, as enumerated in the Constitution of BiH.”

The November 11 elections produced, after protracted negotiations, moderate pro-Dayton governments at the BiH and entity levels. However, in Republika Srpska (RS) and the Croat majority areas of the Federation, voting patterns indicated that some political figures who remain committed to ethnocentric, anti-Dayton visions of the future, though weakening, continue to command support and resist measures that would ensure a European future for a multi-ethnic BiH. Key indicted war criminals remain at large, undermining advancement toward stability, rule of law, and refugee return. The rate of minority refugee returns, while registering continued increases in the last half of 2000, remains less than satisfactory. Necessary economic and judicial reforms are still pending. Determined IC action is still needed to eliminate the influence of opponents of the Dayton process.

A benchmark-by-benchmark analysis of the current situation follows:

1. *Military Stability.* Aim: Maintain Dayton cease-fire. Since the January 1–June 30, 2000, assessment, the military security situation in BiH continues to be relatively calm. SFOR’s strength as of February 28, 2001, is approximately 20,000 (approximately 19,000 in Bosnia), reduction of more than one third compared with December of 1999. The U.S. component stands at around 4,4000, approximately 20 percent of SFOR’s total strength. As part of a process, initiated during the last Six Month Review of SFOR’s Operations Plan (OPLAN) and troop levels and conducted in close consultation with the Allies, approximately 750 U.S. troops, associated with equipment no longer needed for the mission in Bosnia, will be drawn down in the first half of 2001. NATO has determined that SFOR is able to carry out all of its key military and supporting tasks at current troop levels. Local commanders have learned to cover their assigned areas with fewer forces through enhanced operational flexibility, which has permitted the restructured force to accomplish its mission with undiminished effectiveness. The next scheduled review of SFOR’s OPLAN and troop levels will take place in the spring of 2001.

Progress continued towards increasing mutual confidence between the entity armed forces (EAFs). The IC has made progress in planning the restructuring of the EAFs and providing BiH with appropriate defense and security institutions at the state level. Efforts to further accelerate this process will continue. The state-level Standing Committee on Military Matters (SCMM), representing

the three-member BiH presidency, made progress in formulating a common Bosnian defense policy as a first step towards creating a state-level dimension of defense. The SCMM's permanent secretariat continued to develop its role in coordinating actions of the EAFs at the policy level. In addition to working on the common defense policy, the SCMM secretariat assisted in planning a second 15 percent reduction of the EAFs' budgets and military personnel at the end of calendar year 2000. The SCMM requires more staff, more resources, and greater authority to deal with security issues directly, in order to carry out its envisioned role as the core of a future BiH defense ministry.

2. *Public Security and Law Enforcement.* Aim: A restructured and democratic police force in the Federation and Republika Srpska. There has been sustained progress in the areas of police reform and professionalization. The multi-ethnic State Border Service (SBS), which has been operational at the Sarajevo airport and three land crossing points, has begun expanding to an additional eight land crossing points by May 2001. The International Police Task Force (IPTF) regards the SBS as a key priority and will reassign monitors to cover this operation as it grows. Defying political pressures, the SBS has upheld Bosnia's commitments relating to border security. In the RS, customs and interior ministry officials in two separate incidents intercepted large drug shipments (cocaine, heroin, and marijuana). In accordance with an existing cooperation agreement, both entities continue to allow voluntary re-deployments of officers across the Inter-Entity Boundary Line (IEBL) to enable them to undertake policing functions in their pre-war communities. An Inter-Entity Joint Task Force has been established to facilitate law enforcement information sharing across the IEBL and an interagency task force to combat trafficking in persons has been formed. In Mostar, the former FRY police facilities shared by Croat and Bosniak police remain ethnically integrated. The first multi-ethnic Bosnian Civilian Police (CIVPOL) contingent remains deployed in East Timor, and training for rotational replacements has been completed.

The arrest of a key figure in the BH Banka fraud case led to unprecedented cooperation within the Bosnian criminal justice system, and groundwork has been laid for continued support and development of investigative units to combat organized crime and corruption. Internal affairs units are increasingly active in upholding professional standards of police conduct. At the same time, local police capacity in both entities remains limited, and assistance from the international community is still needed to fight organized crime, narcotics trafficking, ethnic violence, and civil disorder more effectively. A series of disturbances in Brcko, related to school integration, illustrated the ongoing importance of IPTF and SFOR assistance. The IPTF expects to complete all police training functions by mid-2001 and will shift more of its focus to the co-location program and staffing special units to help local police deal with complex problems such as organized crime and corruption. Through the co-location program and other means, the IPTF continues to conduct intensive audits of local police operations, and will vigorously enforce non-compliance and decertification policies. The acting

Livno canton Interior Minister recently was fired for non-compliance with IPTF rules.

In addition, BiH participates in the Southeast European Cooperative Initiative (SECI) regional effort to combat transborder crime. BiH signed and ratified the SECI Agreement to Cooperate in Combating Trans-Border Crime, along with eleven other states in the region (Albania, Bulgaria, Croatia, FRY, Macedonia, Greece, Hungary, Moldova, Romania, Slovenia, and Turkey). The signatories have established a Center to Combat Trans-border Crime in Bucharest, Romania, to exchange information and coordinate law enforcement activities of police and customs to interdict and bring to justice criminals who operate across national boundaries. The Center, which receives technical assistance from the U.S. Support for Eastern European Democracies (SEED) program, opened in October 2000. BiH also participates in the task forces on trafficking in humans and narcotics under the Center's auspices. These task forces bring together police and customs officials from eleven countries of the region to coordinate national strategies to identify priority targets, share information, and build confidence among law enforcement agencies.

3. *Judicial Reform.* Aim: An effective judicial reform program. Significant judicial reform legislation was adopted by the RS parliament in April 2000 and imposed by the Office of the High Representative (OHR) in the Federation in May 2000. The aim of these entity laws is to de-politicize the prosecutorial service by establishing commissions composed of serving judges and prosecutors to advise legislators on appointments and dismissals. The laws also provide that the commissions will review all sitting judges and prosecutors over a period of 18 months. The United Nations' Judicial System Assessment Program has completed its work. The Independent Judicial Commission (IJC), the follow-on program focussed on reform implementation, is being established within OHR. The IJC will monitor and, if necessary, intervene in the work of the entity commissions. The IJC will focus international assistance on judicial reform initiatives, assist in the identification and design of specific non-governmental organization development programs, and support domestic judicial training organizations.

In July the Constitutional Court ruled on the "Constituent Peoples" case, striking down provisions in entity-level constitutions that were deemed to be inconsistent with the BiH constitution. Newly elected parliaments will be expected to amend their constitutions in 2001. In November, the High Representative imposed a law establishing a State Court with jurisdiction over State-level administrative matters and certain criminal law matters. This law strengthens the judicial system at the state level and is vital for foreign investors, who are reluctant to put money into a country with no institution to settle legal disputes related to foreign trade. The State Court, once it begins to function, will be such an institution.

Additional effort is needed to ensure implementation of these new structures and real independence (political and financial) of the judiciary. Successful execution of judicial reforms is critical to establishing the rule of law and the confidence of all Bosnia's citizens, regardless of ethnicity, in the domestic court system.

4. *Illegal Institutions, Organized Crime, and Corruption.* Aim: The dissolution of illegal pre-Dayton institutions. Several important steps were taken by Bosnian and international officials, but much more remains to be done. Temporary Duty U.S. FBI agents have assisted IPTF and local authorities in the investigation of major organized crime/corruption cases. In coordination with OHR's Anti-Fraud Unit (AFU), the U.S. Treasury's Office of Technical Assistance began working in January 2001 to improve the investigative skills of the Financial Police in dealing with large-scale financial crime.

A major source of corruption and financial crime has been the communist-era payments bureaus. The payment bureaus closed in January 2001 and an increasingly visible commercial banking system will be established in their place. The Central Bank will clear all transactions of 20,000 KM (\$10,000) and higher, a standard threshold amount for money laundering.

A joint task force composed of various Federation law enforcement agencies, with the support of the IC, including the FBI, has pursued the BH Banka case aggressively. (See Benchmark 2). The investigation phase has been completed, and prosecution is underway. This is the first high-profile fraud case to go to trial in Bosnia, and the IC wants to ensure that it has impact. One primary suspect is in Bosnia awaiting trial.

U.S. support to the AFU includes \$1.0 million for additional auditors, prosecutors, and investigators, and for conducting investigations. The United States also increased assistance to police, prosecutors, judges and other legal professionals in fighting corruption, particularly in the banking sector in 2000.

BiH also participates in the regional SECI/World Bank Trade and Transportation Facilitation Program. Under this program, the World Bank will provide a loan to develop the infrastructure and physical plant at border crossings, and the United States will provide technical assistance to improve the management and professionalism of the Customs Service and reduce corruption. Discussions with the World Bank were initiated in 2000, and the loan package is expected to be completed and approved by the World Bank's Board in the first half of 2001. BiH participates in the Regional Steering Committee which meets on a regular basis to standardize cooperation among Southeast European customs services, to share best practices, and to bring them into line with European Union standards.

5. *Media Reform.* Aim: Politically independent media and an apolitical telecommunications regulatory authority. Progress in the course of the reporting period has been notable. The Independent Media Commission (IMC), in line with newly adopted guidelines for equitable access to media, closely monitored a large number of broadcasters during the general election campaign. The IMC assessed that broadcasters generally abided by rules governing broadcasting during the general election period and noted that the number of complaints was significantly reduced from previous elections. The IMC suspended one broadcaster's license for 30 days, fined three others, and warned another broadcaster over violations of IMC rules. The IMC noted that broadcasters increasingly turn to IMC and the Organization for Security and Cooperation in Europe

(OSCE) for support in resisting political pressure related to the content of news broadcasts and political programming. In October, the IMC published a white paper on “Media and Democratization” in BiH, which analyzed the development of the media framework in BiH and assessed the largely successful efforts to reduce dramatically nationalist party control over media and improve media pluralism.

Despite these positive steps, pressures persist, including political pressure on media outlets. In early summer, Federation authorities used tax police in an effort to intimidate the largest circulation daily newspaper in BiH. An international outcry forced the removal of the head of the Federation Tax Police and the strengthening of media freedom prior to the November general elections. The international community will continue to defend vigorously media freedoms, while at the same time continuing to insist on adherence to licensing regulations and professional standards of conduct in journalism. U.S. assistance programs help journalists meet those expectations and understand why they are important, but much remains to be done.

6. *Elections and Democratic Governance.* Aim: National democratic institutions and practices. Development of stronger central institutions continues to be of paramount importance. At the State level, all Dayton-mandated central institutions meet regularly, but their effectiveness must be enhanced. Following the November 1999 New York Declaration by the Joint Presidents, a joint secretariat for the Presidency was created, and efforts are underway to increase funding for the under-funded State ministries. Under a law adopted by the State Parliament, the number of ministries was increased from three to six. BiH authorities have committed to issuing a common passport and establishment of a central passport registry, though implementation still suffers delays. With its deployment June 6, the State Border Service (Benchmark 2) became the first multi-ethnic armed force under central government control. There is still resistance from the entities, particularly from the Serb side, to vesting state-level institutions with real power, as they view increased state power as an infringement on entity prerogatives. Nonetheless, progress is being made on creating meaningful central institutions. Within the Federation, the threat of veto by one group under the Vital Interest Clause renders the legislative process slow and often ineffective. Resistance by the nationalist Croat Democratic Union (HDZ) has made government formation more difficult.

General elections took place November 11, 2000, under OSCE supervision. The OSCE ran the elections because the BiH Parliament has thus far rejected an OSCE-drafted election law, despite international pressure. Once an election law is in place, Bosnian authorities would take over responsibility for conducting elections. In November, voters selected members of the State parliament, parliamentary bodies in both entities, cantonal assemblies in the Federation, and the RS presidency. These elections were free and fair, resulting in overall increases for more moderate parties in the Federation and RS. However, nationalist parties retain significant strength, and the nationalist Serbian Democratic Party (SDS) candidate Mirko Sarovic won the presidency in the RS. He appointed

as his prime minister a relative moderate, Mladen Ivanic, who has sought to limit hard-line influence in his cabinet of ministers.

7. *Economic Development*. Aim: Free-market reform. The greatest progress in the economic reform area was in the financial sector, and included bank privatization, the closing of the payment bureaus, and the introduction of deposit insurance in the Federation. There has also been considerable progress in privatization, with the first tenders for a strategic list of 138 companies already concluded, and all but a few scheduled for the summer and fall of 2001. Voucher privatizations for the remaining large and mid-sized companies are underway. There are problems with both the tender and voucher processes, but, importantly, these companies are being pried from government control.

Key pension and labor law reforms were made at the end of 2000, although primarily through OHR imposition. Also, government auditors and treasuries are finally being established to control government spending and reduce corruption more effectively. Securities exchanges are being established in 2001 and will start trading in companies when the voucher process is complete. An international group is coordinating tax reform policies, and, if new entity governments are cooperative, there should be substantial progress in both rationalization and collection this year.

The banking sector in the Federation has strengthened significantly and the role of private sector banks has increased. Several prime-rated foreign banks entered the market in the second half of 2000. The state-owned banks in both entities have prepared privatization plans, and the first should be privatized soon. Under recent legislation, the banking agencies in both entities are taking a more active role in sanctioning banks that violate the law and regulations. OHR had to impose immunity legislation for their staff, and this will further de-politicize the banking sector. A single state-level deposit insurance agency will likely be established in 2001.

Significant challenges remain, many of which have been unreasonably delayed. The power and telecommunications industries have to be privatized; those processes are just now starting. There has been little reform of the commercial code or of the commercial courts. Government procurement practices are still not transparent. There has been little infrastructure development beyond repairs of war damage, and some elements, such as railroads, are still moribund due to ethnic divisions. The IMF's stand-by agreement has dragged on for more than a year beyond its scheduled closing date. As a result, foreign investment is still almost non-existent, and regional integration is lagging.

8. *Displaced Person and Refugee (DPRE) Returns*. Aim: A functioning and orderly minority return process. This period has seen a significant increase in DPRE returns to pre-war homes. Minority returns to some of the previously most hostile regions in the RS have taken place and appear to be gaining momentum. Only occasionally have majority groups in the RS publicly resisted returnees, and even these demonstrations were largely orchestrated rather than spontaneous.

The United Nations High Commission for Refugees (UNHCR) reports that in 2000, 67,445 registered minority returns took place, compared to 42,200 for 1999, an increase of 57 percent. Only anec-

total information is available regarding spontaneous (unregistered) returns, but they were likely in excess of 50,000. The great majority of these returns, however, continue to be to outlying, destroyed, rural villages, where individuals take advantage of improved security conditions provided by SFOR to begin rebuilding while awaiting international assistance. Lack of assistance funds for shelter repair is the greatest obstacle to sustaining these returns.

Returns of minorities to urban areas, particularly the larger towns, continue to lag behind those to villages. One reason for the relatively slow pace of returns to cities has been the inefficiency (and often obstructionism) of local officials in resolving property claims, as well as the related reluctance of local authorities to evict illegal occupants. Officials in the RS and in hardline Croat majority areas, in particular, commonly obstruct evictions and minority reinstatements. To address this problem, OHR initiated a Property Legislation Implementation Plan late in 1999 as a follow-up to the package of amendments to property laws imposed on both entities by the High Representatives.

Security is no longer the primary concern of most returnees, with the possible exception of those in some hardline regions in the RS. According to a USAID-sponsored study, while security and shelter remain the greatest needs for sustainable returns, other important factors were cited by returnees, including employment, education, and infrastructure issues (power, water, health facilities, and transportation).

9. *Brcko*. Aim: Implementation of the Brcko Final Award. Retired U.S. diplomat Gary Matthews assumed office as Brcko District Supervisor on May 26, 2000. (Matthews became Principal Deputy Special Representative of the Secretary General of the UN in Kosovo in early 2001.) The period since has been completion in September of a Framework Agreement with the Federation and the Republika Srpska on entity obligations to Brcko. This agreement was followed in October by Implementation Agreements on entity obligations, including on pensions, on health care, and on refugees, displaced people, and reconstruction. Refugee returns to Brcko have increased, indicating growing confidence in the District's future. The October reopening of the Sava River bridge linking Brcko with Croatia should encourage trade and provide a badly needed source of income for the District. Matthews, others in the IC, and the District government have taken much-needed steps to regularize the notorious Arizona Market, which, after relocation, also will be a revenue source. Trouble erupted between Serb and Bosniak students in mid-October following implementation of the Supervisor's plan to share limited school space. (Benchmark 2) Fast and thorough action by the Supervisor and multi-ethnic education authorities and police allowed the integrated schools to reopen November 29 without incident, indeed with more students in attendance than in October. The Brcko Law Revision Commission has made considerable progress. Brcko residents are beginning to identify with their city as well as with their ethnic groups.

10. *Persons Indicted For War Crimes (PIFWCs)*. Aim: Cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY) leading to the transfer of PIFWCs to The Hague for trial. As of the end of January 2001, 50 PIFWCs have been trans-

ferred to The Hague for trial under open and sealed indictments. Acting within its mandate, SFOR has assisted in the transfer of indictees to The Hague and continues to support ICTY field investigations in Bosnia. PIFWC Janko Janjic died while resisting detention by SFOR units on October 12. Cooperation from the parties, who are responsible for apprehending and turning over PIFWCs to ICTY, continues to vary widely. In particular, Bosnian Serb extremists continue to oppose action against PIFWCs in the RS.

The United States continues to consider the apprehension and detention of PIFWCs Radovan Karadzic and Ratko Mladic to be a high priority in serving the interest of justice and facilitating Dayton implementation. Their success in avoiding apprehension sustains Bosnian Serb extremism, inhibits the establishment of trust among ethnic communities, undermines the credibility of the IC, and erodes the rule of law.

Conclusion. This reporting period continued a positive trend. The level of support by Serb and Croat voters for hard-line “nationalist” parties in the November elections remains a matter of concern. However, this did not halt progress in other areas of civil implementation. Multi-ethnic police forces continue to be trained and deployed. Aggressive auditing and closure of the payments bureaus will weaken party links to key sectors of the economy. The democratic change of government in Belgrade, together with the continued successful consolidation of democratic rule in Croatia, weakened substantially the negative external influences on domestic BiH politics.

Progress on security and civil implementation has helped SFOR consolidate its force requirements at a substantially lower level than a year ago. The Administration will continue to use NATO’s process of Six Month Reviews to determine opportunities for additional reductions and the early transition of SFOR to a deterrent-based mission.

PART II

Section 1203(a) of the fiscal 1999 National Defense Authorization Act requires submission of a semiannual report to Congress as long as U.S. ground combat forces continue to participate in the Stabilization Force (SFOR). This report is reflective of events that occurred from July 1, 2000 through February 28, 2001. Events subsequent to February 28, 2001 will be addressed in the July semi-annual report. This report supplements the “Bosnia Benchmarks” report required by Public Law 105–174 and is therefore submitted here in conjunction with that report. When possible, where requirements overlap, an effort has been made to avoid duplication in the two reports. The numbered responses that follow correspond to specific numbered reporting requirements contained in section 1203(b).

1. *Expected duration of U.S. forces in Bosnia and Herzegovina.* NATO has not established an end date for SFOR, but uses a process of Six Month Reviews to monitor the force size and mission. As of February 28, 2001, SFOR totals about 20,000 troops, less than two-thirds the number in December 1999. Utilizing enhanced operational flexibility, SFOR has continued to fulfill its key military and supporting tasks. (Part I, Benchmark 1)

Ongoing reevaluations of required force structure have led to significant reduction of the U.S. footprint from a high of approximately 20,000 in 1996 to the current level of approximately 4,400. As noted in Part I, Benchmark 1, approximately 750 additional troops will be drawn down beginning in the first half of 2001 as a result of the last SFOR Six Month Review of the SFOR OPLAN and troop levels conducted in close consultation with Allies.

2. *Percentage of benchmarks completed.* No benchmark has been totally fulfilled to date, although in some security areas we are approaching completion. Substantial progress has been recorded in other areas, particularly Brcko, but completing the benchmarks will require time and continued commitment, as described fully in Part I of this report.

3. *Status of the NATO "force of gendarmes."* The Multinational Specialized Unit (MSU) continues to be an essential component of SFOR, which provides unique capabilities in information gathering and crowd control. The MSU carries out liaison with the International Police Task Force and local police. It deters disruptive civil behavior by demonstrating that SFOR can deal effectively with outbreaks and by maintaining a police-like professional presence throughout BiH that is less confrontational than a military response. These qualities, combined with the MSU's continuous patrolling and cooperation with local police and community leaders, help to foster an atmosphere of security and rule of law. There are about 380 mostly Italian troops assigned to the MSU in Bosnia. They operate under an Italian Carabinieri Commander, who oversees certification of specialized units from other contributing countries. As a part of SFOR's restructuring completed this past spring, the MSU was to have gained a second battalion, but no nation to date has been prepared to contribute sufficient numbers of personnel properly trained for this task.

4. *Military and non-military missions directed by the President for U.S. forces in BiH.*—The United States Government supported the decision of the North Atlantic Council to task the Commissioner of the Stabilization Force (COMSFOR), through SACEUR, with the mission of providing a continuing military presence in order to deter renewed hostilities, contribute to a secure environment, and help stabilize the peace in BiH. The tasks outlined below were identified for NATO forces deployed to BiH.

Key military tasks:

- Maintain a deterrent military presence.
- Ensure continued compliance with the military aspects of the GFAP.
- Operate Joint Military Commissions at appropriate levels.
- Contribute, within means and capabilities, to a secure environment, in which the international civil organizations and the parties to the GFAP can carry out their responsibilities under the agreement.
- Ensure force protection and freedom of movement for SFOR.
- Monitor Entity Armed Forces activities and inspect Weapons Storage sites, within capabilities and in close co-ordination with relevant international organizations.

- Be prepared to coordinate turnover of responsibility for Airspace Management/Control to the BiH Department of Civil Aviation when directed. (Section 4(D))

Key supporting tasks, within the means and capabilities of SFOR:

- Provide support on a case-by-case basis to the Office of the High Representative in implementing the civil aspects of the GFAP.
- Support implementation of the Brcko Arbitration Award.
- Support the conduct of elections and installation of elected officials.
- Support the return of displaced persons and refugees by contributing to a safe and secure environment but not forcibly returning them or undertaking to guard individual locations.
- Support the International Criminal Tribunal for the Former Yugoslavia and efforts against persons indicted for war crimes.
- Selectively support the OHR and International Police Task Force in assisting local police, providing back-up, and contributing to a secure operating environment, without undertaking civil police tasks.
- Provide on a case-by-case basis selective support to the OSCE, if requested, in implementing Annex 1B (Agreement on Regional Stabilization) of the GFAP in BiH.
- Support the continued development of the Standing Committee on Military Matters.

With regard to specific issues raised under reporting requirement 4:

(A) *Persons Indicted for War Crimes*: Primary responsibility for the apprehension and transportation of PIFWCs lies with the parties. By the end of 2000, SFOR had detained 33 indictees without support from the parties. Additionally, SFOR continues to support, as necessary and within means and capabilities, the ICTY in the exhumation of war crime sites. (Part I, Benchmark 10).

(B) *Support to civilian police functions*: As long as organized opposition to Dayton continues, the OHR, UN, and other international organizations involved in civil implementation will rely on SFOR to contribute to a secure environment and to provide back-up in the case of civil unrest provoked by Dayton opponents. Our objective is to transition responsibilities for public security to the MSU in SFOR, international police, and ultimately local institutions. (also Part I, Benchmarks 2, 3, 4).

(C) *Resettlement and return of refugees*: During this reporting period, SFOR continued close cooperation with the OHR and UNHCR to encourage returns. Returns of minorities accelerated during the summer. UNHCR assesses that over three-quarters of the 1.2 million wartime refugees and more than one-fifth of the 1 million displaced persons have now returned to their homes or resettled. However, this increase in returns is also an area of increased tension, as evictions and the resettlement process force internally displaced persons from homes they have occupied illegally. SFOR focuses on advanced planning, enhanced information exchange to identify hot spots, and maintaining a secure environment to minimize any efforts to intimidate returnees. (Part I, Benchmark 8)

(D) *Support to local and international authorities*:

Elections. SFOR continued to provide wide-area security during recent parliamentary and RS presidential elections, although this requirement is significantly reduced from previous reports due to the improved security environment. Reports of violence and opposition to elections were few, and SFOR's presence proved essential to a fair campaign and vote. (Part I, Benchmark 6)

Crime and Corruption. Crime and corruption remain perhaps the most significant threats to the secure environment in BiH, impeding progress in civil implementation of the GFAP. There is still significant political influence on police, prosecutors, and judges, and links between organized crime and the local officials remain. Civilian authorities have achieved only limited progress in developing an effective legal framework and comprehensive strategy to address these problems. SFOR continues to support United Nations Mission in Bosnia and Herzegovina and OHR efforts to develop a State Border Service, which began operations earlier this year. (Part I, Benchmarks 2, 3, 4)

Brcko. Since the final Brcko Arbitration Award in March 1999, the Brcko District has been completely demilitarized with the full cooperation of the EAF. (Part I, Benchmark 9)

Airspace Control. In January 2000, SFOR returned to Bosnian authorities control of the BiH upper airspace, which NATO had controlled, as provided for in the GFAP, since initial implementation of the Intervention Force (IFOR). SFOR is currently working with local authorities to develop a state-level approach to other civil aviation issues, including management of the airport in Sarajevo.

5. *Assessment of threats to the United States forces:* The security situation in BiH remains stable. The Entity Armed Forces (EAFs) generally comply with the GFAP and cooperate with SFOR, so maintenance of public order is normally not a problem. Despite an increase in refugee returns, actions against PIFWCs, and BiH-wide elections, the situation remains generally peaceful. As part of an initiative to reduce the EAFs to a size and budget commensurate with Bosnia's population and financial capabilities, a second 15 percent force reduction is scheduled to be completed in early 2001. Additionally, SFOR is involved in a multi-year plan to develop a single, state-level Bosnian army with a unified command and control structure. Cooperation between the RS Army and Federation Army on civil projects and demining continues to improve. (Part I, Benchmark 1)

BiH authorities, civil and military, have yet to develop fully the legitimate, responsible, accountable state institutions necessary to achieve the ultimate goal of self-sustaining peace. However, the latest Supreme Headquarters Allied Powers Europe and SFOR estimates view the likelihood of an internal military threat as remote. There has also been significant improvement in the external security situation of BiH, due to recent democratic political change in the FRY and Croatia. The impact of these democratic changes is not yet clear, and their effect on Bosnia remains to be seen.

6. *Assessment of costs:* Since fiscal 1996, the projected cost to the Department of Defense of the military missions that the President

directed in BiH has been about \$11.2 billion. Costs are summarized below (in millions):

[In millions of dollars]

Operation	FY 2001 Pres. Budget	FY 2000 Actual	FY 1999 Actual	FY 1998 Actual	FY 1997 Actual	FY 1996 Actual
Joint Forge/Guard/SFOR/IFOR	1,255.6	1,381.8	1,431.2	1,792.8	2,087.5	2,241.0
Deliberate Forge/Deny Flight	153.0	101.3	141.4	159.4	183.3	225.9
Task Force Saber/Able Sentry			14.0	10.5	11.7	30.9
UNCRO/Provi de Promise						22.2
Total	1,408.6	1,483.1	1,586.6	1,962.7	2,282.5	2,520.0

Operation Deliberate Forge (follow-on to Deny Flight, Decisive Edge, and Deliberate Guard) involves air operations for maintaining the no-fly zone over Bosnia.

Operation Joint Forge (follow-on to IFOR, SFOR, Deliberate Force, Joint Endeavor, and Joint Guard) is the NATO operation to deter the resumption of hostilities and to contribute to a secure environment that promotes the reestablishment of civil authority in BiH. Operations finances include continued support of a U.S. Division headquarters by a U.S. Brigade Combat Team Task Force with a force capacity of approximately 6,200 in Bosnia, reduced to below 4,600 in April 2000, support of approximately 600 enabling soldiers in adjacent countries (RIM), five base camps reduced to four in the fourth quarter of fiscal 2000, and two troop rotations per year.

IFOR Preparation and IFOR included the costs of preparing U.S. troops for deployment to IFOR, which was the peace implementation force in the FRY.

Operation Provide Promise was the military operation that airlifted and airdropped humanitarian supplies into Bosnia.

Operation Sharp Guard enforced the United Nations-sanctioned embargo against the FRY (excluding the enforcement of the arms embargo against Bosnia) conducted in conjunction with Western European Union forces.

Task Force Able Sentry was U.S. participation in the United Nations preventive deployment along the Serbian/Macedonian border (UNPREDEP).

United Nations Mission to Croatia was support provided to the Zagreb hospital in support of the United Nations in Croatia.

7. *Status of future operation plans:* As these two reports indicate, there has been a continued, gradual improvement in all aspects of civil implementation and in the security situation in Bosnia during the reporting period. The EAFs have been cooperative, and implementation of the final Brcko arbitration decision has been generally peaceful. The November election campaign and vote were free, fair, and generally free of violence. Increasing flows of returning refugees and internally displaced persons continue. To the extent that Bosnia slowly moves toward normalcy and as its leaders and citizens take on greater responsibility for implementing all aspects of the agreement, the requirement for NATO's presence should diminish. The threat of a resumption of hostilities by the EAFs remains low. In accordance with OPLAN 10407, NATO will continue to

evaluate its presence and the forces required based on these elements.

In conclusion, the Administration seeks a stable and peaceful Southeastern Europe that is part of a Europe whole, free, and at peace. Implementing the Dayton Peace Accords in Bosnia is part of our overall regional strategy. The United States remains committed to working with our NATO allies and the European Union to achieving this aim, while shifting an increasing share of the responsibilities and the burden to Europe and the region.

