

Communique by the PIC Steering Board

The PIC Steering Board at the level of Political Directors met with the High Representative in Brussels, 27 September 2000.

Noting the unfolding developments in the Federal Republic of Yugoslavia the Steering Board agreed that the potential for a new level of democratic change was evident in Bosnia and Herzegovina and the wider region. The Steering Board appealed to the people of BiH at the official start of the election campaign today to seize the opportunity of the elections on 11 November to transform BiH to a true self-sustaining, democratic European society based on the rule of law making use of the historic changes in the region.

The High Representative and the Steering Board commended wholeheartedly the people of the Federal Republic of Yugoslavia for having demonstrated its will for the option of peace, freedom and democracy for its country in the elections held on 24 September. The Steering Board emphasized that it would welcome the engagement of a democratically legitimized government in Belgrade in advancing the Dayton peace process. The Steering Board invited the High Representative to be ready to move rapidly to establish a dialogue with Belgrade as soon as the choice of the FRY electorate in favour of democratic change has been put into effect.

The Steering Board voiced its deepest concern over the stalling activities at the level of the common institutions in BiH. The upcoming elections were no excuse to postpone tackling the backlog of issues to be resolved in accordance with the timetable set by the Brussels PIC Declaration and urgently needed by the citizens of BiH. The Steering Board emphasised that it is ultimately the BiH electorate who will

pass the judgment on the performance of their leadership.

The Steering Board expressed its concern at the politicisation of the recent Constitutional Court's decision on the "constituent peoples" case. It recalled the binding nature of the decision on this issue that obliged entity parliaments and cantonal assemblies to implement them accordingly without delay.

The Steering Board agreed with the High Representative that the restitution programs put forth by the Entities were fundamentally flawed and unfeasible. While the Steering Board noted the opinion by the Council of Europe that there is no legal obligation to engage in restitution, it stated that if the government of BiH and/or the Entities were to engage in a restitution process, this process would have to be fiscally sound, provide actual, fair compensation for all those that are entitled to compensation regardless of their ethnicity, and not be detrimental to the economic viability of BiH's already fragile economy. The Steering Board emphasised that BiH and/or the Entities must have the capacity to afford any compensation program.

The Steering Board welcomed the presentations by representatives from the World Bank, the IMF and the BiH Central Bank on the macro-economic development of BiH. The Steering Board took note of progress in the implementation of the economic structural reforms prepared by the International Agencies under the coordinating guidance of the High Representative. The Steering Board warned that BiH faced a fast growing economic crisis if the BiH and entity authorities did not accelerate their reform programs and pass the appropriate legislation without delay.

The SB criticised the Federation legislature for not passing a law on pension reform, as well as the RSNA for adopting a law that did not meet sound economic standards. The Steering Board stressed the fact that failure to adopt appropriate

legislation on pension reform could lose BiH, including the entities, IMF and World bank support loans in the amount of USD 150 million and further donor support. BiH had to accept the basic principle that the authorities no longer could make financial commitments, including on pensions, which were not properly covered by revenues and which International Donors would not cover.

The Steering Board took note of the Public Broadcast restructuring decision, in accordance with the PIC endorsed media strategy, to be issued by the High Representative shortly. The PBS restructuring plan is designed to focus on efficiency and professionalism, to ensure its multi-ethnic character and its status as a state-level institution, consistent with fundamental international public broadcasting standards. The High Representative requested donor support for the PBS operating budgets 2001 and 2002.

The Steering Board endorsed the High Representative's proposal to start using available funds from the 1999 budget surplus for the judicial reforms program and for conducting audits related to the Anti-Fraud Program and invited members of the Steering Board to explore possibilities for the resolution of outstanding technical, and legal constraints related to other funds. The Steering Board acknowledged the results of the Financial Experts meeting of 25 July 2000.