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**BALKAN REGIONAL PROFILE: THE SECURITY SITUATION AND THE  
REGION-BUILDING EVOLUTION OF SOUTHEASTERN EUROPE**

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## **I. Introduction**

August witnessed the most highly-protected Olympic Games ever, held in Greece, but various other old and new trends also shaped the security and region-building situation. Turkey suffered terrorist attacks again, and a Turkish driver in Iraq was kidnapped and murdered. An Italian freelance journalist was also kidnapped and murdered in Iraq. Terrorists intimidated France by taking two French journalists hostage in Iraq and demanding that a law banning religious symbols in French schools be rescinded within 48 hours, or the hostages would be killed. British security forces claimed they had succeeded in preventing a terrorist act on Heathrow airport. The terrorist method of polarizing different religions continued as several Christian shrines in Iraq were bombed. The concentration of counter-terrorist forces in Greece was an effort to protect the Olympic Games from attacks. Fortunately, no incidents were reported. The EU took additional measures this month to improve the organization of security and counter-terrorist activity by appointing a new EC commissioner on security. NATO gradually began its involvement in the training of Iraqi security forces – a task of a longer-term importance. The UN reported that continuing insecurity in the country was a major obstacle that was preventing the organization from becoming more deeply involved in the reconstruction and rehabilitation activities in Iraq. The persisting resistance of Moqtada al-Sadr's Mahdi Army militia in August seriously diverted the attention of the occupation forces from fighting terrorism and Ba'athist insurgents, as well as impeding the international community's efforts to help the rebuilding of the country. The Bush administration admitted this month it had made wrong predictions about the post-war and post-Saddam-Hussein period. Meanwhile, in Afghanistan, preparations continued for the upcoming elections and the further strengthening of NATO's presence in the country. Alleged al-Qaida terrorists on 29 August bombed a US mercenary company in Kabul, killing both US and Afghan citizens.

In the Balkans region, Macedonia undertook to finalize the implementation of the Ohrid Framework Peace Agreement by introducing administrative reforms that are supposed to improve the regulation of the ethnic issues in the country. For the time being, the results have been just the opposite, and rapid political measures are required both from within and without the country to prevent an escalation of protests by ethnic Macedonians

against the reforms as well as opportunistic exploitation of the situation by separatist Albanians. At the end of July, US Secretary of State Colin Powell visited Sarajevo and urged the leaders of the country to bravely embrace the reforms that would bring Bosnia and Herzegovina into the European and Euro-Atlantic mainstream. There were limited outbursts of ethnic tensions between Serbs and Hungarians in Serbia's Vojvodina province – an issue that had already been considered agreeably settled, but its recurrence is indicative of the slow pace of change taking place in the mindset of some groups of people in the Balkans.

Bilateral and multilateral cooperation reflected the decelerated pace of political activities during the vacation month. The few events, however, contributed to the improvement of good-neighborly relations. In August, the IMF proceeded actively with its programs in Turkey, Macedonia, Croatia, and Bulgaria.

NATO together with other institutions and non-member countries trained a variety of contingencies in the Western Balkans. A US military contingent continued a long counter-terrorist exercise with Bulgarian participation at a Bulgarian military training site.

The regional security situation remained stable despite intermittent protests, and despite ethnic tensions in Macedonia that could escalate over time and prevent Skopje from joining NATO and the EU any time soon.

## **II. Security Threats and Post-Conflict Developments in the Balkans**

### **1. Terrorism and Post-Conflict Rehabilitation (PCR) of Iraq and Afghanistan**

#### **a. Terrorism.**

**1) Turkey.** (1) On 5 August, a Turkish driver who had been taken hostage by a terrorist group in Iraq was shot by his kidnappers. The driver was providing supplies for the US troops in Iraq. (2) On 7 August, the Abu Hafs al-Masri Brigades, which at the end of July had declared a bloody war on European governments, announced that the targets had already been selected, and that Italy was on the priority list, together with Denmark, Poland, and Bulgaria. On 10 August, the Brigades' military wing allegedly claimed responsibility for the four attacks on hotels and gas stations in Istanbul on the previous day. Five people were killed and eleven wounded in the attacks. This organization claims

to be linked to al-Qaida. Regardless of whether this terrorist group really exists or not, the fact is that terrorism has again taken its toll on Turkey, raising the specter of new attacks in Europe. Turkish police arrested eight suspects on 11 August.

**2) General Issues.** (1) On 1 August, terrorists attacked four Christian churches in Baghdad. Eleven people were killed and more than 40 wounded during the attack. The Iraqi interim government and religious leaders condemned the purposeful polarization of relations on religious grounds. The Christians in Iraq constitute three per cent of the 25 million-strong population, and many have decided to flee the country after these attacks. (2) On 5 August, British police reportedly prevented a major terrorist act on London's Heathrow Airport. The arrest of 13 suspects was allegedly part of a major counter-terrorist operation. Preparations for a terrorist attack on Heathrow had been in their final phase, the police claimed. (3) On 2 August, Bulgarian constructor Yuri Markov displayed, without detailed demonstration, his invention – an explosives detector called “Sniff-ex”. The anti-weapon is patented in the US and Bulgaria and can detect explosives from a distance of 50 meters, even if the explosive is hidden behind metal walls. It has a three-year lifetime without re-charging the batteries. The Bulgarian Ministry of Defense is still testing the device before licensing its broader production. (4) On 27 August, the “Islamic Army in Iraq” group murdered Italian freelance journalist Enzo Baldoni in Iraq. 48 hours earlier, the terrorists had demanded the withdrawal of Italian troops from Iraq. Italy maintained a firm stance in the face of the terrorists' demands. Italian Foreign Minister Franco Frattini, like his Bulgarian colleague Solomon Passy in an earlier case, called on the kidnappers through al-Jazeera television to release the Italian citizen. (5) At the end of August, the “Islamic Army in Iraq” kidnapped two French journalists from Le Figaro and RTL radio, and from RFI. On 29 August they demanded that France abolish by 1 September a law regulating religious tolerance in France that they perceived as being contradictory to Islamic religious norms. The terrorists threatened to kill the journalists if their demands were not met. The French authorities stood firm and did not give in to the demands of the terrorists. French citizens realized that their country's opposition to the US invasion and occupation of Iraq could not protect France from extremist violence.

**3) Greece-Bulgaria.** At the beginning of August, Bulgaria dispatched four medical teams to Greece at the request of the Euro-Atlantic Coordination Centre of NATO for Reaction to Disasters. The teams are trained to react to potential terrorist acts and emergency situations during the Olympic Games. Bulgarian hospitals have been making preparations for emergencies.

**4) Bulgaria-US.** Bulgaria and the US continued their joint counter-terrorist training exercise “Bularc 2004” in August at the Novo Selo military training ground. 900 US troops and a Bulgarian squad participated in the exercise. Real events in southern Iraq were staged to train the destruction of arms stockpiles. An integrated laser field system, the Multiple Integrated Laser Engagement System (MILES), was used during the exercise.

**5) EU.** On 13 August, the new European Commission security commissioner, Rocco Buttiglione, said that a new structure was necessary to coordinate anti-terrorism policies on the continent and that a European border police force would be needed to tackle the problems of illegal immigration. Thus Europe could be better protected from terrorism. On 12 August, Buttiglione was named European Commissioner for justice and home affairs. He is one of the Commission’s vice-presidents. Buttiglione said a more efficient use of European secret services was needed.

#### **b. PCR in Iraq.**

**1) NATO.** On 30 July, NATO announced the establishment of a Training Implementation Mission in Iraq (NTIM-I). The mission follows a commitment made by NATO leaders at the alliance’s June summit in Istanbul. NATO started training Iraqi security forces in August. A group of 45 NATO officers under Dutch command have started to build a network of education and training centers, with plans to enlarge it. The mission will work closely with the Iraqi government and the multinational occupation force in Iraq. On 14 August, the core of the NATO Training Implementation Mission in Iraq arrived in Iraq. The training mission will identify the best ways of training Iraqi security forces both inside and outside Iraq, and will start training selected Iraqi headquarters personnel immediately. According to a NATO press release, General Carel Hilderink of the Netherlands is the leader of the team.

**2) Multinational Force for Iraq (MNF-I).** On 4 August, the 31-member MNF-I, operating under UN Security Council Resolution 1546, condemned the kidnappings and executions of foreigners in Iraq. The statement blamed "terrorists and former regime elements" for the attacks.

**3) UN.** UN Secretary-General Kofi Annan reported to the UN Security Council on 11 August that the deteriorating security situation in Iraq in the past year had kept the UN from returning to the country and undertaking the wide-ranging assistance program set out by the Security Council. The success of the UN in Iraq is contingent on a qualitative improvement in the overall security environment. Elections and the establishment of a constitutionally elected government, economic and social development, humanitarian assistance, the promotion of human rights, and judicial and legal reform depend on the improvement of the security situation. The UN is still sending small teams in Iraq and has satellite offices in Cyprus, Amman, and Kuwait. Until the security situation improves, the UN Assistance Mission in Iraq (UNAMI) will continue to operate from the regional offices. The secretary-general said that the UN remained fully committed to helping the Iraqi people rebuild their country. UNAMI was established in August 2003 for one year, and the UN Security Council on 11 August voted unanimously in favor of a resolution that extended its mandate until 11 August 2005. The mission mandate would be reviewed if requested by the government of Iraq.

**4) Terrorism and Regional Situation.** Iranian and Iraqi publications quoted Faruz Rajifar, chairman of the Iranian Society for the Defense of the Values of the Islamic Revolution, as claiming that 15'000 suicide bombers had been recruited in Iran to attack Coalition Forces in the holy cities for the Muslims of Kerbala and Najaf. On 10 August, the Iraqi interim government named Iran as its 'enemy number one', accusing its neighbor of having armed the Shi'ite militia of Moqtada al-Sadr in the two holy cities.

**5) Romania.** On 6 August Romanian forces near Nasiriya were attacked by Iraqi rebels, but with no injuries. Romanian troops have reinforced their presence during patrols at the request of their Italian allies. Romania has 500 troops in Nasiriya and 200 in Hilla.

**6) US.** On 27 August, US President George Bush admitted that his administration's predictions about the post-war situation in Iraq had been wrong. In an interview with the 'New York Times', he called the decision to go to war in Iraq a "correct" one, but he

claimed that the fast overthrow of Iraqi President Saddam Hussein's regime had had some unintended results. Bush said the US people would judge this complicated issue of huge importance at the election polls in November.

**c. PCR in Afghanistan.** (1) The command of ISAF was transferred in Kabul on 9 August to French Lieutenant-General Jean-Louis Py, the commander of Eurocorps. Among the nations sending detachments to the Eurocorps are Belgium, France, Germany, Luxemburg, and Spain. The previous ISAF commander had been Canadian Lieutenant-General Rick Hillier. NATO's Senior Civilian Representative Hikmet Cetin witnessed the ceremony. (2) On 29 August, extremists accused of being linked to al-Qaida, with the help of Taliban insurgents, attacked a US security company in Kabul and killed two US citizens as well as many Nepalese and Afghan workers. The security situation ahead of the upcoming elections is NATO's main concern in Afghanistan.

**d. Other Security Threats: Ballistic Missile Proliferation.** On 2 August, it was announced that Bulgaria had joined the Missile Technology Control Regime (MTCR) in June. Countries that belong or adhere to the non-proliferation goals of the MTCR help in countering the threat by being vigilant against inappropriate technology transfers, according to a statement by the US State Department's Bureau of Nonproliferation. "The regime seeks 'to coordinate national export control licensing efforts' to restrict the transfer of rocket systems and unmanned aerial vehicle systems capable of delivering WMD", according to a State Department fact sheet of 2 August quoted in a press statement also released by the State Department.<sup>1</sup> The mandate of MTCR (having 34 partners and three other countries that participate by adhering to the regime's guidelines) includes keeping missiles and missile technology out of the hands of terrorists, the statement said.

## **2. Post-Conflict Developments in the Balkans**

**a. Macedonia.** In August, a parliamentary decision to decentralize Macedonia territorially and linguistically formally transformed the country into a bilingual territory divided into 80 units (instead of the previous 123). In almost one-third of the new

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<sup>1</sup> <http://japan.usembassy.gov/e/p/tp-20040809-04.html>

administrative territories, Albanian became the second official language. A lot of changes and major expenditures are expected to follow from this decision. The promoters of this decision claim that it completes the implementation of the Ohrid Framework Agreement of August 2001. The following issues are pending: first, for an ethnic problem, a territorial, not a social or cultural answer is offered, which may lead to changes in the ethnic makeup of now-enlarged geographical territories; second, Macedonian society is not yet adequately prepared to deal with ethnic or linguistic issues while still having to come to terms with doubts over national identity. The challenge for NATO and the EU as well as for Macedonia's neighbors, which are members or candidates for membership in these institutions, is to help sustain the political momentum before ethnic tensions erupt. The best way would be to integrate the country into NATO and the EU. However, self-sustained stability is a prerequisite for Macedonia joining both institutions. Thus, the country is facing a "Catch-22" situation. That is why the international community must prevent Macedonian and Albanian political leaders and public from making any opportunistic or destructive steps.

**b. Kosovo.** (1) On 5 August, UNMIK announced plans to build a new lignite power plant. It is expected to become a reliable source of electric power for consumers in Kosovo. The power plant will satisfy the demand for power in the province, but also will link Kosovo in a significant way with the economy of the broader region. (2) On 16 August, Danish diplomat Sören Jessen-Petersen became the chief administrator in Kosovo and head of UNMIK. Petersen has the difficult task of persuading the Serbian minority in the province to participate in the parliamentary elections in October. A possible boycott would lead to the convention of a purely ethnic Albanian parliament.

**c. Bosnia and Herzegovina.** US Secretary of State Colin Powell said on 31 July in Sarajevo that the full integration of Bosnia and Herzegovina into the European and Euro-Atlantic institutions would require a firm commitment for political, economic and defense reforms. While Sarajevo has taken very effective action against human trafficking, the country is not fulfilling its obligations to bring indicted war criminals to justice in The Hague, especially Radovan Karadzic. At the Istanbul NATO summit, the alliance was not convinced that an absolutely essential prerequisite for Bosnia joining

PfP– cooperation with the ICTY in The Hague – had been fulfilled, and the issue was postponed. Powell thanked the government of Bosnia and Herzegovina for providing explosives ordnance specialists to Iraq to help eliminate landmines and other hazards.

### **III. The National Perspectives of the Balkan Countries: Specific Issues**

\* **Serbia and Montenegro.** In the first days of August, tens of Serbs organized attacks on Hungarian shops in the country and destroyed many of them. There are 350'000 Hungarians living in the northern province of Vojvodina. Hungarian Prime Minister Laslo Kovac strongly protested the attacks in a letter to Serbian Prime Minister Vojislav Kostunica.

### **IV. State of Bilateral, Multilateral and Regional Relations in the Balkans**

#### **1. Bilateral Relations**

**a. Bulgaria-Croatia.** On 5-8 August, Croatian Prime Minister Ivo Sanader made an official visit to Bulgaria and met with Bulgarian Prime Minister Simeon Coburgotski. The two leaders discussed bilateral cooperation in trade, industry, transport, and tourism. Bulgaria confirmed its support for Croatia's candidacy to NATO and EU membership. They also discussed the Danube's traffic potential and the launch of a direct airline between the two capitals.

**b. Serbia and Montenegro – Macedonia.** According to Macedonian Ministry of Defense sources, Skopje and Belgrade have concluded a €150'000 deal on the production of 100 M-21 Serbian 5.56 mm automatic guns for the special forces of the Macedonian army. The project was presented by Skopje as part of the modernization of the country's armed forces in preparation for NATO membership. However, the deal reflects a deeper bilateral political engagement, presented as an issue of Skopje's preparation for NATO agenda.

**c. Bulgaria – Macedonia.** The president of Macedonia, Branko Crvenkovski, began a three-day official visit to Bulgaria on 30 August. He met with President Georgi Parvanov and other Bulgarian leaders, including Prime Minister Simeon Coburgotski and the speaker of the parliament, Ognyan Gerdzhikov. Crvenkovski said he thought the economic links between the two countries were at a very low level. During his visit,

Macedonian police managed to defuse some 200kg of explosives on the Macedonian part of the railway from Skopje to Sofia, which is under construction. Macedonia is still dealing with identity issues, linked with the past in a period when it needs to cope with internal ethnic divisions and tensions. Bulgarian leaders promised the Macedonian president their support for integrating Skopje into NATO and the EU. The Bulgarian president reminded his guest of the EU's pledge - made in 2003 in Thessaloniki, Greece - about the future integration of the Western Balkans into the EU. The Bulgarians were told by President Crvenkovski that his country was 'not a bank to provide guarantees' for the preservation of Bulgarian soldiers' graveyards all over Macedonia. However, he was ready to consider any bilateral mutual agreement on equal treatment of cultural and historical monuments on the territories of the respective countries. The problem is that since 1992 there have been no such Macedonian monuments in Bulgaria, while the Serbian, Yugoslav, and present authorities on the territory of Macedonia have continuously desecrated the graveyards of Bulgarian soldiers in the last 80 years.

**2. Multilateral Relations: Cooperation between defense ministers of Albania, Bosnia and Herzegovina, Bulgaria, Macedonia, Romania, and Serbia and Montenegro.** On 8 August in Belgrade, the defense ministers of Albania, Bulgaria, Macedonia, Romania, and Serbia and Montenegro, as well as the deputy defense minister of Bosnia and Herzegovina, met and discussed regional security issues. This was an occasion for the defense ministers of the Balkan countries to meet their new colleague from Serbia and Montenegro, Parvoslav Davinic.

## **V. The Economic Situation in the Balkan Countries and in the Region**

**1. IMF-Turkey.** On 30 July the IMF approved an immediate disbursement of about US\$661 million under a US\$17 billion lending arrangement negotiated in 2002. This became possible after completing the IMF's 8<sup>th</sup> review of Turkey's economic performance. There are strong expectations that the country's economic growth will exceed the 5 per cent target for 2004 and that inflation would be dramatically lowered, according to an IMF press release. Strong fiscal discipline and the central bank's monetary policy lay the basis for further strong and sustained growth.

**2. IMF-Macedonia.** On 3 August, the IMF approved a US\$11.7 million disbursement to Macedonia after completing the final review of the country's economic performance under the stand-by arrangement approved on 30 April 2003. Skopje's main goal after the 2001 security crisis has been to promote fiscal sustainability, and this goal has been achieved.

**3. OPIC-Croatia.** The Overseas Private Investment Corporation (OPIC) decided on 4 August to provide US\$250 million in political risk insurance towards financing the construction of a portion of the Zagreb-Split Motorway. The highway is expected to improve Croatia's infrastructure, develop tourism along the Dalmatian coast, and reduce transportation costs. The motorway "will have a profoundly positive effect on the Croatian economy, increasing the volume, efficiency and safety of commercial activity between the country's major cities," OPIC President and CEO Dr. Peter Watson said.<sup>2</sup>

**4. IMF-Croatia.** In the beginning of August, the IMF approved a US\$141.3 million credit line for Croatia to support the government's economic program. Croatian authorities would treat the credit arrangement as 'precautionary' and do not plan to draw on it, according to the IMF. A chart showing key macroeconomic indicators for the country for the years 2001-05 is available on the Internet at:

<http://www.imf.org/external/np/sec/pr/2004/pr04170.htm>

**5. IMF-Bulgaria.** On 6 August the IMF reached agreement with Bulgaria on a US\$146 million 25-month stand-by arrangement. The agreement should support the government's economic program for 2004-06, and the Bulgarian authorities are treating the arrangement as precautionary. The IMF assessed Bulgaria's economic performance as broadly satisfactory, with robust economic growth, favorable debt dynamics, and strong financial market confidence. The overall business climate has been improved, which stimulates investment and enhances the economy's competitiveness in preparation for EU membership. According to IMF estimates, the Bulgarian authorities need to persevere in undertaking structural reforms to product and labor markets and rapidly complete their privatization program.

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<sup>2</sup> OPIC press release: <http://www.opic.gov/OPICNews/0606/opicnews0606.pdf>

## **VI. The Process of Differentiated Integration of Southeastern Europe into the EU and NATO: NATO.**

**1. NATO-The Western Balkans.** On 1 August, at its headquarters in Pristina, NATO evaluated a computer-simulated training exercise held in Kosovo in the end of July. The exercise involved almost 700 police, military, and civilian personnel from Kosovo, Albania, Macedonia, the UN, the EU, and NATO. The training exercise tested cooperative command and communication procedures for dealing with border control incidents such as human trafficking, smuggling or the reinforcement of borders with troops. The EU mission PROXIMA also took part in the exercise, organized by Lieutenant-Colonel Tor Martin Larsen of the NATO-led KFOR peacekeeping force. The exercise contained significant counter-terrorist elements as well.

**2. NATO-Bulgaria.** On 25 August, the Bulgarian Council of Ministers approved two agreements with NATO – one on mutual protection of inventions connected with defense, for which applications for patents are given, and one treaty on providing technical information for defense purposes. The Bulgarian parliament will soon ratify the two documents.

## **VII. Conclusions**

The fight against “terrorism” and efforts to consolidate self-sustained stability in the Western Balkans was the focus of the attention of the states and societies in Southeastern Europe during the reported period. The emphasis has been on the safe and successful organization of the Olympics, and the training and experience gained from cooperation with NATO and other countries would be very useful in other similar cases. NATO remains fully engaged with the stability of the region, though the EU is gradually taking on more security responsibilities in the Western Balkans. The involvement of troops from Balkan countries in Afghanistan and Iraq, including individual de-mining experts from Bosnia and Herzegovina in Iraq, will have to be increased over time to stabilize domestic security in those countries.

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