

# Speech by Paddy Ashdown, EU Special Representative and High Representative for BiH at a Diplomatic Forum

*organised by the Ministry of Foreign Affairs and the Friedrich Ebert Stiftung*

## **‘The Road to Europe – the Next Steps’**

Ladies and Gentlemen,

I would like to begin by thanking the Ministry of Foreign Affairs and the Friedrich Ebert Stiftung for inviting me to this meeting of the ‘Diplomatic Forum’.

We meet today at an opportune time.

Because, it seems to me, this country has reached, as all countries do, one of those decisive moments; a moment at which it is the actions of its people and their elected leaders which will determine its future, not outside pressures or the great sweep of global events.

As Vaclav Havel once noted, moments like this tend to have one thing in common. They require choices; and those choices bring far-reaching consequences, which may decide the fate and the direction of a country for a long time to come.

It is often a characteristic of these pivotal moments that they are not always as apparent to those most directly involved as they are to outsiders. So I hope you will not find it presumptuous of me, as an outsider, to draw attention, rather candidly, to what I believe is at stake.

This is, after all, your country. You know from bitter

experience how much your lives can be affected by the choices, good or bad, that are made by your politicians.

Today, though, the choice before you is a happier one than in the past. It boils down to this:

Is this country ready to seize the opportunity, offered in the EC's Feasibility Study, to embark on the first stage of the road to membership of the European Union, by getting ready, in time for next summer, to begin negotiations for a Stabilisation and Association Agreement?

Is it determined to guarantee its long term security by fulfilling the conditions, in time for NATO's Istanbul Summit in May, to join Partnership for Peace, the first, crucial step towards membership of NATO itself?

In short, is this country really prepared to stiffen its sinews, and muster all its tenacity, all its resolve, all its commitment to make those changes, and bear those sacrifices that are necessary to join the modern European family of nations?

That is the question you must ask yourselves. Because, eight years after the war, BiH has now arrived at one of those points where a corner is turned and suddenly a new view opens up in all directions. One of those points where we can see clearly not only where we are going, but also how far we've come.

I will not dwell on how much this country has achieved, except to say that it is in many respects remarkable.

A decade ago, this very building stood as a symbol of Sarajevo's suffering.

Today, it stands as a symbol of progress, of hope, of a new start, in a country returning to normality, at the heart of a region that is looking to the future.

This country's enemies have finally become its neighbours, focused not on territorial acquisition, but on Euro-Atlantic integration. A change of government in Zagreb, or Belgrade, no longer sends shock waves through BiH.

But it would be a tragedy, just at the point when the curse of conflict has been lifted, if those who sought a Greater Croatia or a Greater Serbia were to be replaced by those who seek a 'pocket Bosnia'.

There is only one future for this country. As BiH, whole and free, in a Europe, whole and free.

### **From Dayton to Brussels**

The question is not whether the nightmare of war will resume – NATO's announcement this week that SFOR will be reduced to a deterrent force of 7,000 in the coming months demonstrates their confidence in the future.

The real question now is whether, and how quickly, the dream of a prosperous, secure future in Europe will become a reality.

And the answer to that question lies not in Zagreb, or in Belgrade, or even in Brussels, but right here in BiH. It depends on two things – on confidence, and on hard work.

Confidence in this country's ability to change, and the hard work needed to bring it about.

For its part, the European Union has made it crystal clear that it wants BiH as a member of the EU, but that first it must meet the standards that membership entails.

Preparing for membership of the European Union is a process. In many ways the process is as important as the event of joining itself, as the countries of Central and Eastern Europe have shown in the last decade.

Over the next six months, if things go well, we will see a step change as this country moves decisively from a 'post-conflict' to a 'pre-accession' phase; as it moves away from issues of security and physical reconstruction to those of economic transition and social reform.

In short, we are moving out of the era of Dayton and into the era of Brussels.

And we have now taken the first steps in that direction. Twice in the last few weeks, the Parliaments of BiH have, for the first time, used the mechanisms within the Dayton Peace Agreement to improve that agreement. Note. This was not done by the international community at some far away conference. But by the votes of Parliamentarians, through the institution of Parliament, according to the constitution of this country.

In the fields of tax and defence, the Parliaments shifted the competencies agreed at Dayton, to move this country down the path to European accession and NATO membership.

They moved decisively beyond Dayton, to strengthen the State.

This is what makes Monday's vote on defence so important.

Who, a year ago, would have believed that this country would be capable of changing Dayton?

Who would have believed that the RS leadership would show the statesmanship to establish a state ministry of defence in order to join NATO?

What power made this possible?

Not the Bonn powers of the High Representative. But the power of a dream.

A dream that this country can one day become a member of the European Union.

Can one day become a member of NATO.

Can one day become a normal country, capable of providing a better and safer life for its citizens.

Whatever their political orientation, the politicians of this country know that the dream of Europe is now becoming more powerful than the myths of the past, and that the people of this country expect them to deliver the reforms that will make that dream a reality.

Do not underestimate the significance of this moment.

For the role of the international community in BiH.

For the role of OHR.

For the role of your governments, your Parliaments and your institutions.

And for all this country's citizens who, with good reason, are becoming impatient for the day when their country's destiny, as a genuinely self-governing sovereign State, will finally be back in their own hands.

This process has already started of course.

With the gargantuan task of de-certification completed, the European Union is today monitoring and mentoring the local police, where the United Nations once supervised them.

With a million refugees back, and some 95% of property claims processed, the OHR's Return and Reconstruction Task Force will, in less than a month, close down and hand over to the BiH authorities the heaviest and most delicate of responsibilities – that of refugee return.

On the Human Rights front, the end of this month marks the moment when the BiH Ombudsmen's Office will be headed, for the first time, by BiH nationals.

And, with the extraordinary circumstances of the immediate post-conflict situation behind us, the Human Rights Chamber – a quasi-international body created under Dayton – can finally be dissolved, and its functions passed to the domestic courts of Bosnia and Herzegovina.

And those courts in turn, will, from early next year, be overseen, not by the international community's Independent Judicial Commission, but by BiH's own High Judicial and Prosecutorial Council.

So the trend is clear. The International Community is moving from 'doing' to 'monitoring'. From providing BiH with a crutch, to offering BiH a helping hand.

Across the spectrum, BiH is assuming responsibility for its own affairs. A fact demonstrated perhaps most clearly of all by the number of times in the last few months I have had to resort to the use of imposition to move things forward.

I have now been in BiH for 18 months. During the first six months, I had to impose 70 laws or amendments to laws. In the following six months, that number was halved to 34. And in the last six months, from June to today, I have had to intervene in the legislative process on just two occasions.

Seventy.

Thirty-four.

Two.

Last December, in a speech to the BiH Parliament, I said that if the BiH authorities did more, then I would do less. This is the way it has been, and the way it should continue.

And this trend has already contributed to the European Commission's decision to give BiH a broadly positive outcome to its Feasibility Study last month. It is a trend that augurs well for the future

So the long, slow battle against the forces of disintegration in this country is being won.

We are experiencing occasional set-backs and disappointments like last week's damaging and unnecessary party political games over Defence Reform. But broadly speaking, BiH's evolution from post-conflict politicking to serious transition planning is progressing, if not yet fast enough.

But that is not to say that we are home and dry. Far from it. Progress is not yet irreversible. Our European future not yet secured.

It is important that everyone understands exactly what the European Union said last month.

The Commission said that yes they would like to recommend, in the latter half of next year, the opening of negotiations on a Stabilisation and Association Agreement – an SAA – with Bosnia & Herzegovina. But first, BiH has to make rapid progress across a range of reform areas.

That is what Commissioner Chris Patten meant by “Yes, but”. Yes Bosnia can move down the European Road to formal negotiations, but first it must demonstrate real commitment to, and real progress on, the reform agenda.

The most encouraging part of the message is the “Yes”.

The most important part is the “But”.

Why? Because the European Commission mean what they say. They are not about to let BiH through on a ‘nod and wink’.

Some in this country, including some who should know better, still seem to think Europe will bend the rules for Bosnia and Herzegovina. That is a most dangerous illusion. As Poland, or the Czech Republic, or Slovenia can tell you, it just doesn't work like that.

When the Commission says that it will need to see significant and rapid progress in the areas they have identified, they mean it.

If, by the second half of next year, insufficient progress has been achieved, Europe would have to say “no, you’re not ready” however reluctantly. The Commission would not be in position to recommend proceeding with an SAA. The Feasibility Study makes that point explicitly.

And one certain way to fail next June is to misunderstand that point today. Which is why the next seven months are so crucial. The ball is firmly in your court – in BiH’s court, not the OHR’s.

The International Community and the Office of the High Representative can help, but we cannot do this for you.

The European Commission’s report could not be clearer on this.

It reads, and I quote:

BiH needs to give evidence that the (Bonn) Powers are generally declining in relevance, and that their use occurs ever less within core SAA areas...Current evidence suggest that this may be happening, and that the “push” of the Bonn Powers is gradually being replaced by the “pull” of European (and Euro-Atlantic) institutions. BiH must now ensure that if imposition occurs, it is “soft”, and that the total number of OHR decisions continues to decline”

So the challenge is clear. The governments, parliaments and politicians of this country have 16 policy areas on which to deliver, and 210 days in which to do it.

If they succeed, and given sufficient energy and resolve, there is no reason why they should not do so, BiH could be preparing for negotiations by the end of next year.



If they fail, this country's journey down the road to Europe would grind to a halt and the chance of lasting peace, prosperity and security for the citizens and the children of this country would be placed in grave jeopardy.

So it's an important moment.

And let me be brutally frank. If our current rate of progress is not dramatically increased, the 16 conditions set down in the Feasibility Study will not be met.

If BiH's governments and parliaments are not prepared to meet more often and dramatically increase their output, if past attitudes and present dysfunctionalities cannot be overcome, then the gate that was opened to BiH two weeks ago will swing shut next summer.

Some may find this provocative. Some, undiplomatically blunt. But I am not a diplomat, I am a politician.

And I have to say frankly, while there is still time to change things, that for BiH to do what is necessary in the next seven months will require a new level of energy, focus, commitment and hard work from the governments, the parliaments, the parties and the public administration at all levels.

Why? Because the 16 tests are not about making declarations, promises and plans.

They are not even just about adopting laws and passing amendments.

They are about real implementation – about actually making things happen in reality, on the ground, where it matters to the people of this country.

We have a saying in English, "the road to hell is paved with good intentions".

The Commission has made it clear – the road to Europe has to

be paved with hard actions.

Which is why, when talking about law enforcement for example, the European Union doesn't just expect the laws on the State Investigation and Protection Agency to be passed, or even for a new headquarters for the agency to be found. The European Union wants to see the agency up and running, with its new powers, in its new building, with its new staff doing their jobs, investigating crimes, arresting criminals.

That is what implementation means, and that is what the European Union will be looking for in the second half of next year when it takes its decision.

### **The Next Steps**

So what are the 16 conditions?

What does need to be done by the 30<sup>th</sup> June next year?

Well, 11 of the 16 steps relate to the Justice and Jobs agenda we have been working on.

Of these, four relate to the rule of law, the fight against crime and the protection of human rights.

The rule of law is the foundation on which everything else depends. And in light of the threat of international terrorism – and the global and regional trafficking and financing networks on which it depends – you can see why the EU has decided to condition any future steps on progress in this field.

Which is why, in addition to completing the reform of the intelligence sector in the next couple of months, the government is now explicitly required to build up BiH's State-level law enforcement capacity to tackle the most complex forms of international, inter-Entity and organised crime.

In particular, it is charged with getting both SIPA, and the

new Ministry of Security, up and running.

This will take some doing.

And by the by, we will not have to wait long for the first signals of success or failure. If the decision is not taken this week on SIPA's headquarters, then we will have taken the first step towards failing this first crucial test in June next year.

When you consider that the Council of Ministers has so far spent a year failing to find a headquarters for SIPA, you will see why meeting this condition by the end of June is going to require a step-change in attitude.

As will the EU's other requirement – the need to start to create a clear distribution of competences in policing in BiH.

This will mean reform the current system that divides law enforcement between some 20 different police forces, each with its own political master, its own command structure, its own budget and its own administration.

This system is inherently inefficient, wasteful and expensive, and cannot be sustained.

On the judicial side, the Feasibility Study calls for the establishment of a single High Judicial and Prosecutorial Council, and the provision of appropriate staff and funding for the State Court.

In the area of human rights, the authorities are charged with fulfilling their responsibilities for refugee returns, providing adequate funding to the Constitutional Court, and completing the transfer of human rights bodies such as the State Ombudsman and the Human Rights Chamber to BiH control.

And finally in the field of justice and home affairs is the requirement to put in place the proper structures to deal with asylum and migration. This is, I repeat, one of the first

responsibilities of any State that wishes to join Europe or whose citizens wish to enjoy visa free travel to the EU. Again, an absolutely crucial condition for the fight against trafficking, organised crime and international terrorism.

Deliver on these four conditions, and the governments and parliaments will have taken a decisive step towards assuming responsibility for the Rule of Law in this country.

And deliver on the seven conditions that relate in one way or another to economic reform, and we can really start to create jobs and attract international investment.

First among these is the implementation of the indirect tax reforms currently before Parliament.

Let me remind you, simply adopting the law will not be enough. The EU wants to see the new Indirect Tax Authority functioning, with a Director in place, collecting customs and preparing for the timely introduction of VAT in due course. But on this we are already four months behind schedule. Unless this changes very quickly, we are not on track for success; we are on track for failure.

We also have to see a range of actions taken to develop a true single economic space in BiH, such as the creation of a single business registration system recognised throughout the country.

And a coherent and comprehensive trade policy, and EC certification procedures to boost exports to the EC.

And a Statistics Law, a budget law and the adoption of proper budget practices.

Each step a practical, deliverable reform to strengthen the public finances and kick start the economy.

Then there are three conditions relating to the effectiveness of government.

Conditions requiring the Council of Ministers and the Parliament to meet more often – and I warmly welcome the fact that the Council of Ministers is meeting as we speak, and debating how to tackle the points raised by the Feasibility Study. We look forward to hearing the action they decide upon.

The conditions requiring the new State-level Ministries and Institutions to be functioning and capable of carrying the burden of reform that lies ahead. Nowhere is this more important than in the Directorate for European Integration.

Under the leadership of Mr Osman Topcagic, supported by some hard working and committed staff, the Directorate is already planning the next stage of the journey to Brussels. They deserve the support of the Government, and the Feasibility Study requires it.

And then the condition that requires the Public Administration to be reformed, streamlined and rationalised, and the civil service to be properly regulated by the Civil Service Agencies.

We need government and public administration that does more and costs less. And putting together a plan for such a structure is another EU condition.

Add to that the requirement that the government takes steps to ensure the long-term viability of a financially and editorially independent, state-wide public broadcasting system in BiH, and you've got 15 out of the 16 steps.

7 areas of economic reform, 4 on the rule of law, 3 on issues of governance and 1 on the media.

Which leaves just one more, important condition to meet.

Compliance with existing international obligations and conditions – the most obvious of which are the Dayton-Paris Peace Accords and the outstanding EU Road Map steps.

What this means is no more delay to some painful steps that have been put off for far too long.

Full co-operation with the ICTY, including the arrest of indicted war criminals is one.

The implementation of the Council of Europe post-accession criteria, especially in areas of democracy and human rights, is another.

So, as you can see, there are a lot of big decisions, and a huge amount of work, ahead of us.

And we have 210 days to do it.

After that, the summer holidays are upon us, and after that, the current European Commission is dissolved, and a new one put in place.

This is not an insignificant fact. Bosnia & Herzegovina has some firm friends and strong advocates in the Commission at the moment. Romano Prodi and Chris Patten among others. They have made it plain that they would like to invite BiH to open negotiations for a Stabilisation and Association Agreement before they leave office in October. BiH would be foolish to miss that opportunity by failing to meet the conditions that have been set.

### **A Last Chance?**

But there is another reason why we have to succeed between now and next summer:

This country is running out of time.

Perhaps that sounds overly dramatic. In the life span of a country, you may think, there is no such thing as a last chance, and perhaps that is so.

But there is such a thing as a last chance for a generation;

and that is the risk facing BiH today.

Immediately after the war, Bosnia & Herzegovina had the attention of the world's media, and the world's leadership. Thousands of troops, aid workers, diplomats and advisors poured in to help in the vast reconstruction effort. And with them came the world's sympathy and the billions of dollars of foreign aid.

But that attention has moved elsewhere. That financial support is diminishing.

And that trend is not going to change. BiH has received most of the donations it's going to get. The money is now going elsewhere – to Iraq, to Afghanistan and the world's other recent trouble spots.

So the life-support machines that have kept the economy ticking over are now, one by one, being switched off.

Only private investment can fill the hole that is opening up, and only urgent reform will attract that investment.

So time is not on our side.

The pensioners and the trades unions have made that perfectly clear over the last few weeks. They are fed up with trying to live on their current pensions and wages – and who can blame them?

But offering people things we cannot afford is not the answer. It is the shortest route from low pensions to no pensions. That's the harsh fact of life that the IMF has been reminding us of in recent weeks.

You only get the economy going by attracting investors; and you only attract investors if they feel welcome and secure.

There is only one way this country, and its citizens, are going to become richer, and that by getting the economy going,

and especially by attracting investors.

It's a competitive world out there. There are plenty of countries from South East Asia to Central Europe working overtime to entice investment. The Czech Republic, Poland, Slovakia and Slovenia had virtually no foreign direct investment in 1990. Last year it accounted for 40% of their collective GDP. Foreign-owned firms now provide one half of manufacturing jobs in the region.

BiH has to match their efforts, and do better still.

In the era of globalisation, in which vast amounts of money shift from one continent to another at the click of a computer mouse, investors have plenty of choice.

So the only way forward is reform.

Reforming the tax system, as we are now doing.

Reforming the public administration, as we now have to do.

Reforming the economy – cleaning up the business environment, attracting investment, accelerating privatisation, promoting exports.

It means establishing the Rule of Law, so that businesses can invest and trade and plan for the future, with a guarantee of due process ahead of them and the security of a rational legal framework behind them.

I do not claim that the process of reform will be easy or quick – it won't. For many, I fear, things will get worse before they get better.

It is perhaps this that worries me most.

I worry about the fact that around a half of this country is living at or below the level of official poverty. I feel for those who look in vain for some break in the economic pain of



the last 8 years for themselves and for their children.

But I have to be clear. For most that will not come next year, and for some, that pain may even deepen in the period ahead.

It takes time to create businesses and make jobs. Our economy is now growing – slowly. But too slowly still to begin to make a difference to people's lives.

It will be tough for the workers and their unions, and for all the other citizens of this country to have the patience to see things through until the economic reforms take effect.

It will be hard, very hard.

It will mean asking even greater sacrifices, in the short term, when people have already sacrificed so much.

But I can promise you one thing with absolute certainty: it will be worth it in the end.

To many of the citizens of this country, I know only too well that membership of NATO, membership of the European Union and the living standards its countries enjoy – these things must seem like impossible dreams.

Others, in darker days, once advised the people of this country not to 'dream dreams'.

I thought it was poor advice then, and it's no better today.

I would rather take, once again, the advice of Vaclav Havel, who led his country successfully along the path upon which BiH is now embarking:

As the Czech people traveled that same road, he told them:

*'We must not be afraid to dream the seemingly impossible if we want the seemingly impossible to become a reality.'*

Today, health spending in the Czech Republic stands at some

1000 USD per citizen.

Infant mortality has halved in the last decade.

Education spending now stands at well over USD 3,000 per pupil – the same level as in Ireland, one of the EU's most successful economies.

Next year the Czech Republic, with Poland, Slovenia, Hungary, and millions of other Europeans, will become full members of the European Union.

Their 'impossible dream' has become today's reality.

And, with sufficient belief and endeavour, yours can too.