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July 21, 1996

RELEASED IN FULL

The Honorable Slobodan Milosevic
President
Republic of Serbia

DEF: 09-0007

Dear Mr. President:

I regret that I was unable to return to the villa in time to see you again. I wanted, of course, to be able to see you personally before I left, in order to assess where we stand and how we should proceed in the long and winding road to peace.

That the agreement Dr. Karadzic signed was a step forward is undeniable. But, as the world press has noted, much remains to be done. Allow me to make two points.

I. Compliance with the terms of the July 18 - 19 statement.

This is the first test that must be passed by the Republika Srpska and the SDS. If in the next few days and weeks, there is any violation or evasion not only of the letter but the spirit of the statement, Pale must understand that we (the United States, NATO, Frowick) will be prepared to take whatever action is required to get Pale back on course. This might include sanctions reimposition, action by Ambassador Frowick, action by NATO, or other deeds to be determined at the time. I know you are aware of this, because we discussed it, but it is vital that Pale understand that Washington's response would be swift. Ambassador Kornblum plans to visit Belgrade next week to discuss this further with you.

In this regard, the additional oral assurances given to us on the evening of July 18 at your villa by Mr. Krajisnik and Dr. Buha are very important. When I briefed Secretary Christopher, Secretary Perry, and their colleagues at the White House on July 19, they attached particular importance to the unpublished and unpublicized assurances that we received that night concerning the use of posters of Karadzic and his private (i.e., secret or unpublicized) participation in the affairs of the RS or the SDS. I told them how Dr. Buha had raised his hand and gave his word that these things would not happen, and then shook my hand, as a guarantee on this point. They are determined that Buha's "oath" be fulfilled.

I also wish to go beyond the narrow discussion we had in Belgrade about Karadzic. The essential point is that Krajisnik and Buha must ensure that the elections go forward without intimidation of the voters by the SDS. Also, the SDS must stop openly arguing against the very essence of the Dayton Agreements. Krajisnik's complaint over dinner July 18 that IFOR and the U.S. were trying to create a strong central government was

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disturbing precisely because it was correct; that is our goal, and one which was agreed to at Dayton. The RS signed those agreements, and they call for a central government. We will not tolerate -- before or after the elections -- open attempts to thwart that goal. (To the extent that the Federation sometimes also moves away from that goal, we will continue to press them, and President Tudjman, as well.)

I trust that you will use your influence and skills to make these points to Pale, since this is as much in your interest as in ours.

II. The future of Dr. Karadzic.

As I predicted to you, we have been criticized publicly for failing to obtain agreement that Karadzic and General Mladic present themselves at The Hague. I recognize, of course, that this was not realistic during our short trip, although it remains my government's goal. The next step is the permanent departure of Karadzic from Pale. I do not care at the outset where he goes -- to a monastery or elsewhere. But we consider his departure from the town which he has dominated essential. Even if he fulfills the exact terms of our agreement, his continued presence in Pale will carry with it the wrong message, not only to the world but to the Bosnian Serbs. If Krajisnik and his colleagues wish to end their total isolation in the world, they must get him out of Pale as the next step, after which we will move on.

This is also important for Serbia. My colleagues in Washington remain ready to move forward on steps that will bring Yugoslavia back into full membership in the world community both politically and economically. But this requires more action on the Karadzic/Mladic fronts.

I will not, in this letter, review again the details of our private discussions on this matter. But I can say that when Roberts Owen and I reported to Secretary Christopher and Ambassador Kornblum on our talks with you on this subject, including Milan's last words to me in Belgrade ("don't take Montenegro off the table") the Secretary was interested in more details. Ambassador Kornblum will be in direct touch with you about the next steps in this critically-important process.

I would propose the following: Karadzic should leave Pale, ostensibly of his own free will, immediately. Even if his first stop is somewhere else in Bosnia, this would be a major step forward. You would be substantially benefitted by it. Once this process is underway, it could pick up momentum. John Kornblum is ready to discuss this further with you.

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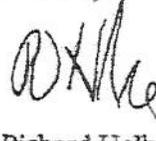
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I cannot sufficiently stress the importance of this. Frankly, I feel I was partially unsuccessful in Belgrade this week because Karadzic remains in Pale. But we accomplished what was possible. I regret that you were unable to force Karadzic to leave Pale, but I reported to Washington that you favored this vital step and would work with us to accomplish it. It is time to move on. Not to do so will leave us still in a potentially explosive situation.

Mr. President, I should close with a personal point. I was pleased to see that you were willing to try to assist the process at a critical time. And I was especially pleased that you served such a fine lamb and sausages meal at the villa.

Sincerely,



Richard Holbrooke

P.S. The Ganic trip is the next big step. I hope it will be a big success, and lead rapidly to diplomatic relations and a meeting between you and President Izetbegovic. He told me that he was ready for such a meeting soon. Perhaps it could be held in Banja Luka.

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