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FROM: A. VERSHBOW (NAME) [ ] (PHONE NUMBER) 368 0E08 (ROOM NO.)  
MESSAGE DESCRIPTION: OPTIONS for RESPONDING TO BILDT- MILOSEVIC PACKAGE

TO (AGENCY)	DELIVER TO	DEPT/ROOM NO.	PHONE NUMBER
3 STATE	Talbott/Tamoff/ Holbrooke/Frasure/ Steinberg/Scheffer		
✓ OSD	Sec. Perry/White/ Slocumbe/Kruzel		
> JCS	CSCS Shalikashvili/Owens/ Clark		
USUN/NY	Mrs Albright		
1 CIA	Deutch/Tenet		

REMARKS: Reflects Deputies discussion - WILL BE BASIS FOR DECISION AT PC ON AUGUST 1.

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7/31/95

### Options for Responding to the Bildt-Milosevic Package

In an informal meeting July 31, Deputies agreed that we should respond to European pressure to endorse the Bildt-Milosevic package in a way that keeps the diplomatic process moving forward while protecting our key interests. Two options were considered:

**Option 1: Bildt Plus:** *Broaden the package to obtain positive steps by the Bosnian Serbs toward de-escalation and initiation of peace negotiations as the precondition for implementing new sanctions relief for the FRY, along with improvements to the terms of the package.*

**Concept:** In light of Yeltsin's claim that Kozyrev secured commitments by Mladic on the safe areas and an offer for a ceasefire leading to new peace talks on the basis of the Contact Group plan, we might have the makings of a "package deal" for renewed peace talks that could be presented to Contact Group partners as a broadening of the Bildt-Milosevic package. (This would, of course, need to be discussed first with the Bosnians.) The elements would be:

- A. Mutual recognition between the FRY and Bosnia and measures to close the border along the lines of the Bildt package, but modified to remedy the most serious flaws:**
- Serious commitment to seal the border and cut off all military support to the Bosnian Serbs, backed up by the deployment of 400-500 monitors.
  - A sanctions reimposition mechanism based on the idea of a five-nation review panel, but modified as follows:
    - participants would be the five Contact Group members rather than the UNSC Perm Five;
    - if the suspension period is to be of indefinite duration, then we would have to have a shorter grace period (e.g. 100 or 120 days) as opposed to 9 months; and
    - we would need to have a private side-understanding with the UK and France guaranteeing that they would vote to reimpose sanctions if we presented evidence that Milosevic had failed to meet *any* of a set of criteria that would be specifically agreed in advance by London and Paris;<sup>1</sup>
- B. Implementation of the sanctions suspension would be delayed until:**
- The Bosnian Serbs have halted offensive action against all the safe areas and opened supply routes (as agreed at the July 26 Contact Group meeting); and
  - The Bosnian Serbs have agreed to a country-wide 6-month ceasefire in tandem with agreement to begin talks on territorial and constitutional issues using the Contact Group plan as the starting point, but with both sides free to propose changes.
  - *As a fallback to the latter condition:* A commitment by Milosevic to secure Bosnian Serb agreement to the ceasefire and initiation of negotiations by the end of the grace period; sanctions would be suspended during this time, but with the clear understanding that they would be reimposed if Bosnian Serb agreement were not forthcoming.

<sup>1</sup> We would need to develop a list of verifiable criteria to minimize the risk of disagreements over the significance of intelligence data --e.g. no tampering with physical barriers to seal off all but a handful of permitted border crossings; shut down all telecommunications and air-traffic-control links; etc.

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In selling this approach to our Allies, we would point out that, if successful, it would reduce the likelihood that NATO would have to implement the decisive air strikes we have already threatened for the defense of Gorazde as well as similar action to protect Bihac and the other safe areas. (We would make clear, however, that there should be no perception of backing away from the commitment to implement the Gorazde decision, and that we believe our negotiating leverage would be enhanced by immediate extension of that decision to Bihac, Tuzla and Sarajevo.)

*Analysis:* This option would deny Milosevic the rewards of the Bildt package until he has obtained a down payment of positive performance from the Bosnian Serbs. We would thereby have a more defensible basis on which to justify new sanctions relief to Milosevic in the wake of Srebrenica and Zepa, and gain a 6-month window of opportunity for obtaining a final peace settlement. Given the additional "deliverables" required of Milosevic, we could, perhaps, sweeten the pot by suspending more sanctions, as long as we obtained satisfaction on the sanctions reimposition formula. We would be following Kohl's recommendation to the President to "put Milosevic to the test," and testing Yeltsin's claim that Mladic is ready to exercise restraint and negotiate on the basis of the Contact Group plan even if Karadzic is not. We would be building on our Contact Group partners' proposal at the July 26 meeting in London to tie implementation of the Bildt package to Bosnian Serb de-escalation measures on the ground.

The fallback position mentioned under "B" may prove necessary to overcome Contact Group resistance. It may, in fact, be required to gain Milosevic's agreement if he argues that he needs the political cover of substantial sanctions suspension before he can exert real pressure on the Pale leadership to agree to negotiations that use the Contact Group plan as the starting point.

**Option 2: Improved Bildt: *Seek improvements to the package without tying it to Bosnian Serb actions.***

*Concept:* This option would seek the improvements to the Bildt-Milosevic package listed under "A" above, but without linking implementation of sanctions relief to Bosnian Serb de-escalation or agreement to new peace talks. It would be based on the assumption that our Contact Group partners will reject the linkage and use any such proposal as grounds for charging the U.S. with seeking to torpedo the negotiating track, which they could use as a pretext to withdraw UNPROFOR this year. It reflects the further assumption that, with or without the modifications proposed above, Milosevic is unlikely to come to closure with Bildt, and that therefore there is no need to worry about the defensibility of providing additional sanctions relief.

*Analysis:* If the above assumption about the allies' position is correct, then this is the lowest-risk course, ensuring that we maintain Contact Group unity and deny the Allies the ability to charge us with bad faith. If the second assumption about Milosevic is not correct, however, it would put us in a position of having to suspend additional sanctions without any Bosnian Serb down payment, and we would have forfeited the opportunity to use the latest developments on the ground to restart negotiations between the parties that could lead to a political settlement over the next six months.

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