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TEXT

TAGS: PREL, MARR, PTER, HR, BK
SUBJECT: A DECISIVE TUDJMAN REMOVES SOPTA, PLEDGES
- DEPOLITIZATION OF THE HVO, BUT INSISTS ON A
- PLOCE/SPECIAL RELATIONS LINK

1. CLASSIFIED BY AMBASSADOR WILLIAM MONTGOMERY
REASON 1.5 (B) AND (D).

2. (C) SUMMARY: AFTER SOME RAGE, ANGER AND
FRUSTRATION, PRESIDENT TUDJMAN ACCEPTED VISITING
SACEUR CLARK'S AND SPECIAL REPRESENTATIVE GELBARD'S
DEMAND THAT GENERAL SOPTA BE REMOVED PERMANENTLY
FROM HVO RANKS, AND OFFERED THE PROPOSAL (WHICH
CLARK AND GELBARD ACCEPTED) THAT HE ENTER THE HV AND
BE ASSIGNED TO THE CROATIAN WAR COLLEGE. AT GENERAL
CLARK'S REQUEST, TUDJMAN FURTHER INDICATED THAT HE
WOULD INSTRUCT THAT THE BOSNIAN CROAT ARMED FORCES
BE DEPOLITICIZED, WITH MEMBERS OF THE MILITARY NOT
BEING ALLOWED TO HOLD PARTY POSTS OR TO CAMPAIGN,
BUT ALLOWED TO BE PARTY MEMBERS. HOWEVER, TUDJMAN
INSISTED THAT FURTHER ACTION TO ACCEPT THE
PLOCE/NEUM AGREEMENT WOULD CONTINUE TO BE LINKED TO

STATE DEPT. DECLASSIFICATION REVIEW

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AGREEMENT BETWEEN THE GOC AND BOSNIAN FEDERATION ON A TEXT FOR SPECIAL RELATIONS, DESPITE SR GELBARD'S ARGUMENT THAT THE AGREEMENTS WERE ASYMMETRICAL AND THAT EX POST FACTO LINKAGE BY THE GOC REPRESENTED A BREACH OF FAITH; FOREIGN POLICY ADVISOR MADEY NOTED THAT THE GOC'S NATIONAL SECURITY COUNCIL HAD INDICATED PUBLICLY THE PREVIOUS DAY THAT THE TEXT INITIALED BY SARANIC AND PORGES WOULD BE SIGNED WITHOUT CHANGE ONCE AN AGREEMENT WAS REACHED ON SPECIAL RELATIONS. (WE NOTE THAT SR GELBARD'S PRESSURE ON THE GOC TO SIGN PLOCE SPURRED THEIR QUICK AGREEMENT ON SPECIAL RELATIONS: THE GOC AND THE BOSNIAN FEDERATION REACHED AGREEMENT ON A TEXT ON OCTOBER 27.)

3. (C) TUDJMAN'S DECISIVENESS, PERHAPS DESIGNED TO SEND THE MESSAGE THAT HE IS STILL FIRMLY IN CONTROL OF BOTH CROATIAN AND BOSNIAN-CROAT INTERESTS, IS BOTH USEFUL AND TROUBLESOME: USEFUL IN GETTING SOLUTIONS TO SOPTA AND OTHER PROBLEMS, TROUBLESOME AS AN INDICATION OF HOW FAR WE MUST GO TO BEGIN TO ENCOURAGE NORMAL RELATIONS BETWEEN CROATIA AND BOSNIA AND WITHIN CROATIA'S OWN DECISION-MAKING CIRCLES. END SUMMARY.

4. (C) AMBASSADOR ROBERT GELBARD, SPECIAL REPRESENTATIVE OF THE PRESIDENT AND SECRETARY OF STATE FOR IMPLEMENTATION OF THE DAYTON ACCORDS, SACEUR GENERAL WESLEY CLARK, AND AMBASSADOR MONTGOMERY MET FOR AN HOUR AND THREE-QUARTERS WITH PRESIDENT FRANJO TUDJMAN OCTOBER 22 TO GAIN GOC COOPERATION ON A RANGE OF DAYTON ISSUES, FROM REMOVAL OF HVO (BOSNIAN CROAT ARMED FORCES) GENERAL SOPTA AND HVO DEPOLITIZATION TO THE GOC'S MEETING ITS PROMISE TO SIGN THE PLOCE AGREEMENT. TUDJMAN WAS JOINED BY NEWLY-APPOINTED PRESIDENTIAL CHIEF-OF-STAFF IVICA KOSTOVIC, FOREIGN MINISTER MATE GRANIC, PRESIDENTIAL FOREIGN POLICY ADVISOR NEVEN MADEY, AND PRESIDENTIAL ADJUTANT MAJGEN KRESIMIR KASPAR. DCM WAS NOTETAKER.

5. (C) APOLOGIZING IN ADVANCE FOR HIS NEED TO DEPART IN MID-MEETING TO RETURN URGENTLY TO BRUSSELS TO DEAL WITH KOSOVO, GEN CLARK BEGAN BY CITING HIREP WESTENDORP'S RECENT BRIEFING TO THE NAC IN WHICH HE NOTED THE CRITICAL NEED TO MAKE PROGRESS ON TWO ISSUES IN DAYTON IMPLEMENTATION: REFUGEE RETURNS AND ESTABLISHING EFFECTIVE ENTITY MILITARY ORGANIZATIONS. IT WAS URGENT, CLARK NOTED, THAT WE CREATE A GENUINE FEDERATION MILITARY AND TRANSFER THE HVO INTO A WESTERN MILITARY ORGANIZATION. FRANKLY, THE HVO HAD BEEN COMPLETELY UNSUPPORTIVE OF EFFORTS THUS FAR. TWO CRITICAL ISSUES NEED TO BE ADDRESSED: THE REMOVAL OF GENERAL SOPTA, AND THE DEPOLITIZATION OF THE HVO.

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SOPTA AND THE DEPOLITIZATION OF THE HVO

6. (C) GENERAL CLARK THEN REVIEWED THE ACTIONS WHICH LED TO COMSFOR SHINSEKI'S DECISION TO DEMAND SOPTA'S REMOVAL. IN SUM, SOPTA'S ACTION IN DISPATCHING HVO TROOPS TO KORCULA WAS IN DIRECT DISOBEDIENCE TO THE SFOR COMMANDER'S INSTRUCTIONS, AND THUS A THREAT TO FUNDAMENTAL DAYTON PRINCIPLES. FOR THAT HE HAD TO BE DISMISSED.

7. (C) GEN CLARK THEN TURNED TO THE ISSUE OF THE DEEP POLITIZATION OF THE HVO'S STRUCTURES. AFTER QUICKLY REVIEWING THE CONDITIONS WHICH HAD LED EACH FACTION IN BOSNIA TO CREATE ITS OWN FORCES, HE EMPHASIZED THAT THOSE CONDITIONS HAD NOW PASSED; NOW THE ARMED FORCES IN EACH ENTITY MUST BE

PROFESSIONALIZED AND DEPOLITICIZED. HDZ PARTY OFFICIALS MUST NOT BE PERMITTED TO HOLD HVO MILITARY COMMISSIONS. HVO PROMOTIONS MUST BE BASED ON ONE PRINCIPLE ALONE - SUCCESS IN PERFORMING MILITARY DUTIES. GEN CLARK NOTED THAT IT WAS IMPORTANT TO ACHIEVE DEPOLITIZATION QUICKLY, AS THE HVO WAS PREPARING TO REDUCE ITS GENERAL OFFICER RANKS FROM 16 TO 10 SOON - AND RUMORS INDICATE THAT THE SIX TO BE DISMISSED WERE ALL IN ZUBAK'S CAMP, NOT JELAVIC'S. GENERAL CLARK CLOSED BY NOTING HIS HOPE TO SEE CROATIA ENTER INTO THE PARTNERSHIP FOR PEACE, BUT NOTED THAT POLITICAL PARTY LINKAGES IN BOSNIAN CROAT AND CROATIAN ARMED FORCES WOULD BLOCK CROATIA'S ENTRANCE.

TUDJMAN'S VIEW

8. (C) PRESIDENT TUDJMAN RESPONDED FIRST BY REVIEWING THE CRITICAL ROLE WHICH BOSNIAN CROATS, ESPECIALLY HERZEGOVINIANS, HAD PLAYED IN THE DEFENSE OF CROATIAN INTERESTS AT THE OUTSET OF AND THROUGHOUT THE WAR. HERZEGOVINIANS HAD BORNE THE BRUNT OF SERB AGGRESSION, AND HAD CHECKED THE SERB ADVANCE ON SPLIT. SOPTA WAS AMONG THOSE IN THE FOREFRONT OF THAT EFFORT. TUDJMAN THEN REVIEWED HIS (BY NOW) STANDARD AND LENGTHY RECITATION OF THE EVOLUTION OF THE FEDERATION FROM THE CROATIAN PERSPECTIVE -- AS AN ENTITY MEANT TO SERVE AS A LOOSE AFFILIATION, TO ALLOW CROATS IN BOSNIA TO MAINTAIN THEIR OWN IDENTITY IN BALANCE TO THE RIGHTS GIVEN TO THE SERBS IN THEIR SEPARATE REPUBLIKA SRPSKA AND TO ASSURE THAT THEY NOT BE DOMINATED BY A FUNDAMENTALIST-INFLUENCED MUSLIM MAJORITY BENT ON SUPPRESSING CROAT CULTURE AND TRADITION. AGAINST THE BACKGROUND OF A THREATENED BOSNIAN CROAT MINORITY DEPENDENT ON ITS SPECIAL RELATIONSHIP WITH

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ZAGREB, TUDJMAN ADDRESSED THE CASE OF SOPTA. THOUGH SOPTA HAD MOVED TROOPS ONLY IN PURSUIT OF A HUMANITARIAN MISSION, TUDJMAN HAD NEVERTHELESS ORDERED HIS REMOVAL FROM HIS HVO COMMAND AND HIS ASSIGNMENT TO THE NEW WAR COLLEGE IN ZAGREB. HE DID THIS, HE SAID, TO END THE CRISIS WHICH AROSE FROM COMPETING DEMANDS OF BOSNIAN CROATS WHO SUPPORTED SOPTA AND THE INTERNATIONAL COMMUNITY WHICH DEMANDED HIS REMOVAL. AGITATED BY GEN CLARK'S ASSERTION THAT REMOVAL FROM BOTH COMMAND AND BOSNIA WAS INSUFFICIENT - SOPTA MUST BE REMOVED FROM THE HVO, CLARK INSISTED - PRESIDENT TUDJMAN ASSERTED THAT HE HAD TAKEN HIS ACTION IN SUPPORT OF NATO AND US POLICY, BUT IN A WAY THAT WAS NOT A COMPLETE CHALLENGE TO CROAT AND BOSNIAN CROAT INTERESTS. PLEASE DO NOT ASK ME TO CONTRADICT THOSE INTERESTS, HE INSISTED.

9. (C) ON THE ISSUE OF POLITICAL ACTIONS BY MILITARY UNITS, PRESIDENT TUDJMAN ASSERTED THAT BOSNIAK UNITS HAD DONE THE SAME KINDS OF THINGS THE HVO WAS ACCUSED OF WITHOUT AROUSING IC CONCERNS. HE CITED AS FURTHER EVIDENCE OF THE IC'S PREJUDICIAL TREATMENT OF BOSNIAN CROAT INTERESTS THE FACT THAT ONLY CROATIA HAD BEEN PRESSURED TO COOPERATE IN DELIVERING INDICTED WAR CRIMINALS TO THE HAGUE.

SOPTA COMPROMISE: REMOVED PERMANENTLY FROM HVO,
ACCEPTED INTO HV, ASSIGNED TO ZAGREB WAR COLLEGE

10. (C) CLARK REVIEWED AGAIN THE DANGER IN ALLOWING SOPTA TO COME TO THE WAR COLLEGE IN ZAGREB AS AN HVO OFFICER. A FAILURE TO DISCIPLINE HIM FOR DEFIANCE OF SFOR WOULD FUEL FURTHER RESISTANCE THROUGHOUT THE HVO. WITH A POLITICIZED HVO, ENCOURAGEMENT OF DEFIANCE WOULD LEAD TO FURTHER INCIDENTS LIKE THE RECENT MURDER OF A MUSLIM AT CAPLINA, CARRIED OUT WITH A MILITARY WEAPON. TUDJMAN OFFERED AN OPTION - REMOVE SOPTA FROM THE HVO, ACCEPT HIM INTO THE CROATIAN ARMY (HV), AND ADMIT HIM TO THE WAR COLLEGE AS AN HV OFFICER. CLARK AND GELBARD AGREED TO THIS. WHEN GEN CLARK INSISTED ON SOPTA'S PERMANENT EXCLUSION FROM HVO RANKS, AND A PUBLIC STATEMENT TO THAT EFFECT, PRESIDENT TUDJMAN FIRST DEMURRED, THEN AGREED.

AGREEMENT ON HVO DEPOLITIZATION

11. (C) GEN CLARK THEN PRESSED FOR AN AGREEMENT TO HIS SECOND REQUEST: THAT MEMBERS OF POLITICAL

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PARTIES BE FORBIDDEN TO HOLD HVO COMMISSIONS. PRESIDENT TUDJMAN ARGUED THAT PARTY MEMBERSHIP WAS A CONSTITUTIONAL RIGHT, EVEN FOR THOSE SERVING IN THE MILITARY. CLARK THEN ASKED TO HAVE POLITICAL PARTY OFFICEHOLDERS EXCLUDED FROM HVO RANKS, AND VICE VERSA. PRESIDENT TUDJMAN ACCEPTED THIS FORMULA. FINALLY, GENERAL CLARK CLOSED BY ASKING THE PRESIDENT TO HELP TO ASSURE THAT THE CROAT CONFRONTATIONS WITH SFOR, OF THE KIND THAT HAD TAKEN PLACE NEAR THE IEBL AT CAPLINA AND WHERE SFOR HAD TO USE THE MSU TO RESOLVE, WOULD CEASE. TUDJMAN AGREED TO SUPPORT PEACEFUL, POLITICAL SOLUTION OF THE UNDERLYING CAUSES OF THE CONFRONTATION. AT THAT POINT, GENERAL CLARK TOOK LEAVE OF THE PRESIDENT TO RETURN TO BRUSSELS.

CONFRONTATIONS WITH SFOR

12. (C) AMBASSADOR GELBARD PICKED UP ON THE THEME OF BOSNIAN CROAT AGGRESSIVE ACTIONS AGAINST SFOR. (NOT ACTIONS - INCIDENTS, INSISTED TUDJMAN IN ENGLISH.) THOSE INCIDENTS WERE INCREASING, CONTINUED GELBARD, SPURRED BY THE KIND OF RHETORIC USED BY JELAVIC IN CAPLINA. THAT RHETORIC WAS CREATING A MOOD IN THE AREA WHICH FEEDS ANTI-SFOR SENTIMENT. HE CITED FURTHER EXAMPLES OF ATTACKS ON SFOR AND THE IPTF QOLAC, AND REPORTS OF TWO SFOR PATROLS BEING FIRED ON IN CROAT AREAS. THOSE INCIDENTS MUST STOP, DECLARED GELBARD, AND HE WILL TELL JELAVIC THAT THE RHETORIC MUST STOP. IN ADDITION, BOSNIAN CROATS MUST STOP BOYCOTTING FEDERATION INSTITUTIONS LIKE THE DEFENSE MINISTRY. GELBARD NOTED THAT HIS EFFORTS TO DEVELOP A POSITIVE RELATIONSHIP WITH JELAVIC HAD YIELDED MANY PROMISES, BUT FEW RESULTS FROM THOSE PROMISES.

13. (C) CLAIMING THAT HE WAS NOT FAMILIAR WITH THE SUBSTANC(##) JELAVIC'S REMARKS AT CAPLINA, TUDJMAN CITED IN RESPONSE REMARKS ATTRIBUTED TO FEDERATION PRESIDENT EJUP GANIC IN WHICH GANIC ALLEGEDLY SAID THAT THE BOSNIAKS ENJOY THE SUPPORT OF THE IC - OF SFOR, OHR AND THE IPTF, AMONG OTHERS. PRESIDENT TUDJMAN RETURNED TO THE THEME OF UNEQUAL TREATMENT(##) BOSNIAN CROATS TO BROKEN PROMISES OF THE IC, INCLUDING THE U.S., CITING AGAIN THE PLEDGE THAT BOSNIAN CROATS INDICTED FOR WAR CRIMES WHO HAD SURRENDERED VOLUNTARILY HAD NOT RECEIVED THE PROMISED SPEEDY TRIAL. TUDJMAN FURTHER EMPHASIZED THAT, WHILE CROATIA HAD DONE A GREAT DEAL FOR OTHERS, THE USG HAD DONE LITTLE OR NOTHING FOR CROATIA SINCE DAYTON.

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U.S. SUPPORT FOR CROATIA

14. (C) SR GELBARD FIRST ACKNOWLEDGED THE PROMISE FOR SPEEDY TRIALS, BUT NOTED THE REASONS FOR THE DELAY. IN THE CASE OF KORDIC, HIS LAWYER WAS RESPONSIBLE FOR 75 PERCENT OF THE DELAY, BY FILING MOTION AFTER MOTION ON FRIVOLOUS GROUNDS. SR GELBARD THEN USED THE OPPORTUNITY TO REVIEW THE KINDS OF PROMISES MADE - AND KEPT - BY THE U.S. TO CROATIA: ON ACCUSED NAZI-ERA WAR CRIMINALS DINKO AND NADA SAKIC, TO ASSURE THEIR EXTRADITION FROM ARGENTINA TO CROATIA AND NOT TO THE FRY; ON PFP, IN RESPONSE TO THE LATE DEFMIN SUSAK'S REQUEST FOR A PLAN FOR CROATIAN ACCESSION, WHICH WE STAND READY TO HELP YOU IMPLEMENT, ON EASTERN SLAVONIA, WHERE THE U.S. WAS THE ACKNOWLEDGED LEADER IN ASSURING PEACEFUL REINTEGRATION UNDER CROATIAN SOVEREIGNTY. SR GELBARD FURTHER NOTED U.S. EFFORTS TO HELP CROATIA TRAIN AND REFORM ITS MILITARY, THROUGH MLT AND MPRI, AND HIS OFFER TO THE CROATIAN EMBASSY IN WASHINGTON TO ENGAGE SENIOR U.S. TREASURY OFFICIALS (SUCH AS UNDER SECRETARY DAVID LIPTON AND DAS MARK MEDISH) TO ADDRESS GROWING BALANCE OF PAYMENTS AND BANKING-SECTOR PROBLEMS. FINALLY, HE NOTED THAT SECRETARY BROWN'S FINAL MISSION HAD BEEN TO CROATIA(##) HELP DEVELOP STRONG COMMERCIAL AND INVESTMENT TIES. TUDJMAN, TAKEN ABACK BY AMBASSADOR GELBARD'S DETAILED AND SWEEPING REBUTTAL OF HIS ASSERTION, ACKNOWLEDGED THE KEY ROLE PLAYED BY THE U.S.

MARTIN BROD: AGGRESSIVE, OFFENSIVE ACTION FURTHER STRAINS OUR BILATERAL RELATIONS

15. (C) THE U.S. WANTS TO HELP CROATIA, GELBARD NOTED, BUT CROATIA IS ACTING IN WAYS THAT FURTHER STRAIN BILATERAL RELATIONS. GELBARD CITED AN INCIDENT IN WHICH CROATIAN INTERIOR MINISTRY POLICE TRIED TO DETAIN IPTF AND BOSNIAN POLICE IN AREAS (MARTIN BROD AND BOSANSKI OSREDCI) WHICH THE INTERNATIONAL COMMUNITY RECOGNIZES AS BOSNIAN. WE CONSIDER THAT AN AGGRESSIVE, OFFENSIVE ACTION, AND ARE CONSIDERING WHETHER TO TAKE IT TO THE SECURITY COUNCIL, GELBARD SAID.

16. (C) BOTH PRESIDENT TUDJMAN AND FORMIN GRANIC BOTH CITED THE ABSENCE OF A FULL SET OF FACTS ON THE INCIDENT, NOTING THAT THEY WERE AWAITING A REPORT FROM MININT PENIC. BOTH CITED THIS AS HAVING TAKEN PLACE IN A DISPUTED AREA. GRANIC SAID THAT THE GOC HAS ASKED THE GOBIH THREE TIMES IN THREE MONTHS TO HOLD DISCUSSIONS ON THIS BORDER DISPUTE, BUT THEY

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ARE YET TO RECEIVE A REPLY.

BORDER CONTROLS - STOP THE FUNDAMENTALISTS

17. (C) CITING PRESIDENT'S EXPRESSED FEAR OF ISLAMIC FUNDAMENTALISM IN BOSNIA, SR GELBARD ASKED FOR COOPERATION TO BLOCK THE ENTRY OF FOREIGN FUNDAMENTALIST ELEMENTS. HE NOTED THAT THE U.S. HAD DOCUMENTED THE ENTRY OF 287 IRANIANS AND OTHER MUJAHADEEN INTO BOSNIA THROUGH ZAGREB AND SPLIT, AND THAT HE HAD RAISED THE ISSUE LAST WEEK IN WASHINGTON WITH VISITING HEAD OF THE CROATIAN INTELLIGENCE SERVICE SEPARAVIC. GELBARD ASKED THAT THE GOC EXERCISE MORE VIGOROUS BORDER CONTROLS AT AIRPORTS AND PORTS, AND HE WELCOMED U.S./CROATIAN COOPERATION IN THE FIGHT AGAINST TERRORISM.

COOPERATION - AVOID BAD FAITH OVER ISSUES LIKE PLOCE

18. (C) GELBARD WENT ON TO NOTE THAT WE RECOGNIZE THE NEED FOR COOPERATION ACROSS THE BOARD. FOR THAT REASON HE WILL ACCEPT THE GOC (AND EMBASSY ZAGREB) PROPOSALS TO ESTABLISH WORKING GROUPS ON DAYTON IMPLEMENTATION AND PFP ACCESSION. BUT WE MUST AVOID SITUATIONS WHERE OUR COOPERATION GETS SIDETRACKED BECAUSE OF UNFULFILLED PROMISES. SR GELBARD CITED THE PRESIDENT'S REFUSAL TO INITIAL THE RECENTLY-AGREED PLOCE/NEUM TEXT -- AFTER AMBASSADORS SKLAR AND KLEIN WERE ASSURED THAT HE WOULD DO SO, FOLLOWING THE CONCLUSION OF THE BOSNIAN ELECTIONS -- AS THE MOST EGREGIOUS EXAMPLE OF A BROKEN PROMISE. THIS WAS PARTICULARLY UPSETTING TO THE U.S., GELBARD NOTED, AS WE HAD BROKERED THE DEAL AT THE REQUEST OF BOTH THE BOSNIAN AND CROATIAN GOVERNMENTS. GELBARD DISMISSED THE GOC ARGUMENT FOR LINKAGE WITH AN AGREEMENT ON SPECIAL RELATIONS, ON THE GROUNDS THAT NO LINKAGE HAD BEEN ESTABLISHED BEFORE THE NEGOTIATIONS AND THAT, IN ANY EVENT, LINKAGE WAS INAPPROPRIATE BETWEEN ASYMMETRICAL AGREEMENTS: PLOCE/NEUM WITH THE BOSNIAN STATE, AND SPECIAL RELATIONS WITH THE FEDERATION. SR GELBARD INSISTED THAT PRESIDENT TUDJMAN FULFILL HIS PROMISE TO INITIAL PLOCE/NEUM WITHOUT CONDITIONS, BUT OFFERED TO SEND SKLAR AND KLEIN TO ZAGREB AS EARLY AS MONDAY (OCTOBER 26) TO HELP FINALIZE A TEXT ON SPECIAL RELATIONS.

19. (C) PRESIDENT TUDJMAN, IN ENGLISH, INTERRUPTED TO ASK PLAINTIVELY "WHY SEPARATE? WHY?" CONTINUING IN CROATIAN, HE NOTED THAT FROM THE STANDPOINT OF

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BOTH THE CROATIANS AND BOSNIAN CROATS THE TWO ARE INTEGRALLY LINKED. HE NOTED THAT HE HAD ALREADY FACED A MUTINY FROM GOC OFFICIALS AGAINST THE PLOCE AGREEMENT. HE ASKED FOR U.S. FOREBEARANCE FOR FIVE TO TEN DAYS WHILE THE TWO SIDES FINALIZE THE AGREEMENT ON SPECIAL RELATIONS. IN RESPONSE, SR GELBARD NOTED AGAIN THE ASYMMETRY OF THE ACCORDS, AND RAISED THE ISSUE OF PRINCIPLE: YOU AGREED TO INITIAL. WHEN AGREED? WHERE? ASKED A CLEARLY FRUSTRATED TUDJMAN, AGAIN IN ENGLISH. CONTINUING IN CROATIAN, HE INSISTED THAT IN LETTER AND SPIRIT BOTH THE WASHINGTON AND DAYTON ACCORDS SUPPORTED THE IDEA OF PLOCE-SPECIAL RELATIONS LINKAGE. PARLIAMENT HAD INDICATED ITS DESIRE AND INTENT TO REVIEW THE AGREEMENT IN DETAIL; HE COULD NOT SIGN, HE INSISTED, WITHOUT PREJUDICING THE OUTCOME OF THAT DISCUSSION. HE HAD INSTEAD DIRECTED HIS (THEN) CHIEF OF STAFF AND THE MINISTER OF ECONOMY TO INITIAL THE TEXT, AS

A SIGN THAT THE GOC HAD ACCEPTED IT.

20. (C) AMBASSADOR MONTGOMERY EXPLAINED FURTHER THE U.S. PROBLEM WITH THE GOC POSITION. FIRST, HE NOTED, WE HAD NOT ASKED THE PRESIDENT TO SIGN, BUT TO INITIAL, AND WE RECOGNIZE THE DIFFERENCE BETWEEN THE TWO ACTS. WE HAD RECEIVED A CLEAR PROMISE FROM HIS SENIOR OFFICIALS THAT HE WOULD INITIAL AFTER THE BOSNIAN ELECTIONS. FURTHER, WE HAD ADVISED THE SECRETARY OF STATE THAT THIS IMPORTANT DAYTON MILESTONE HAD BEEN REACHED, AND THAT IT WOULD PERSONALLY BE RECOGNIZED BY THE PRESIDENT'S INITIALING THE AGREEMENT. BASED ON THAT UNDERSTANDING, THE SECRETARY HAD SENT A VERY PERSONAL NOTE CONGRATULATING THE PRESIDENT. NOW SHE FEELS MISLED. THE AMBASSADOR AGAIN NOTED THE DIFFERENCE BETWEEN INITIALING AND SIGNING A TEXT, AND STRESSED THAT WE HAD ONLY EXPECTED THE PRESIDENT TO INITIAL.

21. (C) FOREIGN POLICY ADVISOR MADEY THEN RAISED THE FACT THAT THE GOC'S NATIONAL SECURITY COUNCIL, MEETING THE PREVIOUS DAY (OCTOBER 21), HAD ISSUED A STATEMENT WHICH NOTED THAT, ON CONCLUSION OF AN AGREED TEXT ON SPECIAL RELATIONS, THE GOC WAS PREPARED TO SIGN THE INITIALED TEXT OF PLOCE/NEUM, AGAIN CONFIRMING GOC ACCEPTANCE. (NOTE: THE TEXT OF THE RELEASE WAS SUBSEQUENTLY FAXED TO THE EMBASSY. END NOTE.)

U.S. INSTITUTE OF PEACE "MISUNDERSTANDINGS"

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22. (C) FURTHER ON "MISUNDERSTANDINGS," PRESIDENT TUDJMAN COMPLAINED ABOUT A RECENTLY-RELEASED REPORT BY THE U.S. INSTITUTE OF PEACE, WHICH ALLEGES THAT CROATIA HAD NOT SUSTAINED ITS PRIVATIZATION EFFORTS BECAUSE THE PRESIDENT IS AGAINST IT. NOT SO, HE SAID. HE SUPPORTS PRIVATIZATION EFFORTS IN SPITE OF RESISTANCE FROM (##) THE PEOPLE, AND INSPITE OF HUNGARIAN AND CZECH EXAMPLES (#) PRIVATIZATION HAS LED TO ECONOMIC LOSSES. AMBASSADOR GELBARD NOTED THAT THE USIP WAS NOT AN ELEMENT OF THE USG, AND THAT HE OFTEN DISAGREES WITH THEIR PRONOUNCEMENTS ON BOSNIA.

ENRON DEAL TO BE CLOSED SOON?

23. (C) FINALLY, PRESIDENT TUDJMAN NOTED HIS DESIRE TO ESTABLISH CLOSER RELATIONS WITH THE U.S., BASED ON MUTUAL INTERESTS. IN THAT REGARD, HE HAD INSTRUCTED HIS GOVERNMENT TO ACCEPT PROJECT PROPOSALS PUT FORWARD BY BECHTEL, PARSONS AND ENRON TO FURTHER DEMONSTRATE CROATIA'S WILL TO FORGE A PARTNERSHIP WITH THE U.S. HE HAD DONE THIS, HE SAID, DESPITE OBJECTIONS FROM ADVISORS WHO WANTED TO GIVE BUSINESS TO EUROPEAN FIRMS AND THEREBY ENHANCE CROATIA'S EURO-PARTNERSHIPS. HE CONCLUDED BY AGAIN REQUESTING U.S. HELP TO REACH A SPECIAL RELATIONS AGREEMENT. SR GELBARD CONFIRMED THAT HE WILL ASK SKLAR AND KLEIN TO COME TO ZAGREB ON OCTOBER 26.

COMMENT: A STRONG SUBTEXT OF TUDJMAN'S MESSAGE IS "I'M STILL IN CONTROL."

24. (C) PRESIDENT TUDJMAN'S ASSERTION THAT HE HAD "ORDERED" THE REMOVAL OF SOPTA FROM HIS (BOSNIAN-CROAT) HVO COMMAND THE PREVIOUS DAY, HIS ON-THE-SPOT DECISION TO ORDER THE MUTUAL EXCLUSION OF HDZ-BIH PARTY OFFICERS AND HVO MILITARY OFFICERS FROM EACH OTHERS' RANKS, AND HIS ASSERTION THAT HE HAD INSTRUCTED HIS MINISTERS TO ACCEPT AMERICAN PROPOSALS FOR THREE MAJOR PROJECTS AS A WAY OF FIRING BILATERAL RELATIONS, SEEM TO UNDERSCORE A DESIRE TO ASSURE HIS AMERICAN INTERLOCUTORS THAT HE IS STILL FIRMLY IN CONTROL, BOTH IN CROATIA AND IN BOSNIAN-CROAT CIRCLES, DESPITE ANY APPARENT CHAOS IN OFFICIAL RANKS CAUSED BY THE RESIGNATIONS OF KEY HDZ MODERATES IN RECENT WEEKS. WHILE TUDJMAN'S EXECUTIVE ABILITY PROVES HELPFUL IN THIS CONTEXT, IT IS STRONGLY INDICATIVE OF THE KINDS OF DIFFICULTIES

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THE INTERNATIONAL COMMUNITY WILL CONTINUE TO FACE AS WE ATTEMPT TO SEPARATE CROATIAN AND BOSNIAN-CROAT INTERESTS AND TO ENCOURAGE TRANSPARENCY IN GOC DECISION-MAKING.

25. (C) THOUGH AT TUDJMAN'S INSISTENCE THE AGREEMENT ON PLOCE HAS BEEN HELD UP PENDING COMPLETION OF AN AGREEMENT ON SPECIAL RELATIONS, WE BELIEVE THAT SR GELBARD'S INSISTENCE THAT NO SUCH LINK BE ALLOWED HAS SPURRED THE GOC ON TO REACH AGREEMENT ON THE LATTER; IN FACT AGREEMENT ON SPECIAL RELATIONS WAS QUICKLY REACHED, WITH ASSISTANCE FROM AMBS SKLAR AND KLEIN, ON OCTOBER 27. WE TAKE THE GOC NATIONAL SECURITY COUNCIL ANNOUNCEMENT ON THE PLOCE/SPECIAL RELATIONS LINK AS A GUARANTEE THAT THE GOC WILL NOW SIGN THE INITIALLED PLOCE TEXT AS WELL, WITHOUT CHANGE.

26. (C) THAT TUDJMAN WAS ABLE TO CALM HIMSELF DOWN AND DEAL CONSTRUCTIVELY DESPITE HIS OBVIOUS ANGER AND FRUSTRATION AT DIFFERENT POINTS IN THE MEETING MAY INDICATE THE SERIOUSNESS OF HIS ASSERTION THAT HE DESIRES TO IMPROVE THE GOC/USG RELATIONSHIP. FINALLY, WE NOTE THE ABSENCE OF IVICA PASALIC AT THE MEETING, WHICH INDICATES THAT THE PRESIDENT AT LEAST FOR NOW HAS MAINTAINED HIS SEPARATION OF PASALIC FROM THESE FORMAL FOREIGN POLICY MEETINGS. END COMMENT.

27. SR GELBARD HAS CLEARED THIS MESSAGE.

MONTGOMERY

ADMIN
END OF MESSAGE

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