

Remarks by Anatoly Viktorov, Head of OHR Mostar Office at a Conference on European Integration organised by the Association of European Regions

29/8/2005

The Role of Bosnia and Herzegovina in the Creation of Europe

Ladies and Gentlemen,

Creating Europe is a work in progress. Perhaps those of us who come from transition countries are particularly well placed to assess the challenges and opportunities that are part and parcel of that progress.

I myself am from a country that has been transformed, almost beyond recognition, in the space of the last fifteen years. Over the same period, throughout the former Yugoslavia, citizens have had to come to terms with profound, sometimes bloody, changes. Nowhere has the process been more dramatic and more fraught with human cost than in Bosnia and Herzegovina.

Yet there are at least two elements in BiH's long and difficult (but destined ultimately for success, I believe) process of transition that can be applied in other countries as part of the process of creating Europe.

One of these elements is political and the other is cultural.

Each represents a distinctive – and distinctively Bosnian and Herzegovinian – contribution to building Europe.

BiH's Postwar Political Experience

We are meeting here at a time when BiH is engaged in a monumental political effort to secure an agreement on police reform that will meet the three principles set out by the European Commission. The Commission, as many of you will know, has made it clear that the BiH police services must be reformed in such a way that all legislative and budgetary competencies are vested at State Level, police areas are drawn up on the grounds of functionality, and inappropriate political interference in policing is ended.

If there is an agreement – and this needs to be achieved by the middle of September if BiH is to make decisive progress this year – this country will have reached a remarkable staging post in its postwar recovery. It will be poised to launch Stabilisation and Association negotiations with the European Union. From a painfully unpromising beginning in the immediate aftermath of the war, when the country was economically, physically and politically prostrate, it will have navigated a way *upward* towards the difficult but manageable transition path that has already been followed successfully by other countries in Central Europe.

BiH has reached this point through a combination of internal and external incentives. These incentives have been powerfully focused by the unifying political objective of securing full inclusion in Europe.

If BiH, starting from unusually unpromising circumstances, can succeed in adapting itself and encouraging others to adapt, then other countries, almost all of which have begun from a more advantageous position, can surely do the same.

By inclusion in Europe, I mean, of course, eventual membership of the European Union – but inclusion should not be limited to

this formal accession aspiration. Inclusion means a host of productive relationships – economic, political, social, cultural, and technical – that mesh the continent together within and well beyond the boundaries of the EU. And it goes even beyond that to full and profitable participation in the global economy, which transcends the institutional boundaries of countries and continents.

BiH has in the last five years or so made remarkable progress towards inclusion in Europe. It has done this because integration in Europe represents a universally popular objective.

No one – well, practically no one – is against it.

Integration requires a huge amount of political and institutional effort – yet we have not seen public weariness with the project. If anything, the public has become increasingly restive because of perceived failures by political leaders to get on with the job of making necessary changes so that citizens can start to benefit in terms of more jobs and higher standards in public life and visa-free travel and the host of other dividends that are consonant with the integration process.

A glance at benefits achieved by new member states gives a measure of how much there is to be gained, and how much is at stake for Bosnia and Herzegovina, moving fitfully to the jumping off point for the accession process. GDP rates in Slovenia, Slovakia, Hungary and the Czech Republic all rose steadily during the second half of the 1990s as the accession process began to exert a pervasive – and overwhelmingly positive – influence on economic life.

Levels of foreign investment also rose in each of these countries. In Slovakia, foreign direct investment in 2000 alone exceeded the total investment that had flowed into the country in the previous 10 years.

The record shows that integration process raises stimulates entrepreneurship, investment and technology transfers.

What the experience of Bosnia and Herzegovina demonstrates is that if you know where you are going, you can negotiate the obstacles that stand in your way. Whatever divisions may exist in this society, it is the settled will of the people of Bosnia and Herzegovina to live as a democratic and secure society that is an integral part of the common European home. In the face of this popular will even an unwieldy political system – and Bosnia and Herzegovina 's system is nothing if not unwieldy – can deliver the desired end result.

Integration has a long way to go; we are only now in the foothills of administrative and political reform, yet the BiH economy is already responding positively to fundamental restructuring undertaken (and in some cases already largely completed) within the context of joining the EU and participating profitably in the global market.

The customs services have been merged, and the Indirect Taxation Authority is now preparing the business sector for the introduction of Value Added Tax on 1 January 2006. A new legal and regulatory framework has been established in the utilities sector, and the foundations have been laid for a rational, European-standard utilities system. Similar progress has been made in the telecom sector, where the BiH Regulatory Agency is now up and running and a model for neighbouring countries. Audits of public companies have initiated a long-term process of making them transparent and competitive, and a series of laws have been enacted that will significantly improve the BiH business environment – a prerequisite for attracting investment and creating jobs. These include State laws on Procurement and Public Enterprise, and State & Entity Laws on Auditing and Accounting, and Entity Bankruptcy Laws. A single BiH registry of companies has been established; company registration is now being streamlined, and 16 Commercial Chambers have been established in regular courts throughout

the country to specialize in business litigation and reduce the average length of court proceedings in commercial disputes from years to months.

These and other reforms are already delivering results. GDP growth has been maintained at around 5 percent for the last four years, and will be significantly higher than that in 2005. Inward investment was five times higher last year than at the end of the 90s. The Convertible Mark remains one of the most stable currencies in Southeast Europe, and inflation is negligible.

Many of these improvements have been achieved because of the Euro-integration effort – and many will add momentum to that effort: it's a virtuous cycle. This applies too in the effort to consolidate the rule of law in BiH. The High Judicial and Prosecutorial Council is now fully operational, sustaining the judicial reform process. SIPA, the SBS & OSA are well established and beginning to address core constitutional tasks on which maintaining law and order depends.

In the last three years the number of State ministries has been expanded from six to ten. At the same time the process of rationalizing the BiH defence system, rightsizing the armed forces and placing them under State control is nearly complete.

And here in Mostar the City administration has been unified, so that citizens can at last begin to hope for a level of political debate that focuses on delivering services in the optimal – rather than the most politically divisive – way.

BiH's Cultural Tradition

If BiH in recent years has shown how a country in the most difficult circumstances can successfully adapt in order to meet the demands of Euro-integration, it has shown over the course of *centuries* how disparate cultures can coexist peacefully.

In this country's history, tolerance and peace have been the norm; conflict has been the aberration. Bosnia and Herzegovina has a remarkable tradition of bringing cultures together. It is a place where cultures meet and enrich one another, where different communities have learned to function in close proximity at the political, social and cultural level.

This offers a positive lesson for the rest of Europe. Bosnia and Herzegovina's tradition of dialogue and tolerance, its tradition of celebrating rather than being intimidated by differences can be invaluable as a means of negotiating a peaceful and just path through the labyrinth of hatred and misunderstanding that has been thrown up by the so-called "clash of civilisations."

European Islam has existed along with Orthodox and Catholic Christianity for hundreds of years here in BiH as strands in the same cultural fabric. There have been short and tragic periods when dialogue broke down, but there have been much longer periods, measured in centuries rather than decades, when this part of Europe led the way in tolerance and understanding.

It can do so again.

I need hardly highlight the fact that Mostar, the bridge-town, the connecting point, is a remarkably apposite place in which to discuss this distinctive BiH ability to reconcile cultural differences and bring people together.

Bosnia and Herzegovina represents a distinct and constructive element in the European polity. It stands at a crucially important juncture in its postwar recovery. If, in the coming weeks and months, it can pass through the gates that lead to full European integration, its people will derive huge benefits – but so too will citizens all across the continent.

Thank you