Address by the High Representative for Bosnia and Herzegovina, Wolfgang Petritsch to the Permanent Council of the OSCE

Mme Chair, your Excellencies,

It is with great pleasure that, so soon after my last presentation to you in March, I have another opportunity to address you on issues relating to the future of Bosnia and Herzegovina. I know that Bosnia and Herzegovina is not the only country that is of concern to you. However, your role there continues to be of the utmost importance to Bosnia's future.

Of course overall progress in Bosnia and Herzegovina is slow, and continues to be severely impeded by the ruling nationalist parties at all levels. I say "of course" because this reflects the agonising reality of the lessons learned by the International Community in BiH.

It is frustrating – but we cannot, and will not, be overcome by those frustrations. We are able to continue to fight for progress because, I firmly believe that there is light at the end of the tunnel of Dayton implementation.

Before I expand on this let me first fill you in on the latest developments, and what is expected of the Peace Implementation Council ministerial conference, to be held in Brussels on 23/24 May.

We have, as you know, reached a kind of watershed in peace

implementation. Donor fatigue has set in. The $5.1bn, four-year reconstruction program, pledged after Dayton, has come to an end. This spring, SFOR has reduced its troop numbers by nearly a third to around 20,000.

Time is clearly running out for the international engagement in Bosnia and Herzegovina. That is why it is beginning to sink in, both with local politicians and – above all – with the public, that in the future they are going to have to fend for themselves.

As I outlined to you the last time we met, I will – with the approval of PIC – pursue three strategic priorities in the coming 18 months: economic reform, strengthening the state institutions, and boosting refugee return.

Reform of the economy is long overdue. Bread and butter issues – things like employment, education, infrastructure, housing – have become more important to ordinary citizens than the diet of ethnic separatism that is still being fed to them by the main political parties.

The parties' influence over the economy stems from the days of communism, and needs to be broken. Cash cows like unregulated state enterprises, and the in-transparent payment bureaux system, need to be reformed or taken away from them. The maze of bureaucracy, a deterrent for any investor but particularly for badly needed foreign investors, must be straightened out. It should not be forgotten that a lawful and secure environment – on which the OSCE is working on a daily basis – is also one of the pre-requisites of economic growth driven by investment rather than aid.

The continued failings of the state level institutions are also of the utmost concern. Unfortunately it is at the state level that the leading political parties most often abuse their responsibilities to the public they claim to represent.

The draft PIC document therefore concentrates on the reform of

the judicial system, and the creation of an effective civil service. We need to ensure that the state level institutions get proper funding so that they can exercise real, centrally located powers. But, even more than adequate funds, what we need is greater political will of the politicians to take part in the state-building process.

The promotion of state building has, all too often, necessitated imposition with the powers vested in the High Representative. Legislation governing property return, or the state border service law, are just two recent examples.

And in the case of the new draft election law, where we worked closely together with OSCE, the parties seem to expect me to act so that they can tell their constituencies that the Election Law "had nothing to do with them." I have seldom come across a clearer example of responsibilities so flagrantly shirked.

Meanwhile, the search for resolution of the institutional crisis surrounding the Council of Ministers has turned into a veritable saga.

Since the decision of the Constitutional Court in August last year, very little progress has been made. The international community has had to exert a lot of pressure to produce little reward!

The new law on the Council of Ministers, finally adopted last month, follows the all too well known patterns of ethnic parity and rotation. It remains to be seen whether this new law will stand the test of the Constitutional Court.

I have deliberately kept out of the fray, stressing the strong desirability of a solution arrived at by domestic compromise rather than imposition.

But I continue to press the Presidency hard, reminding them of their obligation to nominate a candidate who meets certain

standards. Let me make one thing perfectly clear: the PIC will hold the members of the Presidency, all three of them, responsible for resolving – or failing to resolve – this constitutional crisis.

Both the adoption of an election law, and the resolving of the Council of Ministers crisis, have become prominent prerequisites not just for accession to the Council of Europe, and for any deepening of relations with the European Union, but – above all – for the functioning of the state of Bosnia and Herzegovina.

The third strategic priority for the PIC Ministerial is the acceleration of refugee return. Having talked to many refugees and displaced persons myself over the recent months, I am more convinced than ever that for the citizens of Bosnia to be able to return to their homes remains the number one concern. Undoing the evil of ethnic cleansing was always a primary motivation of IC engagement in BiH. The moral impulse was right then, and it is right now.

The issue is highly emotive. Four and half years after the war, some 800.000 people are still internally displaced throughout Bosnia and Herzegovina. A further 300.000 refugees still live abroad.

Facilitating their return is the number one means of normalising Bosnia and Herzegovina.

I am pleased to be able to tell you that earlier measures, such as my imposition of legislation governing property return, are beginning to bear fruit. There have been more than twice as many returns so far in 2000 as there were in the same period in 1999. The ultimate dream, the creation of a self-sustaining refugee return process, is becoming an achievable reality with every day that passes.

Those, then, are my three strategic priorities for BiH, which I very much hope the PIC ministers will endorse in Brussels.

It would take very little for them to be realised. All we need are a few enlightened decision makers in Bosnia and Herzegovina, who understand that ethnic strife has brought only grief and death to this country, and that the future lies only in reconciliation and the building of a state for all citizens.

This, finally, is why the election of responsible and competent decision-makers, through the expression of the free will of the people, is of such importance. This is why so much effort has been put into the preparation of elections.

Turning now to the municipal elections held last month, let me first of all say that much of their smooth running is down to the perfect management by my friend Bob Barry and the OSCE mission to Bosnia and Herzegovina and the seamless co-ordination with SFOR and UNMiBH/ITPF. So congratulations on this excellent performance to you, Bob, and your team.

OSCE and my office have sat together over long days and nights analysing the political implications of the results of these elections. Let me say that I am much encouraged by the outcome.

To summarise the results I will use two words: “political pluralism.” The results show that pluralism is at last taking root in this country, and that is a sure sign that democracy in Bosnia and Herzegovina is maturing.

It is also a sign that the voters are beginning to think for themselves, and about how politicians who seek to represent them will eventually represent their interests – not the narrow, sectarian interest of the old ethnic ways of thinking, but the everyday interests of the ordinary public like the ones I mentioned earlier: jobs, housing, education for their children.

The most significant shift of power was in the Bosniak areas, where the SDP made substantial ground at the expense of the

SDA. This is important, because parties like the SDP – a modern, relatively multiethnic party – hold the keys to the country's future.

Only with leadership from modern political parties – parties that are civic-minded as opposed to ethnically defined – can Bosnia and Herzegovina hope to integrate into Europe. The SDP will likely form governments in at least 20 municipalities, and it is now a major force in 4 of the 10 Federation Cantons. We expect the SDP to do even better in the future.

It is true that, in the Bosnian Croat areas, the HDZ still dominates; but it is worth noting that voter turn-out in those areas was down to around 40 per cent – far lower than in previous elections, and dramatically lower than the national average.

This indicates that Bosnian Croat voters are growing weary of the HDZ, but have not yet found an attractive alternative. The HDZ, already shaken by the defeat of its parent party in Croatia in early January, seems to have taken this message to heart. It is now in the midst of a major restructuring, which we hope will lead to more co-operative officials at the municipal and Cantonal levels in the future.

In the Republika Srpska, meanwhile, the SDS are also far from being a spent force. But they only received an outright majority in 16 municipalities out of 61 in the RS.

Moreover, the exclusion of the Radicals, the SRS, was completely successful. Their threats of physical violence and voters' boycott – closely monitored, as ever, by SFOR – proved to be a bluff. Even the arrest of Momcilo Krajisnik, a few days before the elections, failed to disrupt voter behaviour to any significant degree. Interestingly enough, the SDS did not pick up as many SRS votes as they might have expected.

And: pluralism is also growing in the RS. The rise of a new party – the PDP, led by a respected economist, Mladen Ivanic –

is significant, and the fact that Dodik's party, the SNSD, did not do badly is also important. We will need to see Ivanic in action, but we could be seeing the development of a new political centre in Bosnia.

In summary, I would say that the nationalist parties are still strong – but that their grip is weakening. Our reform of the media, the professionalization of the police, our insistence on economic reform – all these are steadily eroding the nationalists' sources of power.

It is against this backdrop that the Steering Board members of the PIC, at their last session held on 5 May in Lisbon, spoke out in favour of holding general elections in autumn this year.

The pros and cons were extensively discussed, but it was concluded that general elections should be held sooner rather than later. Let me just highlight a few of the arguments.

The political scene in Bosnia and Herzegovina has been stirred up by the municipal elections, and starting to move away from the entrenched ethnic structures. I would call the process a dynamic re-orientation. Some new political forces have made their appearance, forcing the established ethnic-based parties to re-position themselves.

Also, the individual voter has realised that there is no longer any compulsion to vote in an ethnic block. This will strengthen the tendency to test this freedom of choice across the party spectrum.

Therefore, with some caution, I believe that, even if we will not see the kind of complete turnaround that we saw in early January in Croatia, the momentum for change should be maintained. It is also becoming increasingly difficult to manage the political situation in the RS. The agenda of people there is obviously changing; so let's give them a chance to express their will in general elections, and to put their own

house in order.

I am aware that this puts OSCE and its member states in a difficult position, for 2 reasons:

First, OSCE would once again have to provide the organisation and funding of elections – because of the failure of the local authorities to produce an election law in time, and thus to set the necessary budget line aside.

And second, the timing could interfere with the planned elections in Kosovo.

In my previous role as EU Special Envoy to Kosovo, I know how important it is to have elections in that province to stabilise the situation and to return after so many years to normal life. I am all in favour of Kosovo receiving the full attention of the International Community.

However, I also believe that postponing autumn elections in BiH simply for technical or financial reasons would be a mistake. We have a real chance to make progress in the implementation of Dayton in the coming 18 months. Our chances of success will be greatly increased if we can maintain the public momentum created by the municipal election results – for which an autumn general election will be crucial.

Let us not loose sight of the need to consolidate the situation in Bosnia and Herzegovina, and what that consolidation will take. The removal of the nationalist agenda from the country's political discourse will have ramifications not only for BiH, but for the entire Balkan region.

Bosnia and Herzegovina, we should always remember, is politically and historically at the heart of the Balkans. If we can assist BiH's citizens to live peacefully with one other again – by reforming the economy, by accelerating refugee return, and by strengthening the Common Institutions – then we can achieve that noble goal elsewhere in the Balkans, too.

I sense that the tide has already turned against the forces of nationalism in the Balkans. The defeat of the HDZ in Croatia earlier this year provided convincing proof. The tide is turning in Bosnia and Herzegovina, too, although less dramatically. It must be pushed on.

It must be pushed on because the price of failure is too high. If we fail in our project in Bosnia and Herzegovina, then ethnically pure mini-states are likely to dominate South East Europe in the 21st century. I am sure we are all agreed that this must not happen. It is imperative that we persevere in our peace implementation in BiH.

Thank you for listening.