

Croatia: between Central Europe and the Balkans

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Since the formation of the Croatian state, heated arguments have tried to demonstrate that Croatia has nothing to do with the Balkans and has no desire to be in any sort of regional community with the Balkan states, all because of Milosevic's Serbia as the aggressor, as well as cultural and civilization points of reference for the Balkans. Because this is a general trend, present also in Romania and Albania, it could be said that only the Bulgarians considers themselves to be in the Balkans, so the Balkans do not exist as such.

Of course, the geostrategic reality of the situation is quite different after all and clearly indicates the position of a particular country and its surroundings. For Croatia, which *is* a Central European *and* a Mediterranean country, the southeast of Europe is significant in terms of economics, society, culture, civilization and politics. Keeping all of this in mind, it is quite clear that Croatia's security cannot be imagined without southeastern Europe. Besides, the greatest security threats, especially the hard security risks could only come from the southeastern part.¹

After the elections of 3 January 2000, world leaders accepted Madeleine Albright's claim that Croatia has lost ten years. Along with the first actions taken by the new government came the initiative to bring Croatia closer to Euro-Atlantic integration at short notice.

The new political team has made its greatest progress in the field of foreign policy. Collaboration with the International War Crimes Tribunal (ICTY), accepting the Dayton peace agreement, the gradual return of refugees and the constant insistence on getting closer to Europe have all been regarded by the international community as telling indications of successful development in Croatia. However, increasing unemployment, lack of country development programs, political rivalry amongst the former six-party, now five-party ruling coalition, the unresolved relationship between the President and the Prime Minister, the issue of whether the country should be "de-Tudjmanized," and the unsuccessful fight against crime and corruption all make for complications within the country. Since only a successful domestic policy can present a successful foreign policy, foreign policy will run into difficulties unless quick changes are made.

After Slovenia, Croatia is at this moment the most stable country in the region, based on its external traits. It does not present danger to anyone; its neighbors to the east and south are so preoccupied with their own problems that they could not make trouble even if they wanted to, and besides, the region's main guarantee for stability in Bosnia and Herzegovina is SFOR.

¹ R. Vukadinovic, "Croatian Foreign Policy: New Times and New Goals" Peace and Security 32.1 (2001): 22-23.

The positive role Croatia might have if it managed to solve its domestic problems as soon as possible and stabilizes relations within its political decision-making bodies can be condensed to the following:

- Croatia, as an actor of stability, might serve as an example to all other countries in the region with its clear commitment to observing the existing borders, its support of the Dayton Agreement, its unwillingness to support radical nationalistic groups in Bosnia and Herzegovina, creating its own model for civil-military relations and setting its defense strategies according to current NATO standards. The reduction of military forces in Croatia and the creation of a professional army would also have an impact on the neighboring countries that would then accept their own demilitarization and professional army more readily. Once all the neighboring countries enter into NATO's Partnership for Peace (PfP), a unified whole will be created where there will be no more gray areas, and where forms of security collaboration will grow stronger.
- Even though conditions are tough today, Croatia's devastated economy is still far better off than Bosnia and Herzegovina, Yugoslavia, Macedonia or Albania. This too presents an opportunity for Croatia to establish itself in those markets. Those who see the only solution for low Croatian exports (4.3 million USD in 2000) in European exports should be corrected. Croatia does not have very good conditions for such exports at the moment, whereas great opportunities are opening up in the western Balkans. Slovenia sets a good example of this approach. No one would think about creating some new Yugoslavia or "Balkania," but it is quite obvious that the current conditions should be taken advantage of to place Croatian products in the markets and to develop mutual collaboration. This will not spoil Croatia's chances of entering into Europe; indeed, Croatia will be able to move more quickly successfully towards the EU by developing new relations in the Balkans. The Stabilization and Association Agreement (SAA) can serve here as a successful framework.
- Despite time lost, Croatia can still be of interest to all countries in the region and can intensify positive competition within the region on its way towards Euro-Atlantic integration. The constant insistence upon the individual, bilateral approach to the EU and NATO is good for Croatia, but also for its neighbors because they can speed up their own progress by following in Croatia's footsteps and thus get closer to Europe.

Political Issues

The parliamentary elections held in January 2000 saw the victory of a coalition of parties and a smooth transfer of power after ten years. A coalition government was constituted with the mandate to fulfil the vision of a progress-oriented and prosperous Croatia and, not less importantly, to make Croatia a partner state, no longer an outcast state.²

² B. Caratan, "Jugoistocna Europa nakon velikih promjena: posljedice intevencije NATO-a i hrvatskih izbora" *Međunarodne Studije* 1. (2000): 34-36.

Since then many important results in both domestic and foreign affairs have been achieved, significantly improving Croatia's international position. The outcome of the elections enabled the coalition government to start redefining Croatian domestic and foreign policy priorities with a view to securing peace, security and a stable democracy. It is a well-known fact that Croatia's strategic foreign policy goal is EU and NATO membership, a goal supported by the majority of Croatian citizens. A process of democratization and reform of Croatian society is underway, with the ultimate goal of joining the EU and NATO. Croatia is strongly motivated to become an active part of the community of countries, with the political will and ability to defend and promote the fundamental values of democracy and the basic rights of every citizen.

Constitutional Reforms

As declared in Croatia's PfP Presentation Document, Croatia acknowledges the values shared by all NATO countries: democracy, respect for human rights and the rule of law. Croatian citizens support the same ideals that clearly characterize democratic nations: the protection of fundamental freedoms, human and minority rights, justice, a free market economy and environmental protection.

The first and perhaps most important step in the process was the constitutional reform that took place in November 2000 and in March 2001. Constitutional changes enabled the replacement of the previously semi-presidential system with a parliamentary one, further increasing the powers of the parliament.³

Moreover, important human rights guarantees have been expanded to include all individuals, rather than citizens only.

Legislative Reforms

In its first year in office, the government announced an ambitious program of legislative reform, with a plan to introduce or amend more than 200 legislative acts. The implementation of this plan has seen a successful start.

One of the coalition government's priorities is the rule of law. In its February 2000 working program, the government set as priorities "improved efficiency of the judiciary, reduction in the number of pending cases, reduced judicial verdict terms and terms of enforcement in particular, with a concurrent upgrading of professional quality and a continuous, organized and efficient fight against corruption." Consequently, the government's plan includes the reform of a broad range of laws affecting the functioning of the court system.

At the end of 2000, the first steps were taken toward a reform of the judiciary, with the introduction of amendments to the Constitution paving the way to structural changes.

Amendments to the Law on the State Judicial Council and the Law on Courts, adopted by the parliament in December 2000, introduced clearer criteria and an increased role for

³ D. Lalovic, "Hrvatska Druga Republika i njezine drzavotvorne kusnje" *Politicka misao* 38.1 (2001): 12-26.

professional bodies in the procedures for appointing, recalling and disciplining judges. The amendments also provide for the Constitutional Court's review of disciplinary decisions.

Despite the shortcomings in the administration of justice, the Constitutional Court acts as a corrective mechanism for human rights protection. The right to individual appeals to the Constitutional Court has continued to be widely used. In addition, the Constitutional Court has issued decisions revoking provisions of the laws that did not comply with the Constitution and European standards, asking the authorities to amend them.

In 2001, further legislative changes, most notably the new law on local and regional self-government, reinforced the ongoing process of decentralization.

Legislative Framework on Elections

The new law on elections of representatives to the Croatian Parliament came into force in November 1999. It provided for multiparty election commissions, domestic non-partisan observation, and an ethics commission. The Law also substituted a fixed quota of "diaspora" representation in parliament with proportional representation. With the adoption of the new law on the election of members of the representative bodies of local and regional self-government units (law on local elections) in April 2001, provisions for non-partisan domestic observation and multiparty election commissions were also included in elections for the local level of government.

The new law on local elections guarantees proportional minority representation at the local level. Under the new legislation (Constitution and electoral legislation) persons belonging to minorities have the right to double voting (plenary vote), i.e. an additional vote for representatives of minorities. The system thereby created can be considered *positive discrimination for minorities*.

Minority Rights in Croatia

In May 2000, the parliament adopted amendments to the law on human rights and freedoms and on the rights of ethnic and national communities or minorities. The government has also forwarded into parliamentary procedure a new integral constitutional law on minorities, which was prepared with full consideration of the recommendations of the Venice Commission of the Council of Europe. The legal framework governing minority rights includes two other laws related to minority languages (adopted by parliament in May 2000). These laws serve to replace the legal regime of former Yugoslavia and provide for guarantees in compliance with Croatia's international commitments.⁴

⁴ S. Tatalovic, "Nacionalni interesi i nacionalna sigurnost Hrvatske" *Medjunarodne Studije* 1. (2000): 53-59.

Human Rights Protection

Having ratified all of the most important international human rights instruments over the last ten years, Croatia has undertaken to reform a wide range of domestic legislation to conform to these international standards. This process has so far borne good results and is still ongoing. Because of significant improvements in the field of human rights protection, the Parliamentary Assembly of the Council of Europe has decided to terminate its human rights monitoring in Croatia. In addition, Croatia has been excluded from the UN omnibus resolution on the human rights situation and from the UNHRC resolution on human rights in Croatia, Bosnia and Herzegovina and the Federal Republic of Yugoslavia. Consequently, the mandate of the Special Rapporteur on Human Rights for Croatia has been terminated. In May 2001 Croatia was elected to the UN Human Rights Commission for the period 2002-04.

Since 1997, a governmental working group has identified legislation that needs to be brought in line with the European Convention on Human Rights and Fundamental Freedoms (ECHR). Out of 27 laws and two implementing regulations identified by the working group, seven laws have been completely revised and nine have been partly amended or are in the process of being amended. To promote and protect human rights even more efficiently, the government has founded the National Commission for Human Rights, which will soon present to the government a National Program for Protection and Promotion of Human Rights in Croatia.

Development of Civil Society and NGOs

The government's Office for Cooperation with NGOs, established in 1998, is continuing and further developing a constructive dialogue with the NGOs operating in Croatia. The ruling coalition has recognized the importance of developing civil society in a broader process of democratization. A new draft of the law on associations, prepared in consultation with Council of Europe experts, was presented for parliamentary procedure in January 2001. At the same time, the government has taken practical steps by encouraging partnerships and the networking of various non-governmental organizations. Media coverage of the work of non-governmental organizations has also improved.

The government has recently decided to initiate a more intensive government-NGO dialogue and has defined ways of putting the idea into practice. Croatian citizens are now encouraged to take active part in the 19,000 NGOs currently registered in the country and thereby bring their message across to the government. Thus they can directly contribute to the creation of a stable, transparent and secure society.

Foreign and Security Policy

The foreign and security policy of the Republic of Croatia aims at achieving lasting peace, security, stable democracy and constant economic growth. The current foreign policy priorities are joining the EU and NATO, and developing good neighborly relations. The increasing confidence of the international community in the Republic of

Croatia as a democratic state in transition and a factor of stability in central and southern Europe over the past year and a half is reflected in:

- The conclusion of negotiations with the EU and the signing of the Stabilization and Association Agreement;
- The admission of Croatia to the Partnership for Peace;
- The termination of monitoring by the Parliamentary Assembly of the Council of Europe, the exclusion of Croatia from the UN Security Council omnibus resolution on human rights, and the reduction of the OSCE Mission to the Republic of Croatia;
- The admission of Croatia to the WTO;
- The admission of Croatia to the Trilateral of Italy, Slovenia and Hungary, thus creating a Quadrilateral;
- The active Croatian contribution to regional initiatives; and
- The intensive political dialogue with the leading international factors and political and economic partner states.⁵

European Orientation

The significant progress achieved by Croatia in the last year and a half has strengthened the confidence of the international community in the determination and ability of the Croatian government to successfully transform Croatia into a modern, stable democracy. This confidence was translated into an intensified process of negotiations with the EU, resulting in the initialing of the Stabilization and Association Agreement. With the SAA, Croatia has undertaken to continue and intensify a process of reform and harmonization with EU standards, further promoting democracy, human and minority rights, the rule of law and a functioning market economy.

At the time of President Tudjman, it was asserted in Zagreb that cooperation with the Balkans was unnecessary and that Croatian policy should resist any possible linkage with some Yugoslav or Balkan forms of integration. Later on, the expression “western Balkans” also incurred heavy criticism as much by the ruling political circles as by the opposition. Apart from resentment at being classified together with the neighbors to the east and to the south, the opinion prevails that this is delaying Croatia and represents a loss of time. It is further claimed that the integration of Croatia is envisaged in a “package” arrangement and so the EU, aiming at regional linkage, is actually delaying the integration of Croatia. This was especially sharply demonstrated in the debate conducted in the Croatian Parliament, where the HDZ-led opposition endeavored to prove how extremely disadvantageous the Stabilization and Association Agreement was for Croatia.

On the other hand, given that production has marked almost zero growth, the trade deficit has increased, the unemployment rate is above 20 percent, regional cooperation is being revalued. Trade with Yugoslavia has gained momentum, possibilities for easier free

⁵ R. Vukadinovic, Security in South-East Europe (Zagreb: 2002) 123-288.

flow of people and goods are being worked out, and there has been increasing interest in Croatian investments in Yugoslavia. It is to be expected that precisely the developments in economic relations with the neighbors in the east will contribute to an easier acceptance of regional cooperation as a useful instrument for the development of Croatia, and as a prerequisite to joining the EU as well. Thereby regional cooperation will contribute to overcoming more swiftly the hurdles that still hamper the normalization of interstate relations and opening up of communication channels.

Constant assurances by Brussels that the SAA does not imply automatism on the collective integration of the western Balkans into the EU, but that a regatta system will be applied where Croatia, as the most developed country, has especially good prospects to join the EU at a faster rate than others, have created a more favorable climate, which, despite all the difficulties reaffirms, belief in the proper course. At a time of increased political confrontations among the elite within the ruling coalition, and a constant worsening of economic conditions, it is particularly significant that almost 40 percent of Croatian citizens believe in and expect a better life in the future. On the other hand, almost 80 percent of the Croatian population wants Croatia to join the EU. However, some 70 percent of Croats still oppose establishing relations with the neighbors.⁶

The Croatian public opinion expected after the elections held on 3 January 2000 much more international assistance as well as an increase in foreign investments. In 2001, for instance, they amounted to approximately 1.2 billion USD, which is considerably less than in the majority of the eastern European countries. The ruling government, not to mention the opposition, is quite dissatisfied with the distribution of promised funds from the Stability Pact, from which Croatia also did not receive as much as it had expected.

Croatia has been participating actively in the Stability Pact from its inception. After some heated political arguments had subsided, in which this program was also seen as an attempt to create some "new Yugoslavia" or "Euroslavia," normal activities were established. At present, none of these activities raise confrontations among the political circles in Croatia.

In the framework of the Stability Pact, Croatia is participating in all major projects. In regard to the projects under the Working Table on Democratization and Human Rights, Croatia is taking part in the group on media, enhancement of civil society and promotion of gender equality. The Agenda for Regional Action (AREA), a project dealing with the return of refugees, bears special significance. Croatia, Bosnia and Herzegovina and Yugoslavia are participating in this project with the aim of providing shelter for more than 1.2 million refugees and displaced persons. It is expected to solve these issues within next two to three years, while the issues of housing and property, citizenship, as well as economic reconstruction will be handled with the assistance of the international community.

Under the Working Table on Economic Reconstruction, Development and Cooperation Croatia is playing an especially energetic role in strengthening the private sector, modernizing social services, improving the efficiency of administration as well as in the

⁶ Vecernji List. (16.03.2002).

fight against corruption. Croatia is also involved in an EU/EBRD project aimed at development of the regional infrastructure (traffic, energy, telecommunications, water supply). On 27 June 2002, Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Macedonia, Romania and Yugoslavia signed a memorandum of understanding for liberalizing trade and lowering tariff barriers. It provides for the establishment of a network of free trade agreements for southeast Europe by the end of 2002. Even though some circles in Croatia have leveled criticism against this action, the government is prepared to carry out this very significant project within which some 55 million people living in southeastern Europe would gather together, definitely advancing the process of integration with the EU.

The Stability Pact's working table dealing with internal and external security issues is of special importance for Croatia. Out of the exchange of military information, modification and observation of military activities, announcement of demobilization, verification and inspection of the regime, the RACVIAC Center has emerged in Zagreb with Croatia as its host country. Croatia plays an active role in it, along with 17 other interested countries. Considering the large number of mines (more than a million) in the country, Croatia participates actively in the regional group on mine clearance. Croatia also undertook several operations intended to control the possession of small weapons. Fight against all types of criminality, as well as the first steps achieved in the context of the Stability Pact are encouraging, and thus various Croatian organs take an active part in all kinds of common actions, from police to regional training. In the framework of combating disaster risks large-scale exercise, "Taming the Dragon: Dalmatia 2002," was carried out in May 2002 in Croatia. It was a joint action of PfP and NATO's Euro-Atlantic Disaster Response Coordination Center.

Economic Indicators for Croatia⁷

	1993	1994	1995	1996	1997	1998	1999	2000
GDP (billion USD)	10.9	14.6	18.8	19.9	20.1	21.8	20.2	19.0
GDP per capita (1,000 USD)	2.3	3.1	4.0	4.4	4.4	4.8	-	-
Inflation rate (%)	>1000	-3.0	3.7	3.4	3.8	5.4	4.4	7.4
Exports (% of GDP)	56.8	48.8	37.7	39.5	40.9	39.4	40.0	45.5
Imports (% of GDP)	53.1	45.6	49.5	50.1	56.8	49.0	48.1	50.6
External debt (billion USD)	2.6	3.0	3.8	5.3	7.5	9.6	9.9	10.8
External debt (% of GDP)	24.2	20.7	20.2	26.7	37.1	44.1	48.8	57.0
External debt (% of exports)	43	42	54	68	91	112	121	125
External debt service (% of exports)	6.6	4.3	6.4	9.3	13.8	19.4	29.3	29.9
Central bank's gross foreign currency reserves (billion USD)	0.6	1.4	1.9	2.3	2.5	2.8	3.0	3.5

A total of 60 million Euro has been allocated by Croatia in CARDS provisional financial allocations for 2001. The EC CARDS Committee for the sustainable return of refugees has approved 23.2 million Euro of that budget. The program for the remaining budget aims at economic development, SAA implementation and complimentary measures.

The results of the cooperation between Croatia and the EU in the context of the Stabilization and Association process has achieved so far are best described by the report of the EU Commission:⁸

There has been a sea change in the approach of the current Government in the areas of democratisation, respect for human rights including minority rights and compliance with obligations under the Peace agreements. Considerable progress has been made. However, the most far-reaching potential threat to the achievement of economic, political and social reform is the continuing weaknesses of the judiciary and the resulting problems in law enforcement. Nationalistic pressures continue to have some impact on the pace of reform. This is particularly true for the return process, and de facto integration of the Serb minority. They have also been a factor in the handling of co-operation with ICTY. In addition, nationalistic pressures affect the attitude of the Government to increased regional co-operation. While at the bilateral, practical level there have been important steps forward, there is a persistent tendency to over-politicise and over-estimate the impact of and intentions behind regional initiatives. Croatia needs finally to overcome regional and historical frictions and take a more open approach to addressing outstanding political questions with its neighbours.

⁷ Source: State Institute for Statistics and Croatian National Bank 2001.

⁸ The Stabilisation and Association Process for South-East Europe, First Annual Report, (European Commission, 2002), 19.

As a full member of the OSCE, Croatia remains committed to upholding the shared values this organization is based on. In the last year Croatia has also taken on a more active role within the OSCE, seconding both government and NGO staff to OSCE field activities, thus contributing to lasting peace and stability in the OSCE region.

Certain differences should be drawn between activities of the Croatian NGOs and those financed and established from the outside. They are particularly apparent in the level of organization, as well as in the openness about their activities. Even though the democratic changes have opened a considerably wider space for all the NGOs, it is still obvious that Croatian public opinion shares various views on the two types of NGOs. Foreign NGOs are considered in most cases as advocates of foreign interests, which do not take into consideration the war, suffering and who the guilty party in the recent clashes actually was. Therefore, their projects aimed at reconciliation and coexistence are regarded as rather imprudent and unfounded. The latest report of the US State Department on human freedoms and rights has been frowned upon by Zagreb, although critiques of this kind are regularly raised (police conduct towards prisoners, a high rate of unsolved legal procedures, competence of courts).

Croatia continues to foster close cooperation with the OSCE Mission in Croatia, using the services the OSCE has made available in progressively fulfilling the terms of the mission's mandate. Croatia is an increasingly active member of the Council of Europe, fully committed to contributing to the organization's goals. Croatia's progress in democratization and reform prompted the Parliamentary Assembly of the Council of Europe to discontinue its monitoring procedure in Croatia last year, enabling Croatia to make the transition from an object of the CE's concern to a proactive and productive member of the organization.

Cooperation with the ICTY has improved significantly over the past year and a half, and a dialogue has been maintained through which issues of mutual concern are addressed in an atmosphere of openness and goodwill. The recent high-profile decision to transfer two Croatian citizens to the Hague Tribunal confirms Croatia's determination to fulfil its international obligations. At the same time, the views and concerns of the public regarding this issue are voiced freely and openly within a democratic procedure, in the forum of a parliamentary session.

Relations with Neighboring Countries

One of the priorities of Croatian foreign policy is fostering good and stable relations with its neighbors. Traditionally good relations with Italy have been steadily intensified. In line with Croatia's general concern for the position of minorities, the rights of the Italian minority continue to receive the full attention of the Croatian government, with the highest standard of minority rights enshrined in the Croatian Constitution and a number of laws. Good relations with Italy are reinforced through Italy's role as Croatia's NATO contact state, and, not least, through intensive economic relations.

Croatia continues to foster close ties with Hungary, with special stress on intensified economic relations and partnership in achieving common goals such as EU accession, as well as on Hungary's support for Croatia's aspirations to NATO accession.

Close cooperation and partnership, and an open and constructive dialogue on all outstanding issues mark relations with Slovenia. Some still unresolved issues with Slovenia (the Bay of Piran, the Krško nuclear power plant, Sveta Gera and restitution of savings to the Croatian clients of the Ljubljanska Banka) have retarded the establishment of good-neighborliness with Slovenia. Some in Croatia also fear that the Slovenian entry into the EU would affect Croatia negatively because of the Schengen Agreement.

Since the arrival of the new coalition government, Croatia's policy towards Bosnia and Herzegovina has become one of full respect for that country's integrity and sovereignty, and a transparent policy toward Croats and the other constituent peoples of Bosnia and Herzegovina. As a signatory of the Dayton peace agreement, Croatia has intensified its cooperation with Bosnia and Herzegovina and the international community determined to actively contribute to building lasting peace and stability in this neighboring state.

Bosnia and Herzegovina has multifaceted significance for Croatia. In strategic terms it is quite obvious that neither Croatia nor the region can enjoy stability unless the relations in Bosnia and Herzegovina are solved successfully. The longest land borderline, numerous links, the Croatian people living in Bosnia and Herzegovina, as well as experiences from the recent war only confirm the thesis that the security of Croatia is linked tightly with security issues of Bosnia and Herzegovina. Because part of Croatia borders with the entity of Republika Srpska, this bears much more significance. Reintroduction of order in Bosnia and Herzegovina, normalization of relations between the two entities, consistent implementation of the Dayton agreement, as well as establishment of a civil society would contribute greatly to the stabilization of the situation, which would have a strong impact on Croatia.

Economically, Bosnia and Herzegovina is tightly linked with Croatia, from communications routes to complementary economies. Bosnia and Herzegovina is in addition one of the most important markets for the sale of Croatian products, while Croatia is exploiting electricity provided by Bosnia and Herzegovina. In the future, when a stable Bosnia and Herzegovina is created, it is apparent that the economic ties will continue and that the main lines for integration of Bosnia and Herzegovina into the EU will pass through Croatia.

With regard to social-national structure, Croatia cannot be indifferent to the position of the Croats living in Bosnia and Herzegovina. Before the war there were some 800,000 Croats living there, while now the number has been halved. This was largely caused by the war, economic hardship, insecurity about return, unsolved property issues. It was also to a certain extent the result of the policy of the former Croatian regime, which was openly inviting the Croats from certain parts of Bosnia and Herzegovina to settle in those parts of Croatia that were abandoned by Serbs in their flight from the Croatian Army. The new government advocates Croats in Bosnia and Herzegovina staying or returning there. However, it does not want to have patronage over the Croats there, in contrast to Tudjman's policy. In his time, the Croatian parts of Bosnia and Herzegovina were receiving about 700 million German marks in subsidies. This is inconceivable nowadays, and thus the Croatian government encourages the Croats in Bosnia and Herzegovina to take an active part in that country's political life and to secure themselves the right of a constitutive nation, as the other two nations have, on the whole territory of Bosnia and Herzegovina. Zagreb believes that only by such political activation can the Croats from Bosnia and Herzegovina proceed to solving their concrete

problems: return of refugees, economic problems, property protection, integration to a more normal life.

Bosnia and Herzegovina is very important for any political option in Croatia as well. If this trend of reinforcement of democratic forces in Bosnia and Herzegovina is to continue, then the SDP party in Croatia will have an ally with which it could not only solve matters of dispute, but also build a common front in the whole region. If national forces, including the Croatian Democratic Community (HDZ), were to gain more power, this would indisputably help its mother party in Croatia considerably. Besides, in Tudjman's era this link functioned to a large extent with the help of mass support, funds and political appointees. The link had a considerable impact on the political position of the HDZ in the mother country. On the other hand, the HDZ in the mother country will exert all its power so that the position of HDZ of Bosnia and Herzegovina (HDZ B-H) gets stronger in order to secure this powerful national ally.

The future organization of Bosnia and Herzegovina is also very important for Croatian politics. During the times of Tudjman, the concept of division of Bosnia and Herzegovina was strongly supported, which resulted in the creation of para-state of Republika Herceg Bosna. However, Tudjman accepted the creation of two entities in Bosnia and Herzegovina, by which the majority of Croatian people became a constituent part of the Federation. Displeased with such development, leaders in HDZ B-H stepped forward from time to time demanding the creation of a "third entity," on the basis of which they would have equal rights with the other two nations. The current Croatian government does not support such claims, and only some functionaries demand the abolition of Republika Srpska, so that a unitary country would be formed with three constituent nations.

Various national and international actors will continue to exert their influence on the process of cultivating relations between Croatia and Bosnia and Herzegovina. The ties and linkages between them will depend on ruling political forces in both countries, whether they favor the democratic European option or are more nationalistic. On the other hand, it is obvious that the international community will be in charge, like so far, of the institutional and political solutions that will to a large extent determine the very character of the state of Bosnia and Herzegovina.⁹

Relations between Croatia and Yugoslavia; that is, with the Union of Serbia and Montenegro, have registered considerable improvement. The Ministers of Foreign Affairs have exchanged visits, trade exchange has been fostered, communications have opened, there are some benefits in obtaining visas, the Yugoslav press is sold in Croatia, and channels of social, cultural and scientific communication are being established. Even though some are dissatisfied with the pace of these improvements, one has to bear in mind all the traumas that the war caused on the Croatian side, as well as the number of civilian casualties and material losses, destroyed towns and villages. Only if we take all of this into account, can we have a more objective picture of the current rhythm of normalization in relations.

⁹ R. Vukadinovic, "The International Community and Bosnia and Herzegovina" *Studien und Berichte zur Sicherheitspolitik*.5 (2000): 21-35.

However, besides those positive efforts from both sides to improve relations, there are still some open issues that tend to slow down the process of normalization from time to time. Although the territorial disputes (Prevlaka, backwaters of the Danube) do not bear that much importance in strategic terms, they can still stir nationalistic feelings, as these parts are situated in the war-battered regions. Every reference to a one-sided solution heightens tensions. Thus, it will take a lot of time until the two countries will be able to solve the issues and until these issues become symbols of change for the better.

The Croatian side, also with the new government, demands an official apology from the Yugoslav—that is, Serbian—leaders, as well as reparations for war damages. At this moment, no one seems to believe that Belgrade could reimburse the total cost of the war losses. However, the Croatian side takes these elements as proof of new relations and wishes to specify who was the aggressor and who was the victim.

On humanitarian issues, both sides seek their dead and those who were imprisoned or disappeared. This sore subject also aggravates relations in some parts of Croatia and prevents normalization. Therefore, the return of Serbian refugees is not proceeding at the pace that the international actors or a number of Serbs, who want to return, expect it to proceed. But when talking about the return, one must not neglect all the accompanying effects. Thus, for instance, it is by no means inconceivable that only elderly people of Serbian nationality have come back, and mainly those who have secured their pensions in Croatia. For those Serbs who are fit for work, return is almost impossible, as there are not even enough jobs for Croats. This especially refers to the economically depressed areas from which the Serbs fled. There is no doubt that both sides should put in much more effort to enable the return of a much larger number of Serbs. However, it is also certain that without considerably more funds provided by the international community, it will be very difficult to bring about the return of refugees, reconstruction of houses, development of infrastructure, solving employment issues, etc. Clearly, all this can be accomplished only if the rule of law is actively implemented in Croatia to protect all its citizens and secure them all their civil and property rights. A significant step in the right direction on the Croatian side would be the enactment of a law on minorities regulating the position of minorities. The enactment of the law, however, is slow in coming.

Defense Reform in Croatia: Problems, Challenges and Lessons

Since Croatia did not inherit any armed forces from the previous state, the army took on different organizational forms after the country's independence. During the period that ended with the adoption of the Croatian law on defense (July 1991), they consisted of police forces (professional, reserve and drafted cadre). By a decision of the President of the Republic on 20 April 1991 the National Guard (ZNG) was formed as the first military formation of the new state. The National Guard, the first professional, uniformed and armed formation of a military organization, was a part of the Ministry of Interior, but under the command of the Minister of Defense. In 1991, members of the former Territorial Defense joined the defense of the country, within newly formed brigades under the command of the Minister of Defense. With the adoption of the law for defense, the armed forces and the National Guard became the only defense forces, subordinated to the Supreme Commander. Units of the former Territorial Defense became the reserve of the ZNG. By the presidential decision of 24 December 1991

“Domobran” forces were formed as a territorial component of the reserve, filled in accordance to the territorial principle. Therefore, the armed forces are formed of the Croatian Army, which consists of National Guard and Domobran units.¹⁰

The acceptance of Croatia in the PfP during the first half of 2000 was a concrete award for democratic changes, promoted in Croatia after January 3.¹¹ The whole process of democratization of society includes also civilian control over the military, depoliticization of the military and stronger civil-military cooperation. Unfortunately, all of these transformations that were announced by the current coalition government are proceeding at a slow pace, and this has an impact on the organization, concept and direction of reforms in the Croatian security and defense systems.

In this area, Croatia shares the problems of some other countries of transition:

- An economic situation that is causing a reduction in the defense budget and prevents the restructuring of the armed forces and their technological modernization;
- A lack of basic documents in the area of national security;
- Problems with the division of authority in defense between the president and the government;
- Unsatisfactory defense planning that does not correspond with NATO planning;
- Inadequate personnel structures in the armed forces; and
- Need for professionalization of the armed forces to make the army capable of fulfilling new tasks.

The problems of the Croatian security and defense system, and of the armed forces after the parliamentary and presidential elections of 3 January 2000 are still considerable. The competencies of different institutions and organizations are overlapping and partly not regulated by law. Even existing laws are not fully utilized. The Ministry of Defense is not sending annual reports (White Papers), which is the normal practice in democratic states. It is not known if the Office for National Security (UNS) was sending a report to the parliament, which is also required by the law. In parliament there is no specialized body overseeing the armed forces, their development, and their supply of arms and technology. The question of national security and defense is mixed with other much broader questions of international and foreign policy.

There is also no adequate control by the public. Due to the recent full closeness of the Croatian security and defense forces, and the rather negative feeling among some civilians and scholars, Croatia now has very few educated civilians who are able to discuss and plan policy together with the military. Cooperation between civilians and the military, which is the basis for democratic control and compromises concerning the political and military interests of the country, does not yet exist in Croatia.

¹⁰ L. Cehulic, "Development of Civil Military Relations in Croatia" *Medzinardne Otazky* 10. (2001): 110-14.

¹¹ R. Baric, "Mjesto PfP-a u okviru nove strategije NATO-a" *Medjunarodne Studije* 1. (2001): 75-77.

The section for defense studies created in the Department of Political Science at the University of Zagreb in 1975 was abolished in 1994. This was one of the first measures of the new Croatian Ministry of Education, ideologically motivated as a continuation of elimination of the subject of “national self-defense,” which was taught in every school in the days of the former Yugoslavia.

From 1992 onwards, some research activities were started in different fields in the framework of the Office for Strategic Research, created in the Ministry of Defense: anthropology, psychology and sociology. In the same year, work began on other projects. In these projects civilian experts cooperated with military personnel. One of the projects elaborated the strategic defense of Croatia. It was partly published, but was classified as a whole. After work on the projects was abandoned, the teams of experts did not meet anymore, and the completed studies were not offered for public debate.

Research activities connected with the Patriotic War were also politicized. In the days of President Tudjman no one dared to touch the issue of the “sacred war.” The new regime, under the influence of the international community, has started now to shed new light on war crimes. Conditions were created for cooperation with the Hague Tribunal, the return of Serbs and compensation for all refugees. But radical elements from the former military and civilian structure are strongly criticizing this policy, stating that with this new policy the government is betraying the Patriotic War, the sacrifices of the people, and the position of all the patriotic fighters.

The new Minister of War Veterans is attacked sharply as the person who started the process of revision of the benefits, which were lavishly given to veterans (pensions, disabilities, privileges in getting apartments, cars and education). The fiercest of these attacks was a letter of 12 generals, in which they asked the president to change the policy toward the international community. The main point of criticism concerned Croatian cooperation with the Hague Tribunal. After the letter was published, all 12 generals were dismissed on the basis of a presidential act.

At the same time, after a bitter discussion the Croatian parliament promulgated a declaration on the Patriotic War stating that Croatia was waging only a defensive war. It was a political attempt to ease tensions, but it is quite certain that many issues connected with the war will be on agenda for some time to come: the privileges of veterans, war crimes, and Croatian military participation in the war in Bosnia. They will represent a cause for potential political disturbances.

Recently accepted amendments in the Croatian Constitution regarding the position of the president could clarify relations within the military and the security services, and they could improve democratic control over the armed forces and civil-military relations. A main precondition is the change in the present armed forces.

Regular defense planning process is impossible in the current structure of the defense budget. Over the last five years, the Croatian defense budget had two permanent characteristics: a reduction of assets and an imbalanced structure. Despite the need to keep the defense budget at a stable level, the harsh economic situation in Croatia results in constant cuts budget without trying to establish a budget size on the basis of perceived threats and risk analysis. In other words possible threats to the security of Croatia are not the main criteria in allocating financial resources for defense. As a long-term solution, this is a very dangerous approach. The second problem concerns the

structure of the defense budget. Personnel costs and other fixed costs now represent between 70 and 75 percent of the whole budget, and this means that there are no available assets for reorganization and modernization. This is the result of the fact that the Armed Forces have retained their wartime structure even now, additional proof that there is no established process of defense planning in Croatia. At the same time, the structure of the defense budget represents a serious burden for the Croatian economy, but due to the large number of military personnel, wages are so modest that competent people are leaving the armed forces.

For quite a long time, the armed forces in Croatia have been a kind of social welfare establishment. The current composition numbers 56,799 men. This number is obviously too big, and it should be reduced to 25,000. However, this would mean massive discharges of those who do not satisfy the requirements of staying in the professional structure of the armed forces, and it would additionally increase the already high unemployment in Croatia. It would also pose the question of the volunteers in the Patriotic War, many of whom are kept in the army (although many of them suffer from post-traumatic syndrome, or are incapable of performing their current duties because of disabilities suffered during the war), because they have not yet been provided with the adequate conditions for their return to the normal civilian life (medical treatment, financial means for finding new jobs, etc.). The consequences of this policy are clear: competent people are leaving the military, dissatisfied with the living and working conditions (salaries in the Armed Forces have not been increased since 1995), the “social cases” have remained, and the level of expertise is constantly being reduced.

The most urgent task is to create a foundation for solving these problems. That means finding political consensus between the main institutions in the system of national defense and creating a national security concept for the Republic of Croatia. The next step must be establishment and implementation of a defense planning process, based on the following premises:

- Creation of a consistent planning system (methodology of planning), together with preparation of all the necessary documents needed for short, medium and long-term planning process;
- Legal regulation of the national defense area; and
- Active measures for the advancement of Croatia’s influence in regional security, including bilateral and multilateral military and security cooperation, contribution to the regional security, and confidence building measures.

What has been done in solving these problems? A draft version of the Croatian National Security Strategy is finished and will be presented and, perhaps, adopted soon. Another critical issue, the new law on defense (based on the recently adopted constitutional changes) has passed in parliament. Regarding the defense planning process, development of defense planning methodology is underway. There is also now a clear decision about the future size of the Armed Forces: 25,000 professionals and 8,000 conscripts. This means that the personnel of the Armed Forces must be downsized by about 17,000 members in the next five years, which will be quite painful. The creation of the Croatian military forces in the conditions of war and transition from one regime to another has led to the heterogeneous composition of the Croatian military.

In the beginning of the Patriotic War, a small group of officers of the former Yugoslav People's Army (JVA), mostly Croats, had joined the ranks of the Croatian fighters. Among the ranks of the fighters were people coming as volunteers, and they felt strong animosity against the JVA. Former officers were also confronted with these sentiments, but they were needed as professionals. Still, the majority of the people who held commanding positions were without any professional training, and they were winning formal ranks for their courage, party affiliation (mostly members of the Croatian Democratic Union) and family connections. This system was for a long time the main source of recruiting new officers.

During the Patriotic War, fighters were not in the position to obtain a formal civilian education. For the purposes of military education, a special school was established to offer courses for the officers at the different levels of commands. Special short courses for officers were organized, and for the highest in rank officers the Military School was created. All these programs are for people who are already in the military services and are not open to civilians. Uniformity and compatibility of military and civilian education systems were not created during the war, and there is no sign that it could happen now. As professional training is becoming more and more a product of peaceful evolution and of new ties between Croatia and NATO, many officers are applying for the Postgraduate Program in International Relations at the University of Zagreb.

The security and defense system of Croatia should be based on the basic national interests, and it should constitute a part of generally accepted democratic values, principles and norms of the new European order. The vital and unchangeable national interests of Croatia are defense of the country, its integrity, independence and national identity with permanent economic and cultural development.¹²

The threats to Croatian security are now more connected with the domestic situation than with the international one. Any threat from the outside can be easily detected. A comprehensive, integral national security system that includes participation of various ministries and institutions of the government with an interest in national security matters has to be built. The interrelationships of the key government officials and institutions have to be codified more clearly in the legal documents. Democratic control and further de-politicization of the armed forces needs to be reinforced, particularly taking into account the wish to enter the MAP. A military reorganization and modernization program is ongoing and has as its objective the creation of smaller, professional and modern forces, capable and suitable to be a part of NATO. However, the whole process lacks planning methodology and is proceeding quite slowly. The armed forces are also faced with aging problems because of poor retirement and accession programs, resulting in an average age of 35. The Croatian armed forces' procurement and modernization programs should be strictly linked to the strategic planning documents.

¹² Nacionalna sigurnost: Hrvatska u 21. stoljeću (Zagreb: 2001) 50-51.

Policy Recommendations

Defining the future development of Croatia, the following priorities and key issues should be put at the fore:

1. The political stability of Croatia is an imperative for the entire democratic development. The current coalition of parties came into power as a group of parties joined against the policy of the HDZ and late President Tudjman, but was not characterized by inner coherence that could guarantee stable rule. On the other hand, the nationalist core is quite strong, and it can always assemble 30 to 35 percent of voters around the HDZ. Therefore, only the creation of the common platform and the definition of the objectives targeted by the coalition parties can guarantee the completion of their regular term and possible victory in the next election.
2. Croatia has undoubtedly committed itself to European values, but it is apparent that various segments of society perceive the need for and possibility of cooperation with Europe in different ways. Nationally oriented political forces believe this cooperation to be exaggerated, especially cooperation with the International War Crimes Tribunal in The Hague and the IMF, claiming that cooperation is turning Croatia into a protectorate-like country. Even though these views are not prevailing, they still carry considerable political weight, especially in times of economic depression and political instability.
3. The Government has not yet managed to fulfil some major announced moves, such as decreasing the unemployment rate and tackling privatization, which has considerably diminished its popularity among the masses. The fight against corruption can only be carried out with great difficulty, unless the system is improved, as there are more than 1.3 million unsolved cases. Furthermore, the entire judicial system is a far from the European level.
4. The international community still disposes strong instruments of possible political and economic/financial activities in Croatia. However, national sensibilities should definitely be taken into consideration when applying those instruments. On the other hand, as the doors to Europe are slowly opening (SAA, PfP, WTO), the majority of Croatian citizens would like to experience some concrete benefits, which would in turn lead public opinion to give its support to the ruling government.

The EU has several options to contribute to positive developments in Croatia:

1. Support the process of democratic political and economic development in Croatia, giving its full assistance to those political forces that are countering the nationalistic policy applied at the time of Tudjman.
2. By observing closely all the development processes in Croatia, the EU can implement a linkage strategy to reward the democratic conduct or punish each failure or tendency to fall behind schedule and miss deadlines or benchmarks.
3. The EU could contribute much more to solving the issues of return of refugees and displaced people on the basis of the CARDS program, and thus assist the current government and strengthen its commitment to acting more effectively.

4. By hinting at a possible date for the admission of Croatia to the Union, the EU could stimulate both the government and public opinion to proceed more swiftly to the activities that are indispensable for the adjustment of integration.
5. Continue to stress the improvement of regional cooperation as one of the key prerequisites for accession to the EU.

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