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31 July 1995

MEMORANDUM FOR: Director of Central Intelligence  
Associate Director of Central  
Intelligence for Military Support

FROM: Chief, DCI Interagency Balkan Task Force

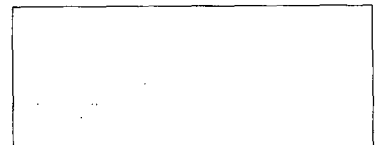
SUBJECT: Principals' Committee Meeting on Bosnia and  
Croatia, 1 August 1995

1. Tuesday's Principals' Committee meeting, according to Sandy Vershbow, will focus on trying to get NATO to accept "Gorazde-type" conditions for use of airpower around Bihac, how to respond to the diplomatic efforts of EU Special Envoy Bildt, the situation in Croatia, and the nature of a longer-term strategy.

- You will be expected to join State in providing an assessment of the likelihood of a major Croatian attack against the Krajina. We will provide you with the latest intelligence before the meeting.
- All indications are that the Croats still plan to launch a major attack against Sectors North and South



- State has been inclined to accept Croatian assurances to Ambassador Galbraith that a strike would be limited to relieving pressure on Bihac; most other agencies accept our view--supported by intelligence--that the attack will be broader.



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- The CROATIA TAB includes several background papers we prepared last week in response to tasking from a Deputies' Committee meeting. [REDACTED]

2. EU negotiator Bildt has proposed that Milosevic be granted substantial sanctions relief in exchange for his recognition of Bosnia's internationally recognized borders, continued support for the Contact Group plan, and agreement to a strengthened monitoring regime along the Serbian-Bosnian border. The SANCTIONS TAB includes two papers we prepared for Leon Fuerth today on the impact of Bildt's position on Serbian sanctions and what would be required to improve monitoring of the inter-Serbian border.

- We share Leon's concern that the proposed sanctions relief would virtually eliminate the impact of sanctions on the Serbian economy and that reimposition of sanctions after nine months would be difficult.
- You should also be aware that the BTF has assigned one of our sanctions analysts-[REDACTED]-to serve on Leon's staff while Rick Saunders is on leave for the next two weeks. [REDACTED]

3. The latest version of the NSC's long-term strategy paper is behind the MEETING PAPERS TAB. We will provide you with some specific comments on this paper prior to the meeting. In recent interagency meetings, we have been flagging the importance of Croatia's role in any post-UNPROFOR withdrawal strategy in helping to sustain the area controlled by the Bosnian Government. In particular, we have warned that Croatia's willingness to be helpful could depend on the timing and degree of success of the upcoming offensive. If the Croatians get bogged down, Tudjman may be more inclined to cooperate with Milosevic to secure a grand deal for Croatia and Bosnia at the expense of the Muslims. If the Croatians do well, Zagreb might be more inclined to

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cooperate with the Muslims in an effort to weaken the Serbs  
and eventually regain Sector East.

4. Tony Lake, Sandy Berger, and Leon Fuerth requested  
our presence this afternoon to probe differences between the  
BTF and JCS on the current strength of Bosnian Government  
forces--a very fundamental issue in determining whether they  
can survive following "lift" in the absence of airstrikes.

- The BTF believes that the Bosnian Government--provided  
Croatia cooperates in allowing weapons in--is able to  
defend the core area against all but an attack that  
includes large numbers of Yugoslav Army forces.
- JCS believes that Bosnian Government forces are not  
capable of surviving against the Bosnian Serbs. They  
also dispute the degree to which we think Bosnian  
Government forces have improved over the last year.

A. Norman Schindler

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