# European Union seeks to dampen separatist pressures in Montenegro

**Paul Bond, Chris Marsden**
**22 August 2002**

Barely three months after the Yugoslav parliament voted to abolish the Federal Republic of Yugoslavia (FRY) and replace it with a looser union between its remaining members, the extent of Western pressure in determining the shape of the region can be clearly seen.

A vote on May 31 ratifying the March 14 agreement to abolish FRY and creating a halfway state to be known as *Serbia and Montenegro* was promoted as a diplomatic triumph for European Union policy chief Javier Solana.

Solana was credited with having staved off Montenegrin secession, which would further destabilise the region. But the vote has not resolved any of the critical issues in the relationship between the two states.

The demand for self determination for Montenegro, a tiny entity of just 14,000 square kilometres—approximately the size of the US state of Connecticut—has been raised by chauvinist politicians anxious to establish favourable relations with the major imperialist powers.

These aspirations were encouraged by the Western powers granting Montenegro privileged status in order to undermine the Serbian regime of Slobodan Milosevic and to encourage the break-up of Yugoslavia. At a time when self-determination was proclaimed as the Holy Grail for Croatia, Slovenia, Bosnia and later even Kosovo, Montenegrin nationalism became a force in the land, despite its having just 660,000 citizens.

The United States and Europe never fully endorsed the demand for independence, but they encouraged every step towards greater autonomy. President Milo Djukanovic's regime was financed by the US to the tune of $77 million during 2000 alone and exempted from the sanctions imposed against Serbia. Only Israel receives more aid per capita from the US than Montenegro. A Montenegrin militia force, the Special Police, was established, ostensibly to offset FRY's Seventh Battalion, then stationed in the state and trained by British special services troops. In return, the Montenegrin government offered itself up as a virtual free trade zone for the Western corporations while trade relations between Montenegro and Serbia, once accounting for 40 percent of Montenegro's trade with the other Yugoslav republics, withered.

When Djukanovic broke with Milosevic in 1997, the Montenegrin government assumed more federal responsibilities such as foreign trade and customs. By 1998 it had taken full control of tax policy, monetary and foreign policy. The German mark was introduced as a parallel currency to the Yugoslav dinar, in an attempt by the European powers to consolidate their influence. With the advent of the euro, Montenegro was effectively brought into the euro-zone by the back door, at a time when Serbia was still an economic pariah. Ljubisa Krgovic, director general of the bank of Montenegro, argued that by allowing Montenegro to use the euro the EU was effectively recognising its sovereign independence.

Montenegro was doing better with Western aid than with Serbian industry. Indeed, all talk of economic independence for this tiny state has been on the basis of continued Western support. Montenegro has no industrial base and official figures put unemployment at nearly 40 percent, although it is believed to be almost double that. After the 2001 elections, the ambition of the Montenegrin government was to speed up the process of privatisation and price liberalisation "with the assistance of donor funds".

In the past two years, however, the policy of encouraging the break-up of Yugoslavia into ethnically-based states has become highly problematic for the US and Europe. In Kosovo, the activities of the ethnic Albanian separatists of the Kosovo Liberation Army (KLA) are threatening the stability of the entire region with their ongoing offensive actions against Serbia and the terrorist campaign in neighbouring Macedonia.

Another consideration is that the creation of competing ethno-chauvinist regimes has affected the ability of US and European corporations to successfully exploit the region. Richard Priebe of the European Commission's Balkans office put it most clearly when he described Yugoslav "constitutional uncertainty and unclear institutional arrangements" as "the greatest obstacles to European integration."

In addition, widespread criminal activities such as drug trafficking, prostitution and smuggling cost the European powers millions to police and loses them millions more in tax revenues. Cigarette smuggling is a major source of revenue for Montenegro. One German customs investigator involved in an investigation by *Financial Times Deutschland* estimated that cigarettes smuggled into Montenegro between 1999 and 2001 cost the EU 15 billion euros. Irecko Kestner, a leading figure in the Montenegro-Italy smuggling route, told investigators, "Djukanovic ... under the guise of his country's battle for independence, is actually protecting his enormous fortune, earned over many years of collecting commissions on the cigarette trade." Investigators into the Italian Mafia have suggested that some 50 percent of Montenegro's GDP can be traced back to smuggling. Approximately one sixth of the population is thought to be working in the black market.

Western powers, following the removal of the Milosevic government, are no longer so willing to tolerate demands for Montenegrin independence as a political counterweight to Belgrade. Montenegrin nationalists have found themselves directing their fire at a regime considered friendly to the US and Europe, threatening to destabilise it domestically and possibly even provoke a fresh war in the region.

Fear of the break-up and destabilisation of the Balkans has prompted the more recent efforts to clamp down on separatist sentiment in Montenegro and to create some type of continuing bond with its larger Serbian neighbour.

In December 2001, the EU warned the Montenegrin government to abandon its plans for a referendum on independence. French President Jacques Chirac told Djukanovic not to provoke a further “process of disintegration” in the Balkans and warned, “It is my personal opinion that the European Union would not recognise an independent Montenegro.”

Solana and other EU officials gave four reasons for opposing a referendum: the divisions within Montenegro over independence would probably have deepened as a result; Montenegrin independence would threaten Security Council Resolution 1244, which justifies the international intervention in Kosovo; breaking up FRY would increase separatist pressure on Republika Srpska; and lastly, an independent Montenegro would not be viable.

Solana warned Djukanovic, “[S]eparation is not a rapid train to the European Union ... [it] would be a slower train.” Solana’s office issued a statement on February 4, 2002, warning, “[F]urther fragmentation in the region would not only be contrary to the process of European integration, but would carry significant economic costs. The benefits of the bigger market will be lost, foreign investments will be discouraged and the lack of a common trade policy would be an obstacle to EU and WTO integration.”

The statement threatened that separation might hinder progress towards a Stabilisation and Association Agreement (SAA) between the EU and FRY. A Commission Staff Report into the Stabilisation and Association Process late in March insisted, “The constitutional stalemate must be clearly resolved through constructive co-operation within a restructured and functional federal state.”

It was with this type of political pressure that the EU secured the signing of the March 14 agreement. Under its provisions, the EU has become a de-facto policeman of Montenegro. Though entitled to preserve “the economic reforms that have already been carried out”, Montenegro’s republican government does so within the framework of a single federal government being assisted and monitored “in the accomplishment of these objectives” by the EU—represented by a High Representative.

Unrestricted access for Western corporations is a primary concern. The March 14 agreement states, “The level of economic reforms reached in Serbia and Montenegro shall be the proceeding point for regulating mutual economic relations.” There will be no rolling back of such developments as separate trade and custom regulations. With the retention of separate currencies, Montenegro will continue to use the euro. The statement explains: “Harmonisation of the economic systems of the member states with the EU economic system shall overcome the existing differences”, i.e., differences between the two states will be overcome by their joint subjugation to the EU.

The US government is for the time being prepared to let the EU take responsibility (and to foot the bill) for averting secession. Greg Schulte, National Security Council Senior Director for South East Europe, told a meeting at Washington’s Georgetown University on March 20 this year that the US’s “strategic objectives for the region” were to “Integrate the Balkans into a Europe whole, free and at peace” and to “Shift responsibilities to Europe while helping it to succeed.”

US pressure was also placed on the Montenegrin government to close down its offshore banking network, previously the biggest source of foreign investment into Montenegro. It was closed down after a visit by Andrew Vonnegut, United States Agency for International Development (USAID) representative, who described the move as “part of an overall effort to integrate [Montenegro] into the international community and move towards EU membership.”

The new arrangements are far from resolving conflicts between Serbia and Montenegro so assiduously cultivated by the US and Europe over the past decade. All of the attributes of independence that the West allowed Montenegro to exhibit are retained, whilst the state itself is not considered legally independent. Moreover, Serbia and Montenegro can reconsider their membership of the union in three years. Cyrill Steiger of the *Neue Zürcher Zeitung* commented on July 13: “Should Montenegro take that step, Serbia would be left as the legal successor to Yugoslavia. This would mean that Kosovo would then again be a part of Serbia and no longer, as defined by UN Resolution 1244, part of Yugoslavia. Thus the disintegration of the Federation of Serbia and Montenegro would have grave consequences for Kosovo.”

Nationalist pressures on both sides have only been suppressed, not resolved. On one side, Predrag Bulatovic, leader of the pro-Yugoslav SNP (Socialist People’s Party), said gleefully that Djukanovic was “no longer a favourite of the international community.” On the other, one of Djukanovic’s electoral allies, the pro-independence Liberal Alliance of Montenegro of Miodrag Zivkovic, forced the resignation of Prime Minister Filip Vujanovic when they withdrew support from his minority government in protest at the shelving of the referendum. Further elections are proposed.

Such an entity, functioning in the interests of the Western powers and dedicated to the enrichment of competing cliques of nationalist demagogues, cannot in the long term secure the stability of the Balkan region and will not provide the basis for fulfilling the essential social and democratic requirements of the region’s peoples. This requires a unified political struggle by working people based upon the assertion of their common class interests.