Statement – Sarajevo, 22/07/97

Meeting
of the Steering Board with the Presidency and the COM Chairs

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1. We continue to be concerned about the slow pace of implementation of your obligations under the Peace Agreement. Legislation, essential for the future of this country and the benefit of its citizens, is not being adopted or implemented. The common institutions of Bosnia and Herzegovina make no progress in getting established and more efficient in dealing with the increasing workload. Also the entity governments do not live up to their obligations regarding a number of compliance issues.

2. The High Representative has presented you last week with an 18 point list of items. These issues should be resolved in time for the Peace Implementation Council in Bonn in December. To mention just some of them which are of particular importance: – adoption of the Draft Laws on Citizenship and Passports, – introduction of a uniform license plate system, – adoption of property legislation in accordance with Annex 7, – solution to the Usora question, – establishment of the multi-ethnic administration in Brcko. The High Representative has also raised as a matter of priority the need to restructure the public media and has put forward concrete proposals to this effect for media throughout Bosnia and Herzegovina. These items are a minimum requirement to signal to the international community in Bonn that the leadership of this country is taking its obligations seriously and is willing to cooperate with the international community in good faith.

3. We are aware that you are not equally responsible for non-implementation of some issues. Regarding citizenship and passports, the Steering Board recommended to governments to deny visa only to Serb members of the Presidency and the Council. Also in the future, we will apply sanctioning and conditionality in a selective way which ensures that only those bear the consequences who are not cooperative. Those in the common institutions who constantly block progress should be replaced.

4. That applies also to the entity governments. One drastic example of non-compliance is the property legislation which is still not in accordance with Annex 7 and blocks effectively the return of refugees and displaced persons. The Federation Government adopted a Law on the Amendment of the Law on Housing Relations just two days ago, even though the government was perfectly aware of the OHR assessment that some of its provisions are in blatant contravention of the Peace Agreement. If this issue is not resolved in time for Bonn, we will recommend sanctioning to the PIC.

5. Of particular concern is the threat of an upcoming economic crisis of your country, due to inertia of the common institutions. With the adoption of the QSP and its six economic laws in June of this year, the basis was laid for a reasonable economic policy and a sound and stable economic reconstruction. These laws have only been partially implemented. Notably lacking are – the common currency, – Central Bank supervision over the payment system, – establishment of an external debt servicing mechanism, – application of the common customs tariff, and – an orderly arrangement for the financing and execution of the state budget. Despite of IMF, WB and US Treasury efforts, progress has been insufficient to enable the IMF to finalize the Letter of Intent through which a stand-by arrangement would be requested. A crisis scenario is beginning to unfold that may bring the economic reconstruction to a halt by January 1998.

6. You must now use the coming weeks to achieve substantial progress and results. Time is running short.

Office of the High Representative