Speech by the High Representative for Bosnia and Herzegovina, Wolfgang Petritsch at the Swedish Institute of International Affairs

Ladies and Gentlemen,

Good morning!

As the year draws to a close and we prepare to celebrate our various holidays here in Europe:

- Bajram
- and two sets of Christmases

I want to stand back and take a look at not only what is taking place in Bosnia and Herzegovina today but also what this country means for us all as Europeans.

This is now the second time I come to Stockholm as High Representative for BiH and it is the second time I have the privilege to work with the Swedish Institute of International Affairs. When we met last, it was in preparation of the PIC Ministerial in Brussels in May this year – setting the agenda for the two years ahead in peace implementation. This time I come to Stockholm just before Sweden will take over the EU Presidency, to emphasise that it is not least in Bosnia and Herzegovina where the European integration project has to prove itself. Let me also mention that today we celebrate the fifth anniversary of the signing of the Dayton Peace Accords in Paris.

With Carl Bildt having been the fist High Representative, I am sure that my role is not alien to you. However, let me just briefly recall that Annex 10 of the Dayton Accords defines my function as the “final authority in theatre”. I am in charge of civilian peace implementation in BiH – I can remove officials, impose legislation and I am co-ordinating all civilian agencies on the ground.

To get to where we are today, we must first walk along the busy one-way street next to the Miljacka River in the centre of Sarajevo. Halfway up, an old stone bridge is undergoing repairs. You can only cross it on foot. It is now called the “Latin Bridge”. But not so long ago, it was named after the Serb student Gavrilo Princip, who on June 28th, 1914, shot Archduke Franz-Ferdinand and his wife Sophie, on a street corner opposite.

Now, fast-forward to the beginning of the 1990s. The euphoria at the end of totalitarian rule in Europe with the collapse of the Berlin wall is tempered by alarming “brushfire conflicts” in the former Soviet republics and Tito’s Yugoslavia. In August 1991, The Economist magazine notes that whatever the events unfolding in the now former Yugoslavia, “the optimists point out that this is not 1914…”

The optimists, as U.S. senator Daniel Moynihan demonstrated in piercing lectures on ethnicity in international politics, could not have been more wrong. The lights appeared to go out almost as soon as they had been switched back on almost eight decades after Sir Edward Grey supposedly told a friend at the British foreign office on the evening of August 3rd, 1914: “The lamps are going out all over Europe. I doubt that we shall see them lit again in our lifetime.”

When war broke out in the former Yugoslavia, Moynihan wrote: “No one seemed to know what to do. If anything. The United States finally began to talk of economic sanctions, but mostly looked to Europe. Europe looked away.”

The echoes of Princip's revolver banged and cracked in Sarajevo once more for three and a half-bloody years. And Europe looked away. We kept looking away even when acts of the most unspeakable barbarity were carried out in Bosnia and Herzegovina. In 1992, when the Drina valley was "ethnically cleansed" of Bosniaks. When Croat forces reduced much of Mostar to rubble in 1993. Again in 1995, when Bosnian Serb forces closed in on Srebrenica, a "safe area".

Europe should be wary of claiming that it turned the corner in the Balkans with its armed intervention in Kosovo. The United States was in the driving seat, as it was when it invited the warring parties from Bosnia and Herzegovina to negotiate an end to the war at the Wright-Patterson airbase in Dayton, Ohio.

It is only through Europe's engagement in Bosnia and Herzegovina, through the successful implementation of the Dayton Peace Accords in which a flourishing, stable country exists in place of the cruel charnel house it was so recently, that Europe can, with any confidence, say no more 1914s.

That's all very well in theory, of course. Europe is littered with seemingly intractable, nationalist stalemates. Why should Bosnia be any different to Nagorno Karabakh? Northern Ireland? Or Cyprus?

Let us hit the fast-forward button again to today. Things look very different. Croatia's Franjo Tudjman died at the beginning of the year, heralding a sea change in the way that country now manages its relations with Bosnia. Croatia no longer works to divide Bosnia three ways instead of the existing two divisions as Tudjman did. President Stipe Mesic and Prime Minister Ivica Racan have told Bosnian Croats to look to Sarajevo to solve their problems and no longer to Zagreb. People took to the streets of Belgrade and other towns in Serbia to rid themselves of Yugoslav leader Slobodan Milosevic in October's near-bloodless revolution. New Yugoslav President

Vojislav Kostunica has made a strong start in normalising relations between Belgrade and Sarajevo. Diplomatic relations between the two countries should be established any minute. Even ethnic Albanians from Kosovo demonstrated their preference for ballots over bullets when they elected people from Ibrahim Rugova's LDK party in municipal elections at the end of October.

But for all the good and frankly unexpected news from the region, I detect impatience with Bosnia and Herzegovina. I sense that Bosnia is viewed as spoiling the party, where its neighbours to west and east now appear more willing to let bygones be bygones. I think this thinking is more prevalent in our own chancelleries than it is in southeastern Europe. The results of Bosnia's third general elections last month are cited as evidence of deep-seated opposition to change and an all-pervading fear that cannot and will not forget "ethnic" differences, whatever they are.

Change in Bosnia and Herzegovina is frustratingly slow. When you ski in fog, there is a feeling that you are not moving at all. So it is when negotiating the treacherous slopes to peace in Bosnia.

If the fog clears – which, in the literal sense, rarely seems to in Sarajevo at the moment! – very clear progress can be seen. Five years after the Dayton Peace Accord was signed in Paris, the three armies facing each other across hundreds of miles of front line are back in barracks and their forces are being reduced. The number of Nato-led peacekeepers in SFOR are down to a third of the immediate post-war level of 60,000 troops. Hundreds of thousands of refugees have returned to the country. The United Nations refugee agency said earlier this month there will be no tent cities this winter. There is freedom of movement. Nearly five billion dollars of reconstruction has been completed. The changes I mentioned earlier in neighbouring Croatia and Yugoslavia are also vital for Bosnia and Herzegovina's future. These were changes that

few of us dared dreamed of, less predict, when I took over as High Representative in August 1999.

I will come back to some of these developments a bit further on.

Many found the November election results disheartening. When jobs, corruption and education appeared overwhelmingly to be the main concern of voters, nationalist forces with nothing new to offer seemed to score well. Against the dramatic events in Yugoslavia and the dramatic developments in Croatia, this may be so. But given that Bosnia and Herzegovina is a truly multi-ethnic country, one which was hit hardest in the wars of the former Yugoslavia – remember, ladies and gentlemen, that up to 200,000 people lost their lives – the shift to moderate parties is clear, positive and full of possibilities.

Traditional nationalist parties like the Serb Democratic Party, the SDS, the Bosniak Party of Democratic Action, the SDA, and the Croatian Democratic Union, or HDZ, have seen their share of seats in the state level House of Representatives decline from 36 out of 42 seats in 1996 to just 19 in this election. The multi-ethnic Social Democratic Party, or SDP, with nine seats, has the strongest showing in this legislature.

This pattern is repeated at the level of Bosnia's two Entities – the Moslem-Croat Federation and Republika Srpska. The HDZ and SDA won only 63 of 140 seats in the Federation's House of Representatives while the SDS will have to go into coalition with more moderate parties if it wants to form a majority in Republika Srpska's National Assembly.

The forming of working governments, particularly at the state level, is too slow.

I see Bosnia's Council of Ministers as key to creating a functioning state, which will work for all Bosnian citizens, both across the country and internationally. The Council of

Ministers has for too long been a hostage to nationalist delaying tactics. It must become the engine of change. This year, its competence has expanded from three to six key ministries and for the first time boasts a treasury. A civil service law should soon be in place to ensure the Council of Ministers in properly resourced.

As a politician, winning public trust is difficult anywhere in the world but in Bosnia and Herzegovina, it's tougher than usual. A wide-ranging survey of Bosnian attitudes published in October by several international agencies found that an overwhelming 76 percent of the country's citizens felt its own leaders were not able to advance the reforms Bosnia needs. While they have very mixed feelings about the efforts of my own office and other international agencies, a clear majority of 64.6 percent said they thought the International Community should impose critical reforms that governments and legislatures fail to adopt.

This last figure is of particular concern to me as I am not of the gung-ho, let's-just-impose-everything- and-be-done-with-it school of Dayton implementation. There is a respected group of Bosnian intellectuals who called on me late last year to establish a 12-month protectorate. The powers that a High Representative now wields are considerable, especially now that SFOR is willing and able to help implement the civilian agenda. This was not the case before 1997.

However, Bosnia and Herzegovina only has a future if its people build it with their own hands. The creation of a civil society, where people see themselves as a citizen with strong rights first and only second as a Serb, Croat or Bosniak – or indeed Orthodox, Catholic or Moslem – is again a slow process. But it is a process Bosnians must own themselves.

Waiting for the High Representative to impose anything which risks the slightest unpopularity which, given the state of the country's economy, is almost any law at the moment, engenders

a dangerous dependency culture. Bosnia and Herzegovina cannot afford this. The five billion dollars earmarked to rebuild the country is almost spent, all international agencies are trimming their operations here and donors are eager to pack their bags and leave for the new challenges that neighbouring Yugoslavia has to offer. People who have seen the once empty Hyatt and Intercontinental hotels in Belgrade now filled to capacity know I don't exaggerate.

So given the International Community's desire to wind down its commitments to Bosnia, however quickly forgotten the moral debts incurred in the first half of the 1990s, what can we do to bring Bosnia and Herzegovina to where we want it to be: as a prosperous and stable member of the European Union?

The 55 states and international organisations that make up the Peace Implementation Council, or PIC, set up clear priorities in May of this year and should – if adhered to – take Bosnia and Herzegovina where the majority of its citizens want it to go: Europe. These three priorities to the end of 2001 are:

- refugee returns
- market economic reform
- the establishment of effective state institutions

It is rule of law that is driving the first of these, the return of refugees and displaced people to their homes. When I arrived, the legal tangle – much of it the inheritance of ethnic cleansing – saw the return process blocked. As you know, Annex 7 of the Dayton Agreement is crystal clear: "All refugees and displaced persons have the right freely to return to their homes of origin."

In October last year, I imposed property legislation which depoliticised this issue. Nationalist leaders can no longer create "facts on the ground". My office was also quick to see the importance of "overwhelming force" to see this very important objective realised: I removed 22 officials

obstructing the implementation of the property laws in one day the following month.

The statistics show the laws are winning. The number of minority registered returns – where refugees return to areas where they are now a minority – totalled 46,000 in the first 10 months of this year, nearly double the number in 1999. They are returning to areas which until recently were thought impossible: Srebrenica, Zvornik and Foca, the latter the town where Serb forces ran notorious rape camps. The process is still slow; hundreds of thousands of people have yet to return to their homes. The Commission for Real Property Claims has only completed 20,000 out of 300,000 property claims. But we can say the implementation of Annex 7 began in earnest this year.

The sharp decline in donor money has made economic reform imperative. Bosnia and Herzegovina is having to start at about the same place where Poland was in 1990, and that doesn't include the physical and mental scars of war. The Cold War legacy, where both the Soviet Union and Western states bought the former Yugoslavia's neutrality, has been in a strange way reinforced by the aid flows after the war.

My office is working with other international agencies such as the World Bank and the IMF to create a single economic space across the country to enable private sector growth. This means harmonising tax and customs structures. It means adopting uniform banking legislation (which we implemented this year). It means fighting endemic corruption; the smuggling of cigarettes and alcohol costs Bosnia about 500 million DEM in lost revenues alone each year. It means bringing Bosnia's trade standards in line with those in the EU, to benefit from recently lowered tariffs. At the end of this month, we aim to close down the payment bureaux, Communist-era monopolies which made for a totally non-transparent system of financial clearing which only benefited entrenched nationalist leaders.

Economic reform will be tough. We can expect many job losses. But transition, as Poland, the Czech Republic and many other central European countries know, cannot be put off indefinitely.

The building of independent, functioning state institutions is crucial to the first two priorities. In November, I imposed a law to create a state level court for Bosnia and Herzegovina, which will now provide a place where foreign investors can settle legal disputes.

As you can see, while Bosnia might not figure that much in the headlines anymore, we are busier than ever. With the dividends that changes in Croatia and Yugoslavia have brought, the International Community, and more specifically Europe, would be wrong to disengage from Bosnia when things are really changing for the better.

Debate about the withdrawal of U.S. support for Dayton implementation is, I think, premature, whoever takes office. I was very pleased to read a report by the respected United States Institute for Peace which agrees with about 90 percent of what the OHR is trying to do in Bosnia. The report stated that the Dayton Accords were still the best model to rebuild this fractured country and concluded: “Even as available international financial resources decline, Bosnia needs a stronger U.S. and European political commitment to civilian implementation and more vigorous interpretation of key Dayton provisions.”

Sweden, as the holder of the EU Presidency, can do much to push Dayton forward. I look to the Swedish government to pressure Bosnian leaders to adopt laws required by the EU “Road Map”. This outlines essential legislation to win the country a feasibility study to set Bosnia on the path towards EU accession. As I have said, this is something nearly all Bosnian citizens want.

I very much hope Sweden will also keep up the political pressure necessary to bring indicted war criminals to justice. It is hard to exaggerate how much indicted war criminals like the Bosnian Serbs' wartime leader, Radovan Karadzic, and his military commander, Ratko Mladic, continue to poison the peace. These two men, and other indictees, must face trial in The Hague if Bosnia is to turn from its difficult past and face the future. The writer and commentator Michael Ignatieff hits the mark when he says that even if "the community from which the perpetrators come may feel that they have been made scapegoats … leaving war crimes unpunished is worse: the cycle of impunity remains unbroken, societies remain free to indulge their fantasies of denial".

International aid and loans should be strictly conditional on all former Yugoslav states' co-operation with the U.N. war crimes tribunal in The Hague.

I would also like to further cement the idea that there can be no redrawing of borders in south-eastern Europe. Some commentators talk of compensating Serbia for the "inevitable" loss of Kosovo with a chunk of Bosnia. This would immediately threaten us with another 1914. The territorial appetites of nationalist politicians can never be satisfied.

I want to end with another bridge and another important symbol.

This week, masons carved the first stone block from a quarry in Mukosa ["Mukosha"] which will be used to rebuild the Old Bridge spanning the Neretva River in Mostar. This once beautiful bridge, a single arch of 27 metres built by the architect Hajrudin in Ottoman times, was destroyed by Bosnian Croat artillery in 1993. The Croatian government is helping to rebuild it and should be completed by 2002.

The mayor of the town, Mr. Safet Orucevic, said the carved stone is "a symbol of the beginning of living together,

reconstruction, and reconciliation”. We, as Europeans, have a duty to help Bosnians complete this process. We failed when we looked away in 1991. We cannot, 10 years on, afford to do so again.