

Intelligence Memorandum

DCI Interagency Balkan Task Force

12 October 1995

Resolving Sector East: By Pen or Sword

Croatian leaders are committed to reintegrating Sector East into Croatia this year and will proceed with military force if the issue is not resolved to their satisfaction through negotiation. Zagreb has publicly and privately set its deadline as the end of the UNCRO mandate on 30 November, but has also said it would delay action if negotiations that have a substantial likelihood of success are under way at that time.

- Prospects for a negotiated settlement have improved somewhat because of Serb concessions in recent negotiations, but neither side may be genuinely committed to a negotiated settlement. Zagreb increasingly appears to be leaning toward a military solution rather than a drawn-out negotiated settlement. Planning for an attack is complete, allowing an offensive to be launched at any time once a political decision is made.*
- Croatian leaders have raised public expectations to such a high degree that Zagreb is not likely to back down on its pledge to regain the territory this year, even with substantial pressure from the international community--though it might delay for a month or two at best. Croatia probably would be successful in militarily retaking the sector as long as Serbia does not intervene with substantial forces.*
- Belgrade probably would limit its direct involvement as long as the peace process continues and Milosevic can point to good prospects for sanctions relief and normalization of international relations to counter balance the loss.*

Croatian Intentions

President Tudjman and other Croatian leaders are determined to retake the last piece of Serb-held territory by any means--particularly since their successful August military campaign in Sectors North and South--according to a variety of reporting. Croatia will not sign any Bosnian peace settlement unless it includes Serbian recognition of Croatia within its internationally recognized borders and an agreement that Sector East will return to direct Croatian control. This would mean de jure Serbian recognition of Croatia's sovereignty over Sector East. Tudjman has pledged to use military force to retake the sector unless its status is resolved by 30 November--the expiration of the current UNCRO mandate--according to diplomatic and press reports.

- [redacted] the army does not plan any significant military action in Sector East as long as the US peace initiative continues and will not do anything to disrupt the peace process [redacted]
- Croatia's timetable could be moved up, particularly if a peace settlement excluding Sector East is finalized in the coming weeks or if talks break down altogether. If the West continues to support Croatia in peace talks, no action is likely prior to Croatia's 29 October parliamentary elections.
- While Croatia increasingly appears to be leaning toward a military solution, Zagreb's decision to use force will be strongly influenced by the outcome of the peace negotiations as well as the views of the international community and the US in particular [redacted]
[redacted]
[redacted] Despite US demarches since then, Croatian leaders probably still have this impression [redacted] there is a general perception in the Croatian General Staff that the West would support a quick and successful offensive.
- The threat of Western condemnation--including penalties such as sanctions--for such military action would have to be very strong to dissuade Zagreb once the decision to use force is made; Croatia proceeded with its August attack on the Krajina because it believed that the international reaction would be manageable and short lived, [redacted] [redacted]

Limited Prospects for a Negotiated Settlement

Negotiations between Croatia and local Serb leaders on 3 October yielded the first significant progress largely because of flexibility on the Serb side--which essentially agreed to de facto reintegration. But Zagreb's obstructionist behavior in follow-on talks on 9 October strongly suggests that Croatia may not be willing to agree to a settlement even if all its terms are met, according to US diplomats.

- The 3 October agreement on "basic principles" includes provisions for a

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transition period during which the region will be governed by an international administrator and enforced by international forces. The sector will be demilitarized and the administrator will establish conditions for the return of Croatian displaced persons and institutions, an ethnically mixed police, and local elections. International monitors will guarantee the protection of human rights.

- Croatia's attempts to backtrack on some points of the 3 October agreement and last-minute insistence that the talks be moved from the US Embassy in Zagreb to "Croatian soil" caused the 9 October talks to break down without progress. Zagreb's actions appear intentionally designed to undermine the talks, particularly because the Sector East leaders demonstrated further willingness to negotiate, telling the Croat delegation that they could accept reintegration.
- Zagreb probably believes that a military solution will be faster and easier over the long run because the likely exodus of ethnic Serbs in the Sector will eliminate the problems of a prolonged reintegration and power-sharing arrangements with local Serbs. [redacted]

Sector East: Under Belgrade's Thumb

Serbian President Slobodan Milosevic controls the Serb leadership in Sector East to a significant degree through Serbian State Security (RDB) operations and traditional ties between the "Yugoslav" Army (VJ) and Sector East military leaders [redacted]

- Embassy reporting indicates that Milan Milanovic--Sector East's principal negotiator--traveled to Belgrade for consultations the day before the 3 October meeting with Croatian officials.
- The RDB considers Milanovic to be completely under its control; Milanovic even calls Serbian RDB Chief Jovica Stanisic "chief," [redacted]
- The RDB also has penetrated the Krajina Serb military with its own personnel, [redacted]
- Major General Dusan Loncar, the principal military official for Sector East, maintains ongoing contacts with VJ Chief of Staff Momcilo Perisic and in the past has answered to senior Yugoslav Army officials rather than "RSK" leaders. [redacted] in early May [redacted] Loncar had questioned "RSK" President Milan Martic's orders to shell the Croatian town of Osijek. He checked the instructions with Belgrade and was told to desist. [redacted]

A variety of sources indicate that Sector East leaders are not sure that Belgrade will intervene to protect the sector, or will wait too long to do so. While Sector East leaders, including Milanovic [redacted] can accept reintegration into Croatia [redacted]

[redacted] Indeed, the Sector East Serbs are convinced that Croatia will attack and are thus using the negotiations to buy time for military preparations [redacted]

A body of evidence suggests that Milosevic has given up on annexing the region and is using negotiations to forestall a Croatian attack and to secure significant autonomy for the region [redacted]

- Milosevic's main goal remains obtaining a Bosnian settlement that will yield sanctions relief, normalizing Serbia's international relations, and consolidating his grip on power, according to a variety of reporting.
- Milosevic is trying to obtain as many concessions from Zagreb as possible without pushing them to use force [redacted]. He hopes to obtain guarantees for the rights of the Serb population there, a long-term UN military presence, and freedom for the sector to develop economic ties to the FRY. [redacted]

Milosevic will continue to prolong negotiations to help ameliorate domestic pressures to protect ethnic Serbs there. In addition, any agreement willingly signed on to by the Sector East Serbs will help deflect criticism from Milosevic.

- Milosevic cannot allow an overt Croatian takeover of Sector East so soon after the demise of the Krajina, nor does he want to provoke a Croatian attack or agree to an immediate settlement that would trigger a refugee crisis that could threaten his regime, according to embassy reporting

- [redacted]
[redacted] If past behavior serves as a guide, Belgrade probably will attempt some backtracking. But as Croatia's deadline for using military force approaches, Serbia probably will become more prone to compromise as long as the peace settlement is on track and the Croatian military threat remains real. [redacted]

Croatia has taken a fairly hard line in negotiations thus far and is not likely to offer significant concessions believing its optimum goals can be obtained militarily. [redacted]

- Zagreb says it could accept a 12- to 18-month transition period after which the territory would revert to Croatian control, according to a variety of reporting. It will reject, however, a referendum or any provisions giving the sector "special status" or granting the remaining Serbs significant autonomy, [redacted]
- Croatia's lead negotiator--Presidential Chief of Staff Sarinic--publicly claims that Croatia will not force out ethnic Serbs originating from Croatia, though Croatian officials almost certainly hope that most ethnic Serbs will leave. Croatian officials have been clear that Serbs from elsewhere in Croatia will not be allowed to settle in the sector--fearing Milosevic will send the Krajina Serb refugees to the area to skew the ethnic balance--which may become a source of friction with

Serbia and the international community, according to US diplomats.

Croatia's Military Prepared to Strike

[redacted] Zagreb is keeping up military pressure on the Serbs in Sector East--firing periodically at Serb lines and conducting small unit probes--to encourage a settlement soon or perhaps to provoke a Serb response which would provide justification for an attack. [redacted] In spite of a recent truce and troop withdrawal from the confrontation lines, skirmishing and periodic artillery fire continue in Sector East. [redacted]

[redacted] the political leadership believes the issue can be resolved only through force, and has ordered the General Staff to prepare to launch an offensive, possibly before Croatia's 29 October parliamentary elections, [redacted] The plans reportedly are complete, and the army is awaiting the order to attack.

- Zagreb probably will wait until after elections and elite Croatian Army troops have concluded their operations in Bosnia--or there is an effective cease-fire there--before it orders an attack on Sector East. Currently there are between 8,500 and 16,000 Croatian Army troops in western Bosnia.
- The Croatian Army probably would prefer to launch an attack in fall or winter, when the marshlands in Sector East have hardened and become more passable. [redacted]

Some Advance Warning Likely

The Croatian Army remains at a high level of readiness around Sector East, but would still have to move significant numbers of its elite guards brigades and support units into the area to mount a successful, quick offensive. [redacted]

- Senior Croatian officials previously have given US diplomats at least ten hours' notice before launching a major attack. Croatian forces probably will destroy selected Danube River bridges hours before launching a major offensive.
- Zagreb in the past has given UN forces at least one hour's warning of an impending attack to minimize UN casualties. The Croatians may not warn the Russian battalion in Sector East, however, because of the Russians' close relationship with the Serbs. [redacted]

Zagreb hopes to push Krajina Serb forces out of the sector without prompting intervention from Belgrade.

- Croatian plans call for rapid advances to penetrate forward-deployed Krajina Serb defenses quickly, bypassing pockets of resistance, and allowing the Krajina Serb Army to retreat into Serbia, according to various sources. The Croatians also plan to use air assault troops and commandos to disrupt Serb command and control nodes and to destroy

selected Danube River bridges to preclude "Yugoslav" Army (VJ) reinforcements from entering the sector.

- A Croatian officer reported that Zagreb will use its Mi-24 HIND attack helicopters as close air support for advancing troops, according to US military reporting. The Croatians do not plan to use their fixed-wing aircraft because of concerns over violating Serbian and Hungarian airspace. Croatian attack helicopters were effective in destroying Serb armor and defensive positions during the August offensive in Bosnia.
- The Croatians plan to simultaneously launch a two-pronged offensive with major efforts in Baranja and eastern Slavonia, according to the US Defense Attaché in Zagreb. Zagreb's main objectives are to reach the Danube River at Vukovar in the south and Batina in the north. [redacted]

[redacted] doubts Belgrade will intervene because he believes the "Yugoslav" Army (VJ) is in chaos, lacks the will to fight for Sector East, and has proven unable to mobilize forces [redacted]

- The Croatians probably still will maintain a large force south of Sector East to block VJ avenues of approach in the event that Belgrade overtly intervenes. [redacted]

Strong Prospects for Military Success

Croatian forces probably will quickly rout the Krajina Serbs unless the "Yugoslav" Army rapidly reinforces the front lines. Croatian success is nearly assured because of its 3:1 manpower advantage over the Krajina Serbs and its proven maneuver ability to isolate areas of strong resistance.

- The mainly flat terrain in Sector East gives the advantage to the more mobile Croatian forces, as do marshes hardened by winter conditions.
- Croatian Army reconnaissance patrols go as deep as 20 kilometers behind Krajina Serb lines in Sector East, which gives them good tactical intelligence and will allow them to identify vulnerable points in the Serb defenses.
- Croatian forces, however, will have to mount successful river crossing operations in the Osijek and Baranja areas. The Croatians have not shown much success in previous river crossing attempts, and could get bogged down. [redacted]

Krajina Serb forces are likely to put up a stiff defense in hopes the "Yugoslav" Army will intervene if Zagreb attacks--though various reporting indicates Sector East leaders are increasingly unsure of VJ intervention. The Krajina Serbs have been continuously upgrading prepared defensive positions and seem more motivated, but without quick VJ intervention are likely to collapse. [redacted]

Prospects for Serbian Military Intervention

President Milosevic probably would feel compelled to intervene directly if Croatia launched an attack on Sector East in the next week or two, having laid down public markers that he would intervene. But under the more likely scenario of Croatian military action in November or December, Milosevic probably would temper his response as the memory of recent military defeats in Bosnia and Croatia and the impact of the Krajina Serb refugees begins to fade. In addition, Milosevic will be much less likely to intervene if he can point to sanctions relief or Serbia's improved international position as a result of negotiations.

- [redacted] the VJ would only intervene directly with substantial forces if the Krajina Serb military held out for several days. Zagreb plans to move quickly to defeat the Krajina Serbs for this very reason, according to a variety of reporting. [redacted] a quick defeat by the Croatian Army--as in the case of Sectors North and South--will make it easier for Milosevic to absolve himself by blaming a poor defense by the Sector East Serbs.
- Belgrade probably would at least lend artillery support and send "volunteers" which would not significantly diminish Croatia's battlefield advantage. There is little risk that such intervention would escalate to a direct Serbian-Croatian conflict. [redacted]

Sector East's Ethnic Past

Croatia has ruled most of Sector East south of the Drava River--eastern Slavonia and western Srem--since at least the eleventh century, with the exception of a period of Ottoman control ending in 1699. The area north of the Drava--the Baranja Region--was under Hungarian control until World War I. [redacted]

The 1991 population of Sector East was approximately 187,000, more than 70 percent of which resided in the two largest opstinas of Vukovar and Beli Manastir, according to the Yugoslav census. Ethnic Croats had a plurality with approximately 44 percent and ethnic Serbs numbered 35 percent--the remaining population was mainly Hungarian or Slovak. The census indicates that ethnic Serbs and Croats were highly segregated at the local level, particularly in rural areas. [redacted]

Krajina Serb ethnic cleansing since the 1991-92 conflict created a dramatic shift in the demographics, giving the Serbs an overwhelming 85-percent majority and the Croats only 10 percent of the population in the sector in 1995. [redacted]

[redacted] Between 1991 and 1995, the Krajina Serbs pressured some 70,000 ethnic Croats to move to Croatian-held territory and encouraged more than 40,000 homeless Serb civilians to settle in the sector.

- In May 1995 the balance shifted further, following the settlement of more than 7,000 Serbs displaced from Sector West by Croatia's military actions and the departure of some of the remaining Croats, according to various sources. Although some of the more than 150,000 refugees from Sectors North and South in August briefly transited Sector East en route to Serbia, few, if any, appear to have settled there. [redacted]