



Statement by the High Representative and EUSR, Valentin Inzko at the Press Conference following the meeting of the Peace Implementation Council

Good afternoon and welcome.

The Peace Implementation Council focused on four areas over the last two days;

- One: the overall progress Bosnia and Herzegovina has made – and we should be clear that there has been some progress in a few areas;
- Two: the situation regarding the five-plus-two agenda and the EU agenda – which includes urgent steps to bring BiH out of the present recession;
- Three: the depressing state of affairs regarding negative politics and destructive rhetoric, and assaults on BiH sovereignty and on the competencies of the State;
- and Four: the election campaign – as this was the last PIC meeting at this level before the elections in October, we also discussed the forthcoming elections.

Over the last year there have been occasional steps forward, most notably on visa liberalization, which is an issue where citizens' expectations are high and where the authorities have demonstrated that progress is possible when they want to make progress.

NATO's conditional Membership Action Plan (MAP) is also a positive development, which will eventually contribute in a very significant way to the country's enduring stability.

The Annex 7 Strategy on refugee return was finally adopted last week.

The PIC welcomed improving relations in the region, something we have strongly encouraged for a long time and will continue to encourage in the future. The PIC concluded that if this process is broadened and deepened it can lead into a process of meaningful reconciliation in the region.

At the same time, the PIC expressed absolute dissatisfaction that efforts on the 5+2 agenda have ground to a halt. The fact is that in the last few months the authorities have made no noteworthy progress in this area – the area of the 5+2 agenda.

On State Property, local politicians have rejected the opportunity the OHR State property inventory offered them to resolve the issue. The RS Government even adopted a Property Law that would do the exact opposite of resolving the issue. It is not yet a law, it is a draft, and it was adopted in the government.

On Defense Property, despite the offer of MAP, we are stuck over the issue of immovable state property.

On Brcko District, the RS authorities have still not met the requirement that would make it possible to end Supervision; but the Supervisor will say more on this in a moment.

In other areas the story is similar; for example, a new Indirect Tax Authority Director has not been appointed and revenue allocation coefficients have not been agreed for two years. (The Director has not been appointed, as you know, from December 2008 till today.)

On the war-crimes and justice sector strategies we are seeing no progress on implementation – it is time everyone understood clearly that reform strategies don't mean anything if they are not implemented.

The PIC Steering Board has been completely clear on what is required in order to complete the 5+2 objectives.

Concrete results are required – and unless there are concrete results, the goal of transition and the goal of completion of the 5+2 agenda is not going to be achieved.

Some BiH politicians seem to think that if they deliver nothing and simply wait, the International Community will eventually get tired.

Today the PIC again made it explicitly and categorically clear that this strategy will not work – because there are no short cuts to progress.

The requirements for closing the OHR are not going to change. The PIC has not seen the progress it wants to see, and it would like to see it during the next PIC meeting, or the one after..

In fact the focus of discussion has been on preventing things from sliding further back.

The PIC also asked the Council of Ministers Chair Spiric and his deputies how they intend to complete the remaining issues on the 5+2 agenda.

They were also asked how they will implement the ruling in the Sejdic and Finci case.

And how BiH will organize a census.

The PIC also asked about the steps that will be taken to ensure that the 2011 state budget is large enough to make progress on Euro-Atlantic integration possible, and it sought a clear and credible explanation regarding parliamentary strategy for the Euro-Atlantic agenda – given the fact that since the end of February the BiH Parliament has managed to adopt only 15 laws, seven of which were amendments to existing legislation!

This is not simply a matter of fulfilling requirements laid down by the international community; it's a matter of taking practical and urgent steps to tackle poverty in this country. Laws and initiatives that are part of the EU integration agenda include key measures to attract investment and create jobs.

The PIC again made it clear that with falling investment, rising unemployment and poverty in every part of Bosnia and Herzegovina, the election campaign can only be focused and should be focused on ending the recession. Half a million people are out of employment, you know. Officially 43% of people are jobless, and even if half of those people have a job, they are not medically and socially insured, they are not participating in retirement benefits, etc. So, half a million people are out of jobs. Out of a population of three million voters – during the last municipal elections three million people went to vote – half a million have no job. So, this should be one of the agenda items during the election period and the pre-election period. It should be an important issue for the parties, apart from the European agenda.

Throughout the PIC's deliberations delegations made it clear that they expect the election campaign to be forward-looking, constructive, and responsible. BiH leaders are expected to refrain from divisive rhetoric and actions that only worsen the political atmosphere.

Confrontation and insults are not going to create jobs.

In addition, the PIC Steering Board urged the BiH authorities to provide full support to the Central Election Commission to ensure that the general elections scheduled for 3 October are both fair and free.

The Steering Board also made it clear that as High Representative I have its full backing in taking necessary steps to prevent any violation of the Peace Agreement and any attempt to roll back previous reforms.

Finally, I want to express my sincere and special thanks to my deputy and Brcko Supervisor, Raffi Gregorian, who will be leaving the OHR this summer.

Raffi's relentless drive to deliver concrete progress on the pursuit of war criminals, implementation of defense reform, and practical improvements for the people of Brcko, as well as on many other issues, was recognized and applauded by the PIC today, and every single delegation thanked Raffi Gregorian for his tremendous contribution. I can say that I will miss my friend Raffi, who is my closest colleague and Principal Deputy.

I understand that the PIC's communiqué is being finalized and I hope should be ready for distribution to you at the

end of this press conference.

I will now hand over to Raffi Gregorian in his capacity as Brcko Supervisor...