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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

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Summary of Conclusions for
Meeting of the NSC Principals Committee

DATE: May 19, 1995
LOCATION: White House Situation Room
TIME: 2:30 - 4:30 p.m.

SUBJECT: Summary of Conclusions of Principals Committee Meeting
on Bosnia (S)

PARTICIPANTS:

Chair
Anthony Lake

USUN
Madeleine Albright

OVP
Leon Fuerth

CIA
John Deutch

State
Warren Christopher
Richard Holbrooke

JCS
Admiral William Owens

DOD
Walter Slocombe

NSC
Alexander Vershbow
Colonel Nelson Drew

OMB
Alice Rivlin

Summary of Conclusions

Negotiations with Milosevic

1. Principals discussed progress made to date in ongoing negotiations between Ambassador Frasure and Milosevic regarding the recognition/sanctions relief package. They agreed on the contents of an instruction cable to Frasure outlining key problem areas in Milosevic's counterproposal and authorizing further negotiations to close the gap (Action: State). The cable will provide goals but retain flexibility for Frasure in the negotiations. (S)

2. Principals agreed on the following guidance on the most sensitive issues:

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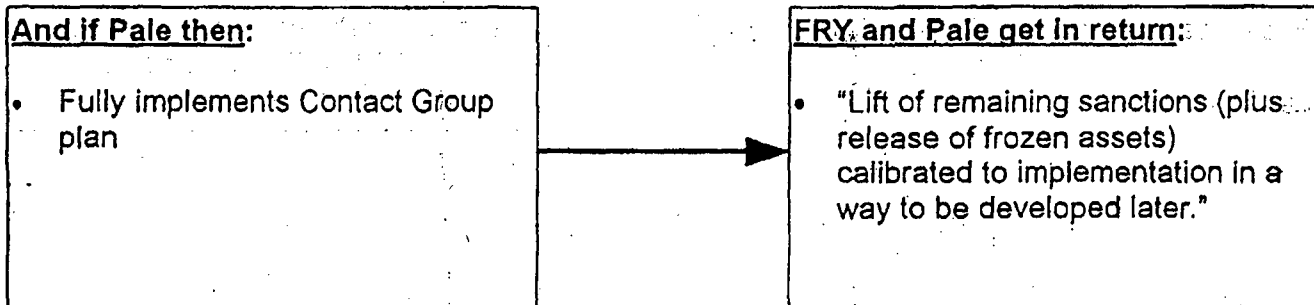
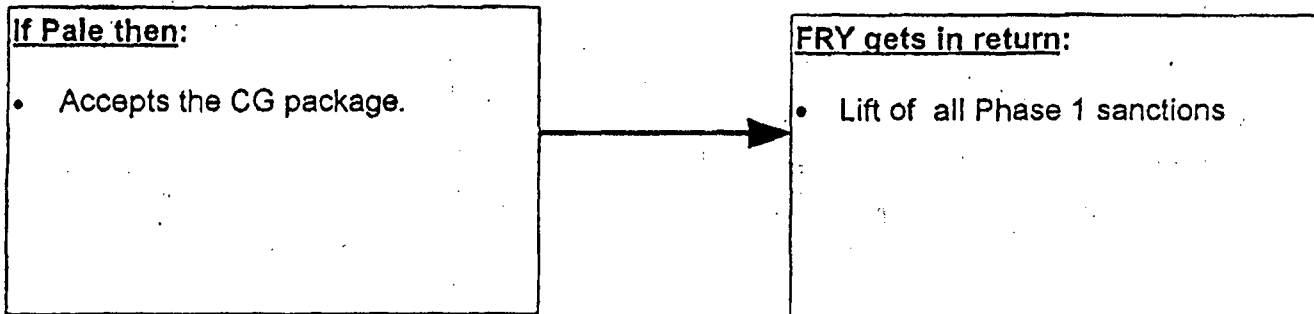
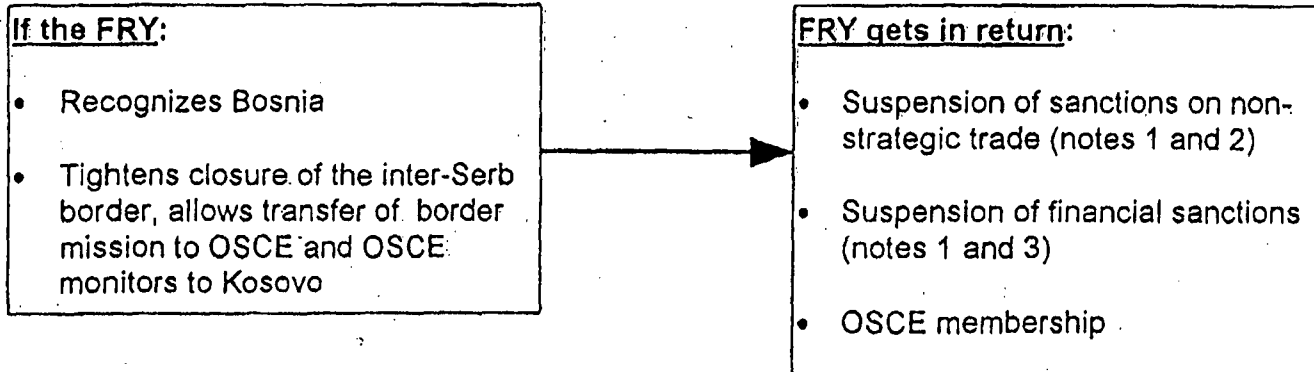
- Successor State Status: Principals agreed to maintain our existing position that Serbia/Montenegro could be treated as "a" successor state but not "the" successor state to Yugoslavia. (S)
- Timing of Serbian Admission to OSCE: Principals agreed that Serbia's admission to OSCE should be simultaneous with restoration of the long-duration missions to Kosovo, Sandjak and Vojvodina. (S)
- Sanctions Relief: Principals agreed on the need to avoid "front-end loading" of sanctions relief or lifting. Milosevic's proposed automatic mechanism for continuing extension of sanctions suspension without a UNSC vote was unacceptable. Principals agreed to counter his oil relief proposal of 500,000 MT per month with an offer of 125,000 MT, and to try to limit imports through a single point of entry. OVP provided an outline chart linking specific sanctions relief actions to specific progress toward a political settlement involving Pale (attached); Principals agreed that this should be provided to Frasure as a guide rather than as detailed negotiating instructions. They agreed that some lifting of sanctions should be tied to recognition of Croatia. They reaffirmed that any lifting of the "outer wall" of sanctions (access to IFIs, full participation in international organizations) should be tied to cooperation with the War Crimes Tribunal and progress toward a broader regional settlement, including restoration of autonomy to Kosovo. (S)

Future Options for UNPROFOR

3. Principals reaffirmed that retention of UNPROFOR in Bosnia was critical to U.S. interests and agreed to support the conclusions of the CHODs meeting with UNPROFOR Commanders calling for enhancement of UNPROFOR's ability to fulfill its existing mandate. The CHODs' proposal included agreement that the UNPROFOR Ground Commanders would develop an enhanced air supply plan for the eastern enclaves on an urgent basis and that unhindered use of Sarajevo airport was imperative. (Other options considered but rejected by the CHODs included continuation of the existing situation, retrenchment and reduced UN presence, UNPROFOR withdrawal and military intervention.) CJCS will be instructed to take this window of opportunity to press allies for as robust an enhancement of UNPROFOR as possible (Action: JCS) and USUN will work to ensure that options presented for agreement in New York reflect the CHODs' decisions (Action: USUN). (S)

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May 12 Contact Group Agreement (The plan offered to Milosevic on May 18)



NOTES:

- All "suspensions" are for a six-month period and can be renewed only by positive vote by the Security Council.
- The agreed definition of "strategic goods" includes oil, petroleum products, coal, iron, steel, and other metals *plus energy-related equipment and petro-chemicals*.
- All financial sanctions are suspended, including credits. Frozen assets are not released. The resolution relaxing sanctions is to contain prohibitions against using frozen assets to secure or otherwise support loans and credits.

Milosevic's May 18 Counter Offer

If the FRY:

- Recognizes Bosnia
- Allows reinforcement of the inter-Serb border-monitoring mission



FRY gets in return:

- Suspension of sanctions on non-strategic trade (UN definition)
- Import of 500,000 MT of oil a month
- Suspension of all financial sanctions
- Lift of sports sanctions
- Entry into OSCE

If Pale then:

- Accepts the CG plan as a starting point for negotiations



FRY gets in return:

- Lift of phase 1 sanctions (air and ferry service).

Then:

- When a cessation of hostilities is in place, and
- The Bosnian parties have begun negotiations on implementation of the CG plan



FRY gets in return:

- Lift of non-strategic trade and financial sanctions
- Suspension of strategic trade sanctions (oil import quota remains in place)

When

- The CG plan is fully implemented on the ground
- Respective forces have withdrawn to the agreed territorial limits



FRY gets in return:

- Lift of remaining sanctions (presumably including release of frozen assets)

NOTES:

1. All "suspensions" are for an indefinite time period. The Security Council would "review" the situation in the former Yugoslavia, to include the sanctions suspension arrangements.
2. UNSC Resolutions define strategic goods as including crude oil, petroleum products, coal, energy-related equipment, iron, steel, other metals, chemicals, rubber, tires, vehicles, aircraft, and motors of all types.

Countering Milosevic's Counter Offer

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If the FRY:

- Recognizes Bosnia
- Allows reinforcement of the inter-Serb border-monitoring mission
- Ends support for Pale and Knin

FRY gets in return:

- Suspension of sanctions on non-strategic trade (UN definition)
- Import of up to 100,000 MT of oil a month
- Suspension of all financial sanctions
- Entry into OSCE

If Pale then:

- Accepts the CG plan as a starting point for negotiations and begins negotiations

FRY gets in return:

- Partial lift of phase 1 sanctions
- CG agreement to change terms of sanctions relief extension (eg: longer than six month periods, revise extension conditionality, etc.)

Then when:

- The Bosnian parties have reached agreement, and
- They have begun implementation of the CG plan (to include starting withdrawals)

FRY gets in return:

- Lift of non-strategic trade and financial sanctions
- Suspension of strategic trade sanctions (oil import quota remains in place)

And when

- The CG plan is fully implemented on the ground, and
- Respective forces have withdrawn to the agreed territorial limits
- (And if the FRY has recognized Croatia, Slovenia, and Macedonia)

FRY gets in return:

- Lift of remaining sanctions (presumably including release of frozen assets)
- End of oil quota system

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NOTES:

1. Initial suspensions are for six months. The Security Council would have to vote to extend sanctions relief.
2. UNSC Resolutions define strategic goods as including crude oil, petroleum products, coal, energy-related equipment, iron, steel, other metals, chemicals; rubber, tires, vehicles, aircraft, and motors of all types.

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