OHR’s Statement at the International Agency’s Joint Press Conference

Peace Implementation Council Update

The Political Directors of the Peace Implementation Council (PIC), the body that oversees the implementation of the Dayton Peace Agreement, begin a three-day meeting in Sarajevo yesterday evening.

Yesterday the meeting focused on the steps that must be taken before the end of this year in order to speed up the pace of economic reform and promote BiH’s further integration in Europe. Discussions began with a presentation by BiH Prime Minister Adnan Terzic and were focussed on the following three points;

- firstly, progress on completing the European Commission’s study of the feasibility of BiH moving to the next stage of European integration, negotiation of a Stabilization and Association Agreement with the EU.
- secondly, the forthcoming EU summit in Thessaloniki, on 21 June. As you know the the summit will be dedicated to the future of the Balkans in the EU.
- thridly, the work of the Independent Tax Commission, which will shortly conclude its work on establishing a single customs administration and putting in place a plan to introduce VAT.

Today, the PIC will receive an update on the political situation in BiH with a particular focus on the Education Targets agreed between the BiH authorities at the PIC meeting in November 2002 in Brussels, progress on refugee return and the establishment of the Defence Reform Commission. There will

also be substantive discussions on the future of domestic war-crimes prosecutions in BiH and the Human Rights Chamber.

There was good progress at last night's dinner, and we are hoping that the PIC will be able to reach some decisions on both these issues. Cannot comment further today – will need to wait until the communique.

The focus on Friday is economic reform, which reflects the seriousness of the economic situation in BiH, and the need for resolute and substantive progress in this area in the near term.

BiH Prime Minister, Adnan Terzic, FBiH Prime Minister, Ahmet Hadzipasic and RS Prime Minister, Dragan Mikerevic, will brief the PIC on the major economic priorities agreed between the BiH authorities and the International Community at Bjelasnica last month. These priorities are designed to create a better business environment, relaunch the privatisation process and boost exports.

It is on Friday that, the OHR hopes, the Prime Ministers will endorse a plan to accelerate the pace of economic reform over the next four months, which will include;

- Completing the legislative and administrative requirements for restructuring the electricity sector.
- Privatising five strategic companies in each Entity before the end of the year.
- Establishing the BiH Indirect Tax Administration.
- Reforming the sales tax system.

Party Leadership Must Re-establish Their Authority

You all saw the High Representatives reaction to the failure of the Herzegovina-Neretva Canton Assembly to elect a Government.

The OHR expects the Presidents of the SDA and the SBiH, Mr.

Tihic and Mr. Halilovic to explain why their party members voted against a proposal that they and the leadership of these two parties had signed only hours before, in the letter I have here.

More importantly, the HR is looking to them to re-establish their authority with their party members in Canton 7 and to make measures to ensure that the commitment they entered into is honoured by their party. They as the leaders of these parties have a duty to the Citizens of Canton 7 and BiH as a whole to ensure that their parties act responsibly. OHR doesn't see this as "back to square one" after eight months of prevarication and inaction. We expect this to be resolved in hours or days, not weeks or months.

To reinforce this the sanctions that the High Representative has put in place will begin mounting incrementally as of six o'clock next Monday;

- Party financing will be cut by a further 5% for every working day until a government is formed;
- The appointment of the Speaker-Elect, Mr. Omer Cevra, will be cancelled without a possibility of reappointment to that post, for failing in his constitutional duty to muster a consensus behind forming a government in Canton 7.

The High Representative has reserved the right further measures, as he deems appropriate in light of developments over the next few days.

For eight months now these parties have shown a blatant disregard for the interests of their citizens, those very citizens that elected them. Rather than showing that they are ready for reform and ready for close integration into Europe they have shown a blatant disregard for the civic duty to which they have been elected.

The HR is outraged and shocked to learn that while teachers go

unpaid and pensioners are poor, the political parties pay themselves first out of the government budgets. We are therefore looking at ways of introducing a new law which only allows the parties to draw one twelth of their subvention every month. The parties have paid themselves over 1.5 million this year, money that could pay the average monthly wage of 2,500 elementary school teachers .

Bjelasnica

Working group for Bjelasnica-Igman tourist revitalization held its second meeting today under the chairmanship of The High Representative, Paddy Ashdown. Meeting was also attended by the Federation BiH Minister of urban planning Ramiz Mehmedagic, Sarajevo Canton PM Denis Zvizdic and representatives of FIPA, SERDA and Mayors of Ilidza, Trnovo and Hadzici.

At the meeting, Sarajevo Canton PM Zvizdic briefed on the current situation at Bjelasnica and Igman by presenting cantonal plans for development of the area. Three hotels, SMUK, MOK and IGMAN are going to be offered in the first wave of tender process. Process of tendering and resolving of related property issues should be done by end of summer so the initial reconstruction works could be seen at the beginning of autumn. Parallel to this there will be a preparation for tendering of other hotels and facilities so the entire area would get to the desired level of development of tourist infrastructure.

FBiH Minister Mehmedagic briefed that by the beginning of August cross country track on Veliko polje should be finished with the help of German SFOR contingent and also certified by competent authorities of international skiing Federation so it can comply with all the international standards and be proclaimed as an Olympic track.

Besides these mid term measures the High Representative also

initiated some measures that will improve the winter sports facilities in upcoming season, to bring them up to European tourist standards. Feasibility of installing upper ski lifts should be examined as well as placing of auxiliary facilities, which will improve the comfort of the tourist using skiing resort.