
**DAMAGE TO “DUAL-USE” INFRASTRUCTURE
GENERATED GROWING PRESSURE**

According to sources inside his government, Milosevic, by the beginning of June, was “under increasing internal pressure, especially from his closest associates, to compromise [so as] to halt the devastating bombing campaign.”¹ One source “close” to the FRY government reported that by the second week of May members of Milosevic’s inner circle had begun to “break into pro-war and anti-war camps,” with the latter faction starting to lobby for war termination. Because Milosevic seemed determined to fight on, the “antiwar” faction focused its lobbying efforts on the president’s wife and influential confidante, Mira. The lobbying, said the source, “gained momentum as the war continued,” and eventually Milosevic was under “tremendous pressure from all sides: the West, the inner circle, and his wife.”²

Much of the impulse for this pressure seems to have resulted from NATO attacks on six types of fixed infrastructure targets—command, control, and communication (C³), electric power, industrial plant, leadership, LOCs, and POL facilities—the bulk of which were located

¹Carla Anne Robbins, Tom Ricks, and Robert Block, “Envoys Start Kosovo Talks in Belgrade,” *Wall Street Journal*, June 3, 1999, p. A21.

²The source told *Newsweek*, “I can’t pinpoint an exact moment when Milosevic finally listened, but there was tremendous pressure from all sides: the West, the inner circle, and his wife. It was building up, and eventually he just let go.” See “NATO’s Game of Chicken,” July 26, 1999, p. 61. NATO officials believed that the political and economic elite in Belgrade had started to grow unhappy with the war by late April. See Michael R. Gordon, “Kremlin Says NATO As Well As Serbs Must Compromise,” *New York Times*, April 27, 1999, pp. A1 and A12.

in Serbia proper. The vast majority of these targets were of the “dual use” variety in that they served a civilian as well as a military function, and as previously mentioned, part of the rationale for attacking these targets was to cause the civilian population to bring pressure on the Belgrade government to terminate the conflict. Together, these six types of infrastructure targets accounted for about 55 percent of the 420 or so fixed targets that were struck during the course of the air campaign.³ However, they accounted for fewer than 15 percent of the nearly 10,000 desired mean points of impact (DMPs) that were hit.

The attacks on these targets generated a growing interest on the part of Milosevic and his associates to end the conflict because the air attacks (1) were causing a magnitude of damage to Serbia’s infrastructure and economy that, if allowed to continue, might eventually threaten the regime’s survival and (2) were creating stress, hardships, and costs for members of the ruling elite.

THE DAMAGE TO SERBIA’S INFRASTRUCTURE AND ECONOMY WAS BECOMING SEVERE

By the time Ahtisaari and Chernomyrdin met with Milosevic on June 2, NATO’s air campaign had already caused major damage to the FRY’s infrastructure and economy. The vast bulk of the damage was concentrated in Serbia, the area of transcending political importance to Milosevic and his colleagues.⁴ By June 2, the infrastructure targets that had been destroyed or damaged in Serbia included:

³According to internal Air Force “fact sheets” reportedly based on the Air War over Serbia (AWOS) database, a total of 421 fixed targets were attacked during the NATO air campaign, including 106 ground force facilities, 88 C-4I facilities, 68 LOC sites (mainly road and railroad bridges), 60 integrated air defense (IAD) sites, 30 POL refineries and storage facilities, 17 industrial plants, 19 electric power facilities, 18 border posts, 8 airfields, and 7 “counter-regime” facilities. Some 35 percent of these 421 fixed targets were said to have been destroyed, roughly 10 percent apparently received no damage, and the remainder “received varying levels of damage from light to severe.” See Arkin, June 13, 2000, p. 1.

⁴A moderate amount of this infrastructure damage occurred in Kosovo but very little in Montenegro, which for political reasons largely escaped NATO attack.

- Fifty highway and railroad bridges. The dropping of these bridges disrupted the movement of military and civilian traffic along many of Serbia’s most important LOCs.⁵
- Two oil refineries and a substantial portion of Serbia’s stored POL stocks. The two refineries, which constituted the FRY’s entire refining capacity, were largely destroyed. NATO’s initial damage assessment estimated that some 57 percent of the FRY’s petroleum reserves were destroyed or significantly damaged, but this estimate may be too high, as some of the Serbian POL storage sites were apparently empty when struck, their contents having been drained and dispersed before the air attacks started.⁶ To limit the importation of foreign POL into Serbia, NATO air strikes dropped the railroad bridges that connected the Montenegrin ports with Serbia and also dropped bridges that crossed the Danube, which restricted POL imports by barge along that river.⁷ However, some oil was still entering the country as of late May.⁸
- Fourteen Serbian industrial facilities, including a number of “dual-use” factories owned by close associates of Milosevic.⁹

⁵The VJ Supreme Command reported that a total of 55 bridges in the FRY had been hit by June 6. In its initial damage assessment, NATO counted 11 of the railroad bridges and 34 highway bridges as having been destroyed or significantly damaged. See Yugoslav Army Supreme Command Headquarters—Information Service, “55 Bridges Demolished,” Press Center, June 6, 1999, and U.S. Department of Defense, Report to Congress, *Kosovo/Operation Allied Force After-Action Report*, January 31, 2000, p. 82.

⁶The Jugopetrol oil depot at Bor, for example, was emptied and cleaned before it was struck by NATO aircraft. See United Nations Environment Programme (UNEP) and United Nations Centre for Human Settlements (UNCHS) Balkan Task Force, *BTF—Hot Spot Report Bor*, 1999, p. 2. See also U.S. Department of Defense, January 31, 2000, p. 82.

⁷See United States Energy Information Administration, “Serbia and Montenegro,” June 1999, p. 2, <http://www.eia.doe.gov/emeu/cabs/sermont.html>.

⁸Raymond Bonner, “Oil Flowing to Yugoslavia Despite NATO’s Exertions,” *New York Times*, May 25, 1999, p. A17.

⁹A listing of the factories struck can be found in Yugoslav Army Supreme Command Headquarters—Information Service, “Industrial or Manufacturing Facilities Demolished or Damaged by the NATO Aggression,” Press Center, May 22, 1999, and United Nations Environment Programme (UNEP) and United Nations Centre for Human Settlements (UNCHS) Balkan Task Force, 1999, pp. 12–21.

- Nine of Serbia's major electric power-generating facilities and a number of Serbian electric power transmission towers. The attacks on electric power targets produced major power disruptions (some of protracted length) throughout Serbia, causing electrical blackouts and a lack of running water in many cities, towns, and villages. As a result of the May 22 attacks alone, some 70 percent of Serbia's power reportedly went down.¹⁰

The Bombing and Sanctions Were Devastating to an Already Diminished Economy

As the air campaign drew on, it became increasingly apparent to the Belgrade leadership that the NATO attacks on infrastructure targets were doing significant additional damage to a Serbian economy that was already in serious decline.¹¹ Estimates of the costs of repairing the physical destruction in Serbia ranged in the tens of billions of U.S. dollars, a daunting amount for a pariah government bereft of foreign current reserves and with virtually no prospect of receiving loans from international lending agencies.¹² According to some estimates, it was going to take Yugoslavia some 15 years just to recover to the economic level that existed prior to the start of the bombing.¹³

¹⁰Yugoslav Army Supreme Command Headquarters—Information Service, Daily Review 50, "NATO Raids on Manufacturing and Civilian Facilities on May 22nd and in the Night Between May 22nd and 23rd, 1999," Press Center, May 23, 1999. A "map to the electrical power outages in Yugoslavia" is presented in Headquarters United States Air Force, *Initial Report: The Air War over Serbia*, no date, p. 29. See also Arkin, "Smart Bombs, Dumb Targeting?" *Bulletin of the Atomic Scientists*, May/June 2000, p. 52.

¹¹Not only had the economy been battered by years of sanctions, it had also suffered heavily from the trade dislocations that had resulted from the breakup of the former Yugoslavia and the continued vicissitudes of communist mismanagement. As the CIA analysis put it: "One singular factor in the economic situation of Serbia is the continuation in office of a communist government that is primarily interested in political and military mastery, not economic reform." Central Intelligence Agency, *The World Factbook 1998*, p. 414. See also Steven Erlanger, "Fruit of Miscalculation," *New York Times*, June 4, 1999, pp. A1 and A17.

¹²Estimates of the repair and replacement costs for the destroyed infrastructure in Serbia ranged between \$20 billion and \$100 billion. See Dimitrije Boarov and Christopher Bennett, "The Economic Cost of Mr. Milosevic," *Institute for War and Peace Reporting*, June 16, 1999, http://iwpr.vs4.cerbertnet.co.uk/index.pl?archive/bcr/bcr_19990616_1_eng.txt.

¹³See Andrew Borowiec, "U.N. Sees Yugoslavia Taking Years to Recover," *Washington Times*, October 7, 2000, p. A7.

In addition to the damage caused by the air campaign, the Serb economy was also being squeezed by international embargoes and other sanctions. On April 26, the EU banned the sale of crude oil and petroleum products to the FRY. The EU sanctions also barred the provision of services or technology for targets that had been destroyed by NATO, and tightened restrictions on investments, and restricted export credits.¹⁴ On May 1, 1999, the United States extended its own economic sanctions by requiring the licensing of all trade with the FRY and freezing asset transfers.¹⁵ These sanctions effectively banned all U.S. trade with Serbia.

While the NATO allies failed to agree on a visit and search regime that would have allowed NATO ships to stop and inspect suspected carriers of contraband, the increased insurance rates caused by the war zone danger and the FRY's poor capacity to pay for its imports dissuaded many former suppliers from shipping fuel to Yugoslavia.¹⁶ No POL deliveries were made to Montenegrin ports after May 1. However, smuggling allowed some POL to continue to flow into Serbia from neighboring countries.¹⁷

The Government Lacked Funds to Pay Pensioners and Troops. By June, the Belgrade government was so short of funds that it was unable to immediately pay the salaries of army reservists who had been called up for service during the conflict. Following the end of hostilities, returning soldiers in some areas set up roadblocks along LOCs to protest the lack of pay, and many soldiers eventually had to settle for only a portion of the wages actually due them.¹⁸ Back in their hometowns, the reservists “faced a cruel reality—unpaid utility bills, overdrafts on their bank accounts, debts from family borrowing, no salary payments from their decimated employers and no jobs.”¹⁹

¹⁴See United States Energy Information Administration, June 1999, pp. 1–2.

¹⁵See Thomas Pickering, Undersecretary of State for Political Affairs, Testimony Before the House International Relations Committee, May 13, 1999.

¹⁶Ibid.

¹⁷United States Energy Information Administration, June 1999, p. 2.

¹⁸While they were promised a wage of 700 German marks (\$412) for each month of service in Kosovo, they actually received that same amount for their entire period of service.

¹⁹See “Rival Frustrations, *Institute for War and Peace Reporting*, July 13, 1999, http://iwpr.vs4.cerbernet.co.uk/index.pl?archive/bcr/bcr_19990713_3_eng.txt.

The government was also unable to pay pensioners the monies that were owed them. In lieu of cash, the pensioners, like some of the soldiers, were eventually issued “electricity, coal, and firewood coupons” for May and June.²⁰

Concern That Serbia’s Agricultural Harvest Might Be Endangered. Some Serbian agricultural experts worried that the shortage of fuel and the disruption of LOCs, combined with the other problems unrelated to the bombing that were plaguing their country’s agricultural sector, might significantly reduce the availability of food for the Serbian market. After the NATO bombing began, farmers required coupons for fuel, but according to one report, “In April, they were entitled to 8 litres of fuel for each hectare; in May, only 4 litres. They say with so little fuel they can hardly reach their farms, let alone work on them.” The experts feared that the fuel shortage, combined with blockages in transportation routes, might imperil the ability of Serbia’s farmers to harvest their wheat crops and transport them to storage silos and processing plants.²¹

Unemployment Greatly Increased. The bombing created increased unemployment in Serbia, including that among the blue-collar workers who had traditionally tended to support Milosevic and his Socialist Party. One Belgrade economist estimated that NATO’s air attacks had cost some 600,000 workers their jobs.²² A senior columnist and editor in Belgrade, writing in the third week of May, put the number even higher, suggesting that as many as a million people had been forced to stop working on account of the bombing.

²⁰See United Nations, Office for the Coordination of Humanitarian Affairs, Humanitarian Risk Analysis No. 4, Federal Republic of Yugoslavia, OCHA Belgrade, October 1, 1999, p. 5.

²¹See “Seeds of Discontent,” *Institute for War and Peace Reporting*, May 25, 1999, http://iwpr.vs4.cerbertnet.co.uk/index.pl?archive/bcr/bcr_19990525_2_eng.txt.

²²The 600,000 included 100,000 workers whose companies had been destroyed in the air strikes and another 500,000 “cooperative employees” whose work depended on the output of the destroyed factories. An additional 600,000 workers were only “formally employed” because they were on “forced vacations” or recorded as “technological surplus.” This 1.2 million unemployed, when added to the 853,000 persons already estimated to have been without work in January 1999, meant that the total number of unemployed in the FRY was around 2 million in June 1999. See N. Zivanovic, “Mirosinka Dinkic—An Economist Talks About Government Employment Programs: ‘The Solution Is Not on the Farm,’” *Belgrade Blic*, June 7, 1999, *FBIS* translated text, FTS199906080001674.

He described a population verging on penury and suffering from an overriding feeling of “uselessness”:

It is almost impossible to work, much less get paid for it. According to official figures, more than half a million people have had to stop working—unofficially, the number may be twice as high. But few people actually go to a job. The “economy” effectively no longer exists. People are without money, and a monthly salary of 50 German Marks seems a dream. Pensions are being paid with a four month delay, and many people get by bartering goods, such as cooking oil, rice, sugar, bananas, and macaroni—all valued items in short supply. The price of cigarettes has doubled: a carton that used to sell for 10 German Marks before the war is now being offered for 20.²³

The prevalence of conditions such as those described above posed the possibility of widespread future public unrest in Serbia. The ravaged country and economy, together with its joblessness, created “the sharp potential for internal strife or even a form of civil war,” in the aftermath of the conflict.²⁴

ATTACKS WERE PERCEIVED AS AIMED AT WEAKENING MILOSEVIC’S CONTROL MECHANISMS

A possible related concern of Milosevic and his colleagues was that the NATO air strikes appeared to be aimed at degrading the regime’s instruments of control. The attacks on interior ministry buildings, command and control bunkers, intelligence facilities, and various MUP and military headquarters around the country were undoubtedly perceived as aimed at weakening Belgrade’s control, as was the April 21 cruise missile strike on the 23-story USCE business center building in Belgrade that destroyed the offices of Milosevic’s Serbian Socialist Party and that of his wife’s Yugoslav United Left Party (JULL).

The attack on the high-rise office building also knocked three television stations off the air, including Radio Television Serbia (RTS), the

²³See “National Unity: Utter Exhaustion,” May 21, 1999.

²⁴Erlanger, May 24, 1999, pp. A1 and A14.

government's major broadcast media outlet. During subsequent weeks, the leaders in Belgrade saw attacks on numerous other television and AM/FM radio transmission and relay facilities throughout the country, all aimed at degrading the regime's military C³ and its capability to communicate with and mobilize support from its people.

Concomitant with these attempts to diminish Belgrade's capabilities to influence public opinion, NATO mounted a PSYOP campaign aimed at driving a wedge between Milosevic and the Serbian population. While stopping short of openly calling for the direct overthrow of Milosevic, allied PSYOP leaflets and radio broadcasts constantly emphasized Milosevic's responsibility for the continued conflict and implied that his removal was a way out for the Serbian people. One leaflet, for example, asked the Serbian reader:

How long will you suffer for Milosevic? As long as Milosevic continues his program of destruction, rape, and murder throughout Kosovo-Metohija, Serbia will drift further into international isolation. Don't let Milosevic hold you hostage to his atrocities.²⁵

While these attacks may have added to Milosevic's and his colleagues' concerns about the potential effects of future bombing on their safety and power should NATO's air attacks become extended, the destruction that had occurred by June 2 had not seriously eroded any of the regime's principal control mechanisms. Except for the death of the FRY air force deputy chief of staff, the regime's senior civilian and military leadership apparently emerged from the war intact.²⁶ Nor did the bombing of headquarters significantly degrade the capabilities of the MUP and the other FRY internal security elements, in part because many of these headquarters were undoubtedly empty of personnel when hit. Finally, even though great damage had been done to Serbia's broadcast infrastructure, suffi-

²⁵See Joint Task Force Noble Anvil, *Psychological Operations Support to Allied Force*, July 14, 1999, p. 8.

²⁶The FRY Air Force Deputy Chief of Staff, General Ljubisa Velickovic, was reported to have been killed "during an inspection of front-line troops." See "Kosovo Update," *New York Times*, June 2, 1999, p. A12.

cient television and radio facilities remained intact for the regime to broadcast its messages to the Serbian people.²⁷

None of the antiwar demonstrations that occurred prior to June 2 posed a serious threat to the Belgrade regime—all were contained by local police forces. Even so, Milosevic and his colleagues had reason to fear that public unrest over the continuing war, while not yet sufficient to threaten his rule, might in time grow to a magnitude that could topple him from power.

THE BOMBING IMPOSED STRESS, HARDSHIPS, AND COSTS ON THE RULING ELITE

Besides threatening their hold on power, the bombing also imposed psychological and physical hardships on the ruling elite. As noted in Chapter 5, the NATO air attacks—whether against infrastructure or against other targets—caused severe stress for the average Serbian citizen. It seems likely that these attacks also adversely affected the lifestyle and psychological well-being of the families of Milosevic’s governmental associates and business cronies and provided this elite with an incentive to push for an end to the bombing.

Persons close to the regime obviously did not suffer the shortages of fuel and consumer goods experienced by the average citizen. Indeed, during the bombing, one could still see “posh cars in Belgrade” and “encounter people who continued to live as if there had never been a war.”²⁸ Even the most privileged elite, however, could not evade some of the vicissitudes of the bombing, such as the trauma caused by the frequent and prolonged air raid warnings. Members of this group probably also suffered in one way or another from the electric power blackouts.

By the beginning of June, Belgrade was receiving only about 6 percent of its normal power supply, and most of the city was also without water: When the electricity went down, the pumps providing

²⁷By the conflict’s end, no fewer than 17 out of the 19 RTS transmitters in Serbia had been destroyed. The cost of the damage inflicted on the media in Serbia was put at \$1.1 billion. See “Minister: Damage Inflicted on Media Exceeds \$1 Billion,” BETA, May 30, 1999, *FBIS* translated text, FBIS19990530000788.

²⁸See *V.I.P. Daily News Report* 1525, June 10, 1999, p. 6.

the water for drinking, bathing, and sewage became inoperative.²⁹ It seems highly unlikely that the extended families of all the persons connected to the regime were able to escape the effects of these citywide deprivations.³⁰

The bombing was also destroying the assets of the ruling elite. The April 21 attack on the USCE building destroyed television stations owned by Milosevic family members, friends, and close political associates. Indeed, the raid was designed to send a clear message that the “alliance would now hit the business interests of Milosevic’s family and friends.”³¹

Milosevic may have also felt some concern about his own safety and that of his immediate family should the bombing continue. He no doubt considered the April 22 cruise missile attack on his official residence in Belgrade and the repeated NATO strikes during the latter part of May on the Dobanovci presidential villa and its associated command and control bunker as attempts at his assassination.³²

Whether referring to these attacks or to other forms of pressure, CIA director George Tenet said in a June 11 speech: “We made Mr.

²⁹See “Harsh Reality Under the Bombs,” June 3, 1999. See also Yugoslav Army Supreme Command Headquarters—Information Service, Daily Review 59, “NATO Raids on Manufacturing Facilities on May 31st and in the Night Between May 31st and June 1st, 1999,” Press Center, June 1, 1999.

³⁰When the bombing ended, prominent members of the Serbian establishment were engaged in building private generators that would provide them with electricity in future power outages and digging private wells that would provide them with water if Belgrade were again faced with harsh water shortages. See *V.I.P. Daily News Report* 1525, June 10, 1999, p. 6.

³¹Steven Erlanger, “NATO Raids Send Notice to Milosevic: Businesses He Holds Are Fair Game,” *New York Times*, April 22, 1999, p. A15.

³²While Yugoslav officials described the attack on the Belgrade residence as “an assassination attempt,” Pentagon spokesman Kenneth Bacon disagreed, describing the residence as a legitimate military target that included “security and military bunkers” and functioned as a “command and control bunker.” According to Bacon, NATO’s aim was to attack “the head of the military regime” so as “to cut that off and break the central nervous system” of the FRY military. See Michael Dobbs, “Allied Strike Denounced as ‘Attempt on Milosevic,’” *Washington Post*, April 23, 1999, p. A33, and Bradley Graham, “Missiles Hit State TV, Residence of Milosevic,” *Washington Post*, April 23, 1999, p. A33.

Milosevic’s life pretty miserable in Serbia.”³³ However, given Milosevic’s many options for avoiding air attacks—including displacement to safe houses in civilian residential areas—it is unlikely that the threat of death from bombing was a major factor in his eventual decision to come to terms.

The owners of the manufacturing facilities vulnerable to air strikes were undoubtedly among the most eager to get the bombing stopped. Indeed, part of NATO’s purpose in attacking such factories was to prompt the “crony” owners of industrial facilities to pressure Milosevic to end the conflict.³⁴ To spur such action, *Newsweek* reports that the United States conducted a “campaign of psychological coercion” that “targeted Milosevic’s industrialist cronies by calling in or faxing warnings that their factories would be bombed within 24 hours.”³⁵

Other pressures were also brought to bear on Milosevic and his cronies. The members of the EU banned some 360 associates and close friends of the Yugoslav leader from entering and conducting business in their countries.³⁶ By early June, Western diplomats were reporting the “strong possibility” that the “massive” financial assets the associates and family members of Milosevic had stashed in Greece and in four Yugoslav banks operating on Cyprus would soon be frozen. Had they been imposed, such sanctions could have endangered at least some of the ill-gotten gains that Milosevic’s family

³³Bill Gertz, “Clinton Has Plans to Unseat Milosevic,” *Washington Times*, June 30, 1999, p. A4.

³⁴See Michael R. Gordon and Eric Schmitt, “Shift in Targets Let NATO Jets Tip the Balance,” *New York Times*, June 5, 1999, p. A1, and William M. Arkin, “Smart Bombs, Dumb Targeting?” *Bulletin of the Atomic Scientists*, May/June 2000.

³⁵“A source familiar with the operation” told *Newsweek* that “the Yugoslavs at the other end of the line were often unnerved, responding with such comments as ‘How did you find me?’” See “NATO’s Game of Chicken,” July 26, 1999, p. 61.

³⁶In May, Cypriot officials prevented Bogeljub Karic, a FRY minister without portfolio, and his wife from entering the island. Karic owned the Karic Banka, one of the principal “offshore banking units” that used Cyprus as a base but conducted business elsewhere. See Andrew Borowiec, “Milosevic Family and Cronies Have Billions Stashed Abroad,” *Washington Times*, June 3, 1999, p. A10.

and cronies had accumulated from skimming public money and other proscribed activities during Milosevic's 12 years of rule.³⁷

³⁷According to some estimates, anywhere from hundreds of millions to several billion dollars of Belgrade's funds may have escaped international sanctions and been moved out of the country during Milosevic's rule. Following Milosevic's topple from power, Yugoslav central bank officials "accused the Milosevic regime of stealing more than \$4 billion and siphoning it out of the country." Investigators believe that aside from members of the Milosevic family, some 200 crony "businessmen-politicians who controlled most of the nation's state-run companies" were involved in the skimming. The Milosevic family reportedly owned a \$6 million house in a posh suburb of Athens as well as a summer residence on the Greek island of Hydra. Marko Milosevic, the president's son, was such a conspicuous spender that the Greek Foreign Ministry was moved to put pressure on him to behave more discreetly when visiting Greece. Among Marko's more recent acquisitions was an Italian-made 80-foot motor yacht, reportedly priced at \$3 million. See Borowiec, June 3, 1999, p. A10, Dusan Stojanovic, "Yugoslav Leader Rebuffs U.N. Tribunal Prosecutor," *Washington Times*, January 24, 2001, p. A11, and R. Jeffrey Smith, "The Hunt for Yugoslav Riches," *Washington Post*, March 11, 2001, pp. A1, A20, and A21.