

Communiqué by the PIC Steering Board

The High Representative and representatives from Bosnia and Herzegovina (BiH) met the Peace Implementation Council (PIC) Steering Board members at political directors' level on 21 November 2002.

The Steering Board congratulated BiH for holding free, fair and peaceful elections on 5 October. They welcomed the statements in support of reform made by the political parties. But what mattered now were deeds not words. They were concerned that time was not on BiH's side and called on the parties to form governments and get down to work quickly, on the basis of public coalition agreements that set out clear reform agendas. The Steering Board also urged the parties to support the reform of the Council of Ministers as a necessary step towards more effective government. Finally, the Steering Board called on the parties to promote a new generation of politicians, uncompromised by the past and focused on the future.

Following an update on the implementation of the economic targets agreed between the PIC and BiH last July, the Steering Board expressed their concern about the fragile economic situation. They agreed that unless the state and entity governments accelerated the implementation of root-and-branch economic reform there would be serious consequences for the citizens of BiH. They called on BiH urgently to adopt reforms to attract investment, boost exports, and create a genuine single market, including:

- The unification of the customs system to end duplication and fraud;
- The introduction of VAT at the state level to simplify taxation, make it more efficient and help reduce the overall tax burden; and
- The elimination of obstacles to investment and entrepreneurship and the harmonisation of business regulation across BiH.

The Steering Board discussed the reported violation of UN Sanctions against Iraq by an aviation technology company in Republika Srpska. They considered this the most serious failure by the state of BiH to uphold its international obligations since the end of the war. There needed to be a full and public investigation to identify all those responsible and hold them accountable. BiH also needed to implement far-reaching reforms to ensure that this sort of violation is not repeated.

The Steering Board considered the interim report submitted by the Republika Srpska authorities wholly inadequate, and that the investigation would have to continue with international support. They noted the readiness of the leadership of the Republika Srpska to cooperate fully in investigating this case. They welcomed the progress made towards a state-level arms export control regime, and called upon BiH to subscribe and adhere to the EU code-of-conduct on arms exports without delay. They agreed that BiH also needed to strengthen its customs administration in order to enforce the new export control regime, and to establish genuine civilian control over the entity armed forces in accordance with modern European standards. The Steering Board called upon the representatives of BiH to consider all the relevant proposals in this area.

The Steering Board congratulated the entity ministries of education on their education reform strategy, and fully supported the five pledges. They commended their determination to keep politics out of education. Focused and prioritised reform was essential to improve the quality of education, and for the sustainable return of refugees, economic renewal and reconciliation. The Steering Board welcomed the implementation plan for the March 5 2002 *Interim Agreement on Accommodation of Specific Needs and Rights of Returnee Children*. They agreed that BiH has a clear obligation as members of the Council of Europe quickly to adopt a state-level Law on Schools in line with European standards. They reiterated their opposition to parallel structures, and concluded that BiH needs to develop a common core curriculum that is consistent with European standards and to rationalise existing structures in order to make financing and management more efficient.

The Steering Board also agreed the following:

- To ask their capitals to identify as rapidly as possible the resources and the organisations necessary to help BiH develop the capacity within the Court of BiH to try war crimes, and to discuss this again at their next meeting in January;

- To urge BiH to amend the State and entity Budgets for 2003 to reflect the priorities of Justice and Jobs, whilst remaining within agreed constraints;
- To consider the OHR's request to second 6 international judges and 3 international prosecutors to the Court of BiH;
- To approve the OHR operating budget for 2003 of Euros 23.084 million subject to the agreement of the European Commission and the Russian Federation.
- To endorse the OHR's intention to adopt a Mission Implementation Plan, seek comments from capitals, and ask the OHR to present this Plan at their next meeting.

Finally, the Steering Board expressed their universal appreciation for the crucial work that UNMIBH had carried out in political reform and restructuring in BiH, and in particular for the unique contribution of departing SRSG Jacques Klein. They offered their full support for the European Union Police Mission which would take forward UNMIBH's important work in depoliticising and professionalising the police as of the beginning of next year.