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EC GIVES CONDITIONAL RECOGNITION TO YUGOSLAV REBEL REPUBLICS (Eds: updates throughout)

BELGRADE, Yugoslavia, Reuter - The European Community agreed Tuesday to recognize Yugoslavia's breakaway republics on Jan. 15 if they meet certain conditions, while U.N. observers prepared for possible full-scale intervention in the war between Croats and Serbs.

After 10 hours of debate, EC foreign ministers in Brussels said the 12 nations would recognize any Yugoslav republic that complied with a checklist on human rights, ethnic minorities and other concerns.

Germany, however, said it would go ahead and recognize the rebel republics of Croatia and Slovenia without conditions.

As the EC ministers were hammering out a compromise to keep a facade of unity, United Nations observers were heading for Yugoslavia to prepare for possible full-scale U.N. intervention to keep the peace between Croats and Serbs.

Yugoslavia's collective presidency meets Tuesday to decide how to handle the mission.

Fresh fighting flared in many parts of Croatia Monday, dimming already slender hopes that a major U.N. peace-keeping force may be assembled and sent to Yugoslavia soon.

Croatia, fighting a revolt by its strong Serbian minority, hopes recognition of independence declarations last June by it and neighboring Slovenia would deal a death blow to the Yugoslav federation.

In Brussels, most EC ministers balked at recognizing Croatia and Slovenia as independent states but faced pressure by Germany which had pledged to do so before Christmas.

German Foreign Minister Hans-Dietrich Genscher said Bonn would go ahead Thursday and announce recognition of Croatia but said the decision would take effect Jan. 15.

President Bush and U.N. Secretary General Javier Perez de Cuellar have argued against hasty recognition, saying it could spread the conflict to other Yugoslav republics and undermine an EC-sponsored peace conference in The Hague.

Under the compromise, all Yugoslav republics would be asked to reply by Dec. 23 if they wished to be recognized as independent states.

An arbitration commission would investigate whether the republics met the criteria, including whether there was democratic rule, whether human rights were respected and whether ethnic minorities were safe.

The U.N. observer mission is likely to be warmly welcomed by the four remaining members of the collective presidency, reduced by defections to half its constitutional strength and now dominated by Serbs.

They are expected to try to persuade it that it is rebel Croatia, not the Serbs and the federal army, which is prolonging fighting that has already cost several thousand lives.

Even if it succeeds, there seems little chance that the U.N. observers will decide conditions are right for a full-scale international peace-keeping force.

A U.N. spokeswoman said the observers -- 12 military experts, two civilian police and seven civilians -- would be in Yugoslavia for about a week beginning Wednesday. They would tour Krajina and Eastern and Western Slavonia, scene of heavy

fighting in the past five months.

The U.N. Security Council voted unanimously Sunday to send the observers.

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