

Communiqué of the Steering Board of the Peace Implementation Council

Political Directors of the Peace Implementation Council (PIC) Steering Board met in Sarajevo on 29 and 30 June 2009. The Chair of the BiH Council of Ministers, the Speakers and Deputy Speakers of the BiH Parliamentary Assembly and the leaders of the governing political parties participated in parts of the meeting.

The Steering Board welcomed the establishment of an inventory working group (IWG) for State Property and the fact that the BiH Presidency tasked the BiH Ministry of Defence to establish a weapons disposal commission, but noted that neither act had resulted in any concrete progress towards fulfilling the state property and defence property objectives. The Steering Board welcomed the adoption of the two remaining rulebooks foreseen by Law on Asylum and Immigration under the Entrenching the Rule of Law objective.

The PIC Steering Board continued its discussion on prospects for transition from OHR to EUSR and expressed its concern and disappointment with the level of progress since it last convened in March 2009. The steps of the BiH authorities fall short of what is required and what they could have achieved since the last meeting of the PIC Steering Board. The PIC Steering Board reminded the BiH authorities that they must deliver in full the five objectives and two conditions prior to OHR-EUSR transition. The PIC Steering Board requested the High Representative to continue to undertake all appropriate measures to ensure that the five objectives are delivered in full. Until this is completed, OHR will remain in place and it will continue to carry out its mandate under the General Framework Agreement for Peace, ensuring full respect of the

Peace Agreement.

The Steering Board also welcomed the ongoing preparations for a reinforced EUSR presence in BiH following the eventual closure of the OHR.

The PIC Steering Board welcomed progress achieved on some European Partnership priorities and underlined the importance of BiH authorities taking the actions required to continue to implement the European Partnership. In this regard, the PIC Steering Board welcomed the first EU agenda coordination meeting held on 18 June and urged the BiH authorities to use this forum to speed up the delivery of reforms stemming from the European Partnership priorities as well as other EU-related issues. The PIC Steering Board also welcomed the recent adoption of four laws required for visa liberalisation and urged the BiH authorities to deliver the remaining requirements in this respect as soon as possible. The PIC Steering Board expressed disappointment at the continued failure to appoint a Director of the Directorate for European Integration. The prolonged vacancy in this position hinders progress towards implementation of the European Partnership. The PIC Steering Board emphasised the importance intensified regional cooperation, including on judicial and trade issues. In this context it expressed concern over the adoption, in BiH Parliament, of the Law on Protection of Domestic Products which is in breach of BiH's international obligations under the CEFTA. The PIC Steering Board welcomed recent contacts between Ministers of Justice of BiH and Serbia aimed at improving judicial cooperation.

The PIC Steering Board expressed its concern about recent political developments in BiH, not least the adoption of the Conclusions on 14 May by the Republika Srpska. National Assembly. Statements and actions challenging the sovereignty and constitutional order of BiH, as well as attempts to roll back previously agreed reforms and to weaken existing state level institutions display open disrespect for the fundamental

principles of the GFAP, are unacceptable and have to stop. These actions also run counter to the GFAP and the long-established efforts of the PIC Steering Board to support state building. Actions such as these will be taken into account when assessing the second condition set by the PIC Steering Board for OHR-EUSR transition, which is a positive assessment of the situation in BiH by the PIC Steering Board based on full compliance with the Dayton Peace Agreement.*

The PIC Steering Board welcomed indications of a renewed commitment of the Prud troika and other political leaders to resume discussions shortly. It repeated its call for all political parties and stakeholders in BiH to build on the spirit of compromise and seeking common ground embodied in the Prud process and increase their engagement in discussions on future reforms and to support efforts to deliver the reforms required to take the country forward. The PIC Steering Board called on the High Representative to encourage and facilitate a meeting of the relevant party leaders so as to launch a broader process of dialogue and compromise aimed at accelerating the delivery of reforms.

The PIC Steering Board expressed its dissatisfaction that the UNHCR-endorsed Strategy for the Implementation of Annex VII of the General Framework Agreement for Peace (GFAP), a substantial element of the November 2008 Prud Agreement, was not adopted due to the opposition of delegates from the RS in the BiH House of Peoples, despite the fact that the Strategy had previously been adopted by both the Council of Ministers and the BiH House of Representatives. The Steering Board called on the BiH authorities to adopt the Strategy without further delay.

Whilst constitutional reform is not a part of the objectives and conditions for OHR's closure it remains an essential priority. Political party leaders and the speakers of both Houses of BiH's Parliament acknowledged that BiH should become a more functional state. It is crucial in light of their

reconfirmed EU aspirations. The PIC Steering Board encouraged political parties to re-activate discussions on constitutional change and build on the success of the constitutional amendment on the Brcko District, in order to take advantage of this non-election year. It calls on all sides to develop positions that could serve as a realistic basis for future negotiations, rather than maximalist positions that challenge the GFAP.

The PIC Steering Board welcomed the Brcko Supervisor's assessment that Brcko District institutions, as a whole, are functioning effectively and apparently permanently. The Steering Board regretted that the Entities and the State had failed to solve the remaining issues specified in its March 2009 communiqué regarding Brcko District. The Steering Board unanimously accepted the Brcko Supervisor's recommendation for a decision in autumn 2009 on closure of Supervision provided that the Entities and the State fulfil the remaining requirements needed by the Supervisor to be able to notify the Arbitral Tribunal of the completion of the Final Award.

The PIC Steering Board considered it unacceptable that the Mostar City Council has failed to appoint a new Mayor over eight months after the elections. The Steering Board called on the High Representative to take further steps to facilitate the election of a new Mayor.

The PIC Steering Board welcomed the December 2008 election of the State Ombudsmen for Human Rights and regrets the subsequent resignation of the Croat Ombudsman three months later and urges the Republika Srpska to adopt, without delay, the law terminating and transferring the RS Ombudsman institution in order to overcome the deadlock in the merger of the three institutions.

PIC Steering Board underlined the importance of freedom of expression, including a free and independent media, but also the necessity of political independence of communication

regulatory bodies. The regulatory bodies have an extremely important role not only in regulating electronic media and ensuring freedom of media, but also development of new information technologies and the development of the telecommunication sector in BiH. In order to be effective, the communication regulatory bodies have to be financially and politically independent and free of all political influence. The PIC strongly condemned attacks on journalists and noted that the situation regarding the freedom of the media is deteriorating, and urged authorities at all levels in BiH to take appropriate measures.

The PIC Steering Board noted that BiH is being adversely affected by the global economic downturn. It welcomes the authorities' agreement with the International Monetary Fund (IMF) staff on a Stand-By Arrangement which will be considered by the IMF's Executive Board shortly. The PIC urged the authorities at all levels of government to implement the agreed measures and continue working on reforms to consolidate public finances. It also encouraged the authorities to work with The World Bank on designing and implementing reforms to render the systems of social benefits and public sector pay sustainable, more efficient, and more equitable.

The PIC Steering Board noted with concern that operations of Transco BiH have seriously deteriorated as a result of the continued boycott by the RS authorities of the Management Board and urges the RS Government to promptly and constructively reengage in the company and contribute to its smooth functioning, in line with the commitments of 6 November 2008 and 3 December 2008.

The PIC Steering Board urged the competent authorities to ensure rapid progress in the following areas to complete the five objectives of the OHR work plan:

On Objective One – Acceptable and Sustainable Resolution of the Issue of Apportionment of Property between State and other

Levels of government:

The PIC Steering Board called upon the BiH Property Inventory Working Group to initiate, with deliberate speed, all activities necessary to ensure the timely compilation and delivery of the inventory, including the adoption of all operational instructions, which must conform in substance and form to its mandate as defined by the decisions of the BiH Council of Ministers. Furthermore, the PIC Steering Board urged the political party leaders to engage constructively to build consensus on a set of state property apportionment principles and criteria, which will be incorporated into an intergovernmental agreement to settle respective ownership rights between the State and other levels of government, and that will guide the BiH Commission for State Property in the finalization of draft legislation in line with the GFAP.

On Objective Two – Acceptable and Sustainable Resolution of Defence Property:

The PIC Steering Board noted with concern the lack of substantive progress on achieving a timely and irreversible transfer of ownership of the sixty-nine locations required for future defence purposes, and the approval and implementation of a detailed and realistic plan for the disposal of surplus arms, weapons and explosives (AWE). The PIC Steering Board called on the entity governments, relevant municipal authorities and courts to assist the Ministry of Defence with compiling up-to-date property records in order for the Ministry to prepare the annex to the transfer agreement and by providing technical details of the properties required for future defence purposes, as identified by the existing Presidency Decision on the size, structure and locations of the Armed Forces. The PIC Steering Board called on the BiH Minister of Defence to submit a legally and technically sound inter-governmental agreement for immovable defence property for consideration by the BiH Council of Ministers, and for its signing by the state and entity governments. The Minister was

also urged to submit to the BiH Presidency a responsible disposal plan for surplus AWE, for their approval and for implementation by the BiH Ministry of Defence. The PIC Steering Board noted that failure to resolve this objective imposes unsustainable resource demands on the defence establishment, thus hindering the defence reform process.

On Objective Three – Completion of the Brcko Final Award:

District institutions as a whole are now functioning effectively and apparently permanently. However, the Entities have not yet fulfilled their remaining obligations under the Awards of the Tribunal to resolve mutual debts, allow for change of entity citizenship for Brcko residents, or to regulate the supply of electricity to the District. The matter of Brcko's share of gold and other proceeds from SFRY assets has also not yet been resolved. The PIC Steering Board calls on the Entities, and the State, where appropriate, to resolve these issues no later than 15 September 2009.

On Objective Four – Fiscal Sustainability:

There is a need for fiscal coordination in BiH to be further strengthened. Therefore, the competent authorities need to ensure the proper functioning of the Indirect Taxation Authority (ITA) Governing Board and the National Fiscal Council.

On Objective Five – Entrenchment of the Rule of Law:

The relevant authorities need to speed up the implementation of the National Strategy for Dealing with War Crimes, the National Justice Sector Reform Strategy, and the Law on the Movement and Stay of Aliens and Asylum.

The Steering Board repeated their call to the competent BiH authorities to fulfil their obligations under international law to cooperate fully with the ICTY, by facilitating the arrest of Ratko Mladic without further delay, and by

dismantling his support network. The Steering Board expressed its dissatisfaction that no one has been held accountable for the escape of Radovan Stankovic and that no efforts have been made to apprehend him. The Steering Board urged BiH to pursue regional agreements for prosecution and to commence talks with neighbouring states on eliminating barriers connected to non-extradition of fugitives and convicted felons.

The PIC Steering Board urged the Council of Ministers to adopt amendments to the Law on Court of BiH and to the Law on Prosecutor's Office of BiH, The PIC Steering Board further encouraged the BiH authorities to confirm their dedication to strengthening of rule of law by taking those actions that are necessary to extend the mandates of international judges and of international prosecutors by positively considering the recommendations of the ICTY, and taking into account the views of the local judicial institutions.

The PIC Steering Board reminded the authorities and political party leaders that BiH is an internationally recognized sovereign state whose territorial integrity is guaranteed by the GFAP. Any challenge to the basic features of the GFAP will be considered as unacceptable, including unilateral actions aiming at endangering the constitutional order of BiH. The High Representative will continue to ensure full respect for the GFAP and he will continue to monitor progress in respect of the objectives and conditions, which the Steering Board established for OHR's closure. The PIC Steering Board will keep the situation under constant review.

The PIC Steering Board reiterated its full support for the High Representative and his ability to use the full range of his authorities to ensure full respect for the GFAP and reminded all the authorities in BiH of their obligation to ensure full compliance in this regard. The Steering Board underlined that the High Representative retains the necessary instruments to counter challenges to the GFAP.

The next meeting of Political Directors will take place in Sarajevo on 18-19 November 2009.

** The delegation of the Russian Federation could not join with the rest of the PIC on this paragraph*