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NOTE FOR: TONY LAKE

FROM: DON KERRICK

SUBJECT: Dayton SITREP #12; November 17, 1995, 11:10am.

Perry/Slocombe on scene in Dayton. Meetings underway with Izetbegovic.

Last night, after your departure, spent bizarre two hours with Milosevic in our map room looking in great detail over Gorazde. After four scotches, Milosevic offered up more forthcoming corridor to Sarajevo. Falls short of Contact Group proposal, but better than previous offer. Initial reaction from Harris this morning is cautiously favorable. Details now being examined by Bosnian map experts.

Milosevic has invited U.S. delegation to another lobster feast tonight... Spirou hosted. We have accepted - someone has to do it.

Walt Slocombe says Speaker himself has suggested joint session of Congress for all three Presidents to welcome peace and ask for U.S. troops. Never cease to be amazed.

Thanks again for coming to Dayton. Many positive remarks from Dick this morning at our staff meeting. As events unfold this weekend, may need POTUS call, or more on possible visit should favorable conclusion take place.

HAVE ALWAYS sensitive nerves.

Pls protect ...

[Handwritten signature and initials]

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~~SECRET/NODIS~~

November 17, 1995

To: The Secretary
From: EUR - Richard C. Holbrooke
Subject: Closure or Close-down: The situation as of 2 AM

Tony's trip was a success, and we now await Bill Perry at 0930 and George Joulwan at 1400. (They will leave together at about 1600; for obvious reasons, it would be counter-productive for them to be here at the same time as you.)

Highlights of Tony's visit were:

1) a well-constructed message to both Izzy and Slobo about the need for closure this weekend: Tony said that there will be no second chance for the US; that this was our last, best shot and that Congress was going south on us; that if they don't reach agreement when you get here we will turn them over to Pauline, Jacques, and Wolfgang, and our role will greatly diminish, even though the scenery in Paris is nicer than Dayton; and, finally, that the President might visit Dayton for the initialing but only if it were done on schedule and had the right content. This last point, of course, intrigued Slobo, although Izzy seemed unimpressed. Instead, Izzy raised with us the possibility of visiting Congress after Dayton to explain the situation; I said we would consider it only if things went well here.

2) A fierce argument over sanctions, in which I think Tony advanced policy significantly. After facing a frontal assault from Slobo, Tony explained our policy, stressing that while suspension would come with initialing, lift could only accompany implementation. To our pleasant surprise, Slobo accepted this concept and dropped away from his previous insistence on lift with signing. Clearly he now sees that in real terms it is suspension, not lift, that make a difference to the people of Yugoslavia. We then argued over what constituted implementation, with Milosevic trying to get us to agree that "implementation" should be defined as the moment when the BSA pulls back to the inter-entity boundary line. I said that while we needed to study this issue before making a decision it would certainly not be possible to consider anything in the sequencing earlier than pulling back the two kilometers from either side of the entity boundary line. Milosevic seemed to buy this, but balked when I pushed on to the next level, pull-back to cantonments. My real goal here would be elections, but this issue requires a decision at the PC.

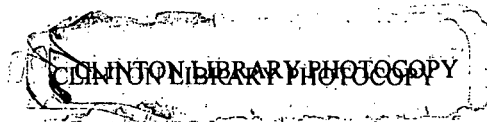
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This issue has now become urgent. You have promised Milosevic a look at the sanctions resolution prior to the final agreements in Dayton, but in New York all, or almost all, is confusion. Madeleine today stopped a messy and damaging process in the mid-levels of the bureaucracy on this subject, but she must have guidance and finish the job even before you land so we can discuss it with Milosevic. Tony agrees, and further agrees now to drop the previous idea of an omnibus resolution. He now favors, as I do, dividing the resolutions into at least two packages, one solely on sanctions, the other on lifting the arms embargo and other matters.

3) Territorial issues. Tony and I had agreed in advance that he would stay away from negotiating, but of course we started into the final territorial issues around Sarajevo and Gorazde. Izzy took a very hard line on all this, and the signs of disagreement within the Bosnian delegation were once again all too evident. When we could not get anywhere with Milosevic, I terminated the discussion and, after a brief farewell talk with Izzy and Haris, Tony left. I then invited Milosevic over to our palatial villa to travel the terrain between Gorazde and Sarajevo through the magic of Powerscene, the extraordinary high-tech, highly-classified system we have here courtesy of the Defense Mapping Agency (whose chief, Major General Nuber, is now here with us). After almost two hours of computer travel over the hills and valleys of the Gorazde area, a trip made far livelier by the substantial amount of scotch consumed by many of the group, Wes Clark and the team managed to eke out a minor concession--the widening of the land corridor from Gorazde to Sarajevo from three kilometers to a wider corridor which would vary based on terrain features. This step forward probably will not satisfy the Bosnians, but it does represent the first movement on this issue in over 36 hours, and we hope to press it forward tomorrow morning through Clark and Hill and Perry-Joulwan directly if necessary.

Other issues: 1) The biggest event of the day here, which unfolded throughout Tony's visit, was the resignation of Zubak as Federation president, primarily because Tudjman sold him out on Posavina. Although Izzy wants me to try to talk him into staying, I am probably not going to do this, since he almost blew up your Federation event, wrote us a letter denouncing it, and stated that he "was not prepared to be a signatory" if the final documents give up the Federation claims to Posavina. Tudjman and Susak told me that we should ignore Zubak, and that Prlic, the Deputy Prime Minister of the Federation (Haris is also Federation PM), will sign instead. Not everyone in our team agrees with me, however, and we are checking with Granic and others before making a final decision.

2) Your visit. I understand you will arrive around 6 PM. Although your final schedule will obviously need to be adjusted based on the results of Perry-Joulwan, I think that you should probably think in terms of a brief call on Izzy after you land, followed by participation in a lobster dinner Milosevic is giving at the Officers' Club, with the lobsters coming from Maine courtesy of Chris Spirou, who will therefore be present. While you do not have to attend this dinner and can plead fatigue as an excuse if you wish, it will provide a useful opportunity to talk in a more relaxed atmosphere to Milosevic prior to Saturday, which will shape up as the decisive day of Dayton. I have said that if you come we would want separate tables that would allow for a small and serious exchange of views. If you decide not to come, I would still need to attend. Interestingly, Milosevic asked for Tom Donilon by name, presumably to ask Tom to run his next campaign (this is one even Tom probably couldn't screw up). I asked him to save places



for you, Tom, Jim, and Nick if any or all of you want to come, and I recommend you try to participate, not only for the lobsters but because you can all help out as we head into the last lap.

Saturday will probably be decisive, although if the two sides think they can delay agreement then it may turn out to be Sunday. Setting a firm deadline and making them realize we mean it is our only chance for success, and both sides are fully primed for this approach; indeed, they half-welcome, half-dread it.

The Bosnians still wish us to believe that they are getting a lousy deal. But they know it is not only a good deal but the best they will ever get. Logically, therefore, they must accept. Yet the dynamic of their delegation, plus their internal thinking processes, make this a very close call. Izzy spent nine years of his life in jail, and is not a governmental leader so much as a movement leader. He had no understanding of, or interest in, economic development or modernization--the things that peace can bring. He shows remarkably little concern for the suffering his people have endured; after all, he has suffered greatly for his ideals. To him, Bosnia is an abstraction, not several million people who overwhelmingly want peace. Haris, on the other hand, is more modern and focused heavily on economic reconstruction, something Izzy never mentions. If Haris did not have such an unpredictable personality, he would have played the hero here; we still have hopes he will do so. Mo is driven by several contradictory motives: he wants to be liked by the Americans (he is, after all, one of us), but his primary goal seems to be to undermine Haris at all times. We are constantly looking for ways to deal with this problem, and may call on several of you to give Dutch-uncle talks to either one of them. (Kati, who has returned here, did us very valuable service yesterday by drawing Haris out of his shell; the change in his attitudes was immediately apparent.)

Milosevic seems to be enjoying himself here at Dayton Place, although he likes to try to bully people. Standing up to him when he attacks is the key; he respects and likes people who act as tough as he does. He is always testing us. In order to move him, we must lay down very firm markers and not move them unless we know exactly what we are getting in return.

I'll see at the airport. Have a good trip back.