

# **Address by the High Representative for BiH, Wolfgang Petritsch, to the OSCE Permanent Council**

Madam Chairperson, Secretary General, Your Excellencies,

Ambassador Barry has briefed you thoroughly on the November 11th poll so I will limit myself to a few words on the third post-Dayton general elections. But first of all, let me use this occasion to congratulate Ambassador Barry and his staff on the extremely well organised ballot.

The election results are mixed in character. On the one hand there has been a marked increase in support for the multi-ethnic SDP and on the other hand a large number of voters have once again cast their ballot for the three main nationalist parties – the Bosniak SDA, the Serb SDS and the Croat HDZ. Very clearly there are positive changes in the political landscape of Bosnia and Herzegovina, but they continue to evolve too slowly for many of us...

Some have expressed disappointment with the election results, especially when a comparison is made with the recent election results in Croatia and Yugoslavia. However, such a comparison would be unfair to Bosnia and Herzegovina, which has been through a long and bloody war and is a multi-ethnic community where the fear factor is more easily exploited. The arrest of persons indicted for war crimes, in particular Karadzic and Mladic, remains fundamental to reducing the climate of fear and opening the door for a new and more positive chapter in the history of Bosnia. A genuine breakthrough is not possible while such figures remain at large.

There is sometimes a tendency for the international community to believe it can do everything for the people of Bosnia. There are indeed many things the international community can do for the people, but voting in their stead is not one of them. The citizens of Bosnia and Herzegovina have had a chance to shape their destiny. Casting a ballot is the most basic and critical form of "ownership" – now it is time to face the responsibility that follows from this democratic right.

Therefore, attention now turns to implementation of the election results. I will work closely with Ambassador Barry and the OSCE on implementing the results. Our partnership will be crucial to a speedy and effective implementation. The first priority is to establish assemblies and governments from the Cantonal level through to the Entity and State levels as soon as possible. On previous occasions this process has dragged on for months. This time around we are looking at a fundamental shift of gear, with all assemblies and governments to be established within weeks – not months.

There have been threats of boycotts, specifically from the HDZ. These are of course unacceptable. Political parties and their delegates have been elected to office, to serve citizens within the constitutionally created institutions and not to boycott these same institutions. Boycotts are doubly unacceptable in a country where so many people are jobless and living in abject poverty. Neither the citizens of Bosnia and Herzegovina nor the international community will accept such blackmail. Furthermore, those parties that obstruct the establishment of institutions are effectively preventing the much needed integration of Bosnia and Herzegovina into Europe.

Madam Chairperson, your Excellencies,

Regardless of which parties enter government, the basic obligations and principles remain the same – full implementation of the Dayton Peace Agreement, the Brussels Declaration of the Peace Implementation Council, or "PIC", the

EU Road Map – and of course the conditions for Bosnia's accession to the Council of Europe.

Recent developments in the region should see security issues giving way to economic and social issues. No one will welcome this more than the long-suffering citizens of the region. This shift of emphasis will, I hope, be conducive to all signatory states to the Dayton Peace Accords meeting their obligations.

It is high time that the institutions in Bosnia and Herzegovina show an increase in political will to adopt a constructive attitude. Nowhere is this more necessary than at the State level. To put it bluntly, the Council of Ministers and the BiH Parliamentary Assembly must begin to adopt law, after law, after law if it is to make progress towards Europe and eventual membership of the EU.

Bosnia and Herzegovina must look around and realise that times are changing. The developments in the region offer possibilities, but nothing can be taken for granted and much work remains to be done for these opportunities to be realised successfully. A novel form of competition has reached the region: no longer will there be bloody conflicts over territory but instead a peaceful competition for foreign investment. Donor assistance is on the decline and now, more so than ever, it has become essential that Bosnia and Herzegovina carries out the reform which will facilitate the shift from an aid-driven to an investment-driven economy.

As we approach the end of the year the institutions in BiH are faced with numerous deadlines for many of the targets we set in the Brussels PIC for the year 2000.

The key strategic areas set in Brussels in May of this year by the Peace Implementation Council remain the same: economic reform, refugee return and the consolidation and strengthening of institutions, especially at State level.

Our efforts, and the efforts of the authorities in Bosnia and

Herzegovina, will continue to focus on these areas.

It is essential for BiH to speed up the pace of reforms if it is not to lag behind even further the rest of the countries in the region. Thus far the record is not good. Only last week the assembled irresponsibility of the political class of BiH, and their refusal to address long outstanding legislation, forced me to impose a comprehensive package of Laws that are necessary in order for the country to:

- Meet requirements set by International Finance Institutions and the EU Road Map;
- Prevent a dramatic worsening state of the BiH economy, if World Bank and IMF conditionality was not met;
- And further consolidate the State institutions.

I imposed the Laws on Pensions and Disability Insurance, the framework for a merger of the government pension funds of Sarajevo and Mostar, a package of six laws on trading standards, amendments to the RS Labour Law and the Law on the State Court.

Madam Chair, your Excellencies,

A new term of office means a fresh start, a fact which I had the opportunity to discuss last week with party leaders from both entities who were present at a conference in Dayton commemorating the fifth anniversary of the Accords. I made it clear to the elected officials that there will be numerous litmus tests to see if there is a genuine change in attitudes. Indeed, one of the first items on the agenda for the newly established State authorities will be the adoption of an Election Law. Together with Ambassador Barry, I will immediately engage the Parliament and Council of Ministers on this important issue to speed up progress. The adoption of this critical piece of legislation is the major unfulfilled condition standing between Bosnia and Herzegovina and membership of the Council of Europe and the proposed EU

Feasibility Study. The prize is there!

Much of our effort continues to focus on cementing the Rule of Law in Bosnia and Herzegovina. Closely linked to the Election Law is the question of amendments to the Entity Constitutions as required by the recent decision of the Constitutional Court of Bosnia and Herzegovina on the Constituent Peoples case. My Office is already lobbying at the Entity level with the aim of overseeing fast implementation of the Constitutional Court Decision. This will not only have a positive effect for the Rule of Law but will also enhance the Constitutional Court's role as one of the main State Institutions. It will contribute to democracy and human rights in the entities.

The failure to make sufficient progress in the last term of office means that there is much work to catch up on. In the field of institutions, several important projects are nearing completion. A draft Law on Civil Service has been completed and will provide the country with State employees that will implement decisions made by State authorities in a professional and non-partisan manner. I expect this to be adopted soon after the establishment of the BiH Parliamentary Assembly. A draft Law on Associations and Public Legal Persons has also been completed. This should go urgently to the CoM and the BiH Parliamentary Assembly for approval before the end of this year. Legislation on Personal Documentation is another PIC Declaration issue and is expected to be adopted in the coming months.

Nowhere is reform more urgent and necessary than in the economic field. Our so-called "functional approach" to reform aims at the creation of a business friendly environment attractive to private domestic and foreign investment. In short, Bosnia needs to get back to work.

A long term project which is reaching fruition is the dismantling of the Payment Bureaux, the non-transparent payments system dating from Communist times. We expect to meet

the December 31 deadline for this in the Brussels PIC declaration. However, as the payment bureaux used to be central to the BiH economy, their swift dismantling might create some disruption here and there. We should bear in mind that in no country of the former Yugoslavia has the dismantling of the payment bureaux been carried out within such a short timeframe. The benefits are already to be seen with the arrival of several foreign banks. Important banking legislation relevant across both entities is now in place. Work continues on a number of laws which are important for the functioning of both the tax administration and the commercial banks.

The State Treasury has been established and is functioning, but has yet to reach full capacity.

Tax reform is under way. We have pushed the tax harmonisation between entities and most of the major discrepancies have by now at least been reduced. In parallel, the fight against tax evasion has been intensified. An Advisory Group on taxation has been established with a view to propose and implement tax reform. Indirect taxes and excise duties have been harmonised

The PIC has also tasked OHR to review the possibility of finding revenues for the State; we are considering different options and should make proposals early next year. The new system will have to be more efficient, reduce the incentive for fraud and the grey economy and provide resources for both levels of administration.

Other economic legislation that is required before the end of the year includes laws regulating the establishment of a State Institute of Statistics, a law regulating job placement, amendments to the State Law on Customs, a Law on a BiH Foreign Trade Chamber of Commerce, Law on Land Registry, and Concession legislation. As you can see, much work is still to be done.

The return of refugees remains a key priority and this year has seen further progress. One of the main reasons for increased refugee return has been the coordinated effort of the International Community in the Refugee Return Task Force (RRTF). The OSCE is an integral element of the RRTF and I hope it will continue to play an important role in this area.

However, the return process still needs pushing. The readiness of authorities to settle claims for properties still lags far behind the will of citizens to return to their homes. There can be no compromise on this fundamental human right. I will continue to remove officials for obstructing the return process.

Madam Chairperson, Ladies and Gentleman,

I would like to stress that I continue to stand ready to fill the gap still left by the lack of political will in Bosnia and Herzegovina and impose much needed legislation and dismiss obstructionist officials. I am ready to take these tough decisions when necessary. However this cannot go on indefinitely. There is a danger that imposition can give a false impression to both the international community and the citizens of Bosnia and Herzegovina on the progress the country is making.

Regardless of who will form the new government, it is high time for Bosnia and Herzegovina to actively embrace the historic opportunity provided by the democratic changes in its neighbourhood.