

53rd Report of the High Representative for Implementation of the Peace Agreement on BiH to the Secretary-General of the UN

Summary

This report covers the period from 22 October 2017 through 21 April 2018. While the institutions and political leaders in Bosnia and Herzegovina (BiH) have managed to deliver incremental progress on some of their commitments related to Euro-Atlantic integration processes, the last six months have also seen a notable deterioration in terms of divisive public rhetoric and respect for the rule of law within the country. Crucial domestic issues related to the Election Law and the Criminal Procedure Code have remained unresolved, as many parties in authority are focused on consolidating power and playing to their respective voting bases ahead of the electoral campaign season. In its Interim Report on Bosnia and Herzegovina published along with the 2018 Enlargement package on 17 April, the European Commission (EC) similarly noted that tensions between parties had slowed the pace of reform.

Among positive developments, the most notable achievement during the reporting period was the BiH authorities' handover of answers to the EC Questionnaire in February, an important step in the country's attempts at becoming an EU candidate country in the future. Another positive development was the adoption of a set of excise laws, which along with other conditions, resulted in the completion of the International Monetary Fund (IMF) review and approval of the second disbursement of funds under the Extended Fund Facility (EFF)

arrangement, on 9 February.

Other notable developments included the trilateral meeting in March between the BiH Presidency and the presidents of Serbia and Croatia. Also, in February the Financial Action Task Force (FATF) announced that BiH is no longer subject to special monitoring by the FATF, having made progress in addressing previously identified strategic deficiencies in its efforts concerning anti-money laundering and combating the financing of terrorism.

Despite these positive developments, major challenges remain. The next general elections in BiH are expected to take place in October 2018, yet the formation of authorities after the vote could prove extremely difficult if changes to the election law are not agreed that would regulate the indirect election of delegates to one of the chambers of the Federation parliament. As previously reported, the BiH Constitutional Court struck down provisions of the law regulating elections to the Federation House of Peoples in July 2017, having declared these parts of the law unconstitutional in its December 2016 decision in the so-called "Ljubic case". The failure to constitute the Federation House of Peoples following the elections would prevent the election of the new Federation President and Vice Presidents, who are responsible for nominating the new Federation Government, and would also prevent the election of Bosniak and Croat delegates to the BiH House of Peoples, one of the two houses of the state-level parliament.

With the announcement of elections expected in May and the elections themselves in October, the relevant authorities in BiH must agree on electoral changes that would enable the smooth conduct and implementation of the results of the 2018 General Elections. As the Peace Implementation Council Steering Board Political Directors outlined in their December 2017 Communique, "[a]s an immediate priority, the 1 December 2016 decision of the BiH Constitutional Court, which

specifically concerns the elections to the Federation House of Peoples, must be implemented, and not made more challenging by combining it with political demands.”

An equally pressing issue has arisen concerning the BiH judiciary. In June 2017, the BiH Constitutional Court declared as unconstitutional several provisions of the BiH Criminal Procedure Code (CPC) regulating special investigative measures in criminal proceedings. As the deadline of six months has passed without the BiH Parliament correcting the issue, the Court could soon rule on non-enforcement, leaving the BiH judiciary without the tools necessary for fighting organized crime and corruption. This would represent a very serious setback to the rule of law.

During the reporting period, I continued to urge the leadership of the Herzegovina-Neretva and some other Cantonal Assemblies to act to harmonize these cantons’ constitutions with a decision of the BiH Constitutional Court from 2000 and with the Federation Constitution, in order to ensure the equality of Serbs as a constituent people, and officially recognize the Serb language and Cyrillic alphabet.

Another cause for concern has been the continuation and escalation of divisive and destabilizing rhetoric from prominent political figures on all sides. For example, continuing a long-term trend, the Republika Srpska President has continued to deny the statehood of Bosnia and Herzegovina and advocate for the eventual secession of the entity. During the reporting period public comments were also made glorifying convicted war criminals and calling for the return of an RS army. The Croat member of the BiH Presidency has mused about the further internal division of the country, while other Croat politicians have threatened the dissolution of the country if the current electoral issues are not resolved to their satisfaction.

Under the authority vested in me under Annex 10 of the General

Framework Agreement for Peace (GFAP), I reiterate that the entities have no right to secede from BiH and that the GFAP guarantees the sovereignty and territorial integrity of BiH and the internal constitutional position of the entities.

In addition, I must express my concern over comments made by a number of political figures about the possibility of future conflict if the country were to break apart. These included comments by the Federation Prime Minister about the production of military equipment and subsequent comments by the Bosniak member of the BiH Presidency taking these comments further, suggesting that a rearming effort was underway in preparation for a hypothetical war scenario. These comments followed controversy earlier in the reporting period about the purchase of long-barrel weapons by the RS police.

There is far too much unhelpful and provocative rhetoric in BiH. All public figures must choose their words carefully and responsibly. BiH is a single multiethnic sovereign state consisting of two entities, in which all citizens – the three constituent peoples and others – live and work together, and elected officials above all have a responsibility to contribute to peace and reconciliation.

I. Introduction

This is my 19th regular report to the UN Secretary-General since assuming the post of High Representative for BiH in 2009. It provides a narrative description of progress made towards goals outlined in previous reports, registers factual developments, logs relevant citations, and provides my impartial assessment of the implementation of the GFAP in key areas within my mandate. I have focused on addressing these areas in line with my responsibility to uphold the civilian aspects of the GFAP. I have thus continued to encourage the BiH authorities to make progress on the five objectives and two conditions necessary for the closure of the Office of the High Representative (OHR) and worked to preserve measures

previously undertaken to implement the GFAP.

I continue to direct my energies towards fulfilling my mandate in accordance with Annex 10 of the GFAP and relevant UN Security Council Resolutions. Additionally, my Office wholeheartedly supports the efforts by the EU and NATO to assist BiH in moving forward on closer integration with those bodies.

II. Political Update

A. General Political Environment

The ethno-political division in BiH persists. The long-lasting policy of the RS to challenge the state-level institutions has spilled over to the Federation. These ongoing trends, which have strengthened over the years, negatively affect the functionality of the state and Federation authorities and hold back the resolute integration of the country into Euro-Atlantic structures. Although there are several pending issues the authorities in BiH must address, the political parties have already begun their pre-electoral campaigns well ahead of the October 2018 General Elections.

At the state and Federation levels, the opposing views of the predominantly Bosniak Party for Democratic Action (SDA) and the Croat party Croatian Democratic Union (HDZ BiH) – partners in the ruling coalitions at both levels – over necessary amendments to the BiH Election Law continue to damage relations between them. Meanwhile, fellow partner, the predominantly Bosniak Party for a Better Future (SBB), has threatened to leave the ruling coalitions at both levels and increasingly votes with the opposition. At the Federation level, the Government has been unable to complete appointments to the Federation Tax Administration, while neither house of the Federation Parliament met for more than two months from late January to mid-April.

In the Republika Srpska, after several turbulent sessions of

the RS National Assembly in the previous period, the ruling coalition and opposition parties made a half-hearted attempt to draft an agreement on cooperation, but due to the lack of consensus among the parties, no agreement materialized. Although the ruling coalition is effective at moving its agenda forward, it continues to undermine itself through the frequent anti-Dayton and anti-state rhetoric by some of its leading officials.

Authorities at all levels continue to disregard or reject binding decisions of the judiciary, as the Federation-based parties have made little effort on their own towards reaching a political agreement that would address the issue of the Federation House of Peoples in line with the decision of the BiH Constitutional Court in the “Ljubic case.” In the City of Mostar, citizens have not elected local representatives since 2008 because of another unimplemented Constitutional Court decision. For its part, the RS continues to reject judgments of both the BiH Constitutional Court and the BiH State Court concerning the registration of defense property and the celebration of “RS Day” on 9 January.

Reflecting an overall disregard for the rule of law, authorities have persistently failed to implement European Court of Human Rights’ rulings in the “Sejdic & Finci” and related cases, leaving in place discrimination against the right of certain persons to stand for public office.

B. Decisions of the High Representative during the Reporting Period

Despite ongoing challenges to the rule of law and the GFAP during the reporting period, I have continued to refrain from using my executive powers, in accordance with the Peace Implementation Council (PIC) Steering Board’s policy emphasizing “local ownership” over international decision-making.

C. Five Objectives and Two Conditions for Closure of the OHR

Progress on Objectives

During the reporting period, the BiH authorities made limited progress toward meeting the requirements of the 5+2 agenda set by the PIC Steering Board as necessary for the closure of the OHR.

State and Defense Property

The process of registration of prospective defense property under the ownership of the State of BiH continued during the reporting period. The term “prospective defense property” refers to a defined list of immovable assets that are needed by the BiH Armed Forces and should be registered to the BiH State in accordance with the BiH Constitution, the Agreement on Succession Issues, the BiH *Law on Defense* and relevant BiH Presidency decisions.

To date, 31 military locations located in the Federation falling under the category of prospective defense property have been successfully registered, 27 to the ownership of the State in relevant land records, and four others registered for use by the BiH Ministry of Defense or the BiH Armed Forces. There are several additional properties in various phases of the registration process. To their credit, the competent state-level institutions have expedited their efforts to drive this process forward, mainly focused on clarifying and resolving various technical legal difficulties related to some prospective defense locations.

At the same time, the registration process for prospective defense property on the territory of the RS remains blocked due to political obstruction. The RS Geodetic Administration has rejected several registration requests due to what it claims is the “non-existence of a valid legal basis.” High-ranking RS officials have made it clear in public statements that the RS authorities have no intention to implement the

final and binding decision of the BiH Court in the case of the prospective defense location in Han Pijesak, in open violation of the principle of the rule of law.

Concerning the issue of non-prospective defense and other state property, the OHR remains concerned over violations of the *Law on the Temporary Prohibition of Disposal of BiH State Property*, better known as the State Property Disposal Ban. This law was enacted by the High Representative in March 2005 and subsequently adopted by the BiH Parliamentary Assembly on 30 March 2007, with the aim to create effective measures for protecting the property interests of the state of BiH prior to the enactment of appropriate legislation. However, in the intervening period, it appears that transfers and disposals of state property assets occurred contrary to the provisions of the law, as is the case with several non-prospective defense locations on the territory of the RS.

In this regard, it is important to underline that violations of the State Property Disposal Ban, which are null and void under the law, represent a serious challenge to the rule of law and directly damage the established property rights and interests of the State of BiH. Furthermore, such violations may potentially produce numerous legal, practical and financial complications for both parties involved, who falsely believe that they acquired property rights on the basis of such transactions, and for the responsible public institutions. This is why the responsible institutions of BiH must conduct a thorough analysis of all cases in which violations of the ban or other illegal actions or irregularities occurred in relation to disposal and various forms of transfer and allocation of state property assets.

The adoption of comprehensive state-level legislation that fully acknowledges and adopts the principles of the 2012 BiH Constitutional Court decision – which established that the State of BiH is titleholder of all state property and that the BiH Parliamentary Assembly is exclusively responsible for

regulating the issue – remains an important and urgent task.

Fiscal Sustainability

In accordance with my mandate, including my coordination responsibilities, the OHR continued to follow, analyze and report on developments and legislative actions related to fiscal sustainability in BiH. This included monitoring and reporting to the PIC Steering Board on the activities of the BiH Indirect Taxation Authority (ITA) Governing Board, in which the OHR is the only international community representative, and the BiH Fiscal Council.

While the ITA Governing Board met regularly during the reporting period, long-outstanding issues remained unresolved, such as adjustments to revenue distribution coefficients and debt settlements between the entities. At its 22 March meeting, the Board could not agree on a methodology for the allocation of road toll revenues intended for highway and road construction, holding back the disbursement of BAM 64.7 million in accumulated funds, as well as future revenues from road tolls under new excise legislation.

Additionally, the ITA faces the enforcement of a 2015 decision of the BiH Court obliging it to pay more than BAM 15 million to the RS for default interest on Federation debts to the RS in 2009 and 2010 (settled in 2011) as well as penalty interest on this amount. The total amount due is now close to BAM 30 million. Both the debt itself and the failure to settle it result from continued entity disputes over indirect tax revenue allocation and their non-compliance with the regulations in force, yet the ITA is being held responsible. The enforcement of the court decision is in process and could have serious and far-reaching consequences for the ITA and by extension the fiscal stability in BiH.

The BiH Fiscal Council met three times during the reporting period and focused mainly on issues relevant for BiH's

cooperation with the International Monetary Fund (IMF).

Brcko District

My office continued to provide expert assistance to the Brcko District authorities at their request in preparing by-laws and addressing issues relevant to the implementation of four key pieces of financial legislation adopted in June 2016, which aim to further integrate the Brcko District with the BiH legal system, facilitate implementation of the BiH economic program negotiated with the IMF, and empower the District with instruments for increasing fiscal transparency, fighting the gray economy and generating revenues. My office also continued to provide expert support to the Brcko District Finance Directorate in preparing a new *Law on Budget*.

In October, the Brcko District authorities sought the intervention of the Brcko District Supervisor and the assistance of my office over a threat of boycott of government sessions and then again over problematic legislative proposals related to police appointments. The engagement of the Supervisor and my Office with the relevant political parties and District officials helped the District Government resume its work, while the police legislation was not pursued further. Moreover, my office oversaw the procedure of selection and appointment of the Brcko District Deputy Police Chief, contributing to an orderly appointment.

In February, the Supervisor, with the support of my office, facilitated a possible compromise to unlock long-awaited progress on the Brcko Port modernization project, thereby reducing one cause of political tensions in the District and allowing for the disbursement of international financial assistance. There is also an ongoing concern over the potential continued non-implementation of the amendments to the *Decision on Protection of Civilian Victims of War*, which corrected discriminatory provisions for the victims of rape and sexual abuse in Brcko.

Although the Brcko District Public Utility Company concluded a contract on 29 December with the RS electricity provider on electricity supply to Brcko in 2018, the continued practice of last-minute agreements puts Brcko in a vulnerable negotiating position in securing continued electricity to its residents.

Entrenching the Rule of Law

Concerning the entrenchment of the rule of law in the areas of migration and asylum, my office continues to assist and support the BiH authorities in implementing the 2015 BiH *Law on Foreigners* and the 2016 BiH *Law on Asylum*

D. Electoral Issues

BiH Constitutional Court Decision in “Ljubic Case” and the Forthcoming General Elections

As previously reported, the BiH Constitutional Court found several provisions of the BiH Election Law pertaining to the indirect election of delegates from the cantonal assemblies to the Federation House of Peoples unconstitutional in December 2016. Acting on a request from Bozo Ljubic (a former BiH parliamentarian) to review these portions of the law, the court also ordered the BiH Parliamentary Assembly to correct the unconstitutional provisions within six months. Since the parliament did not do so, the court deleted the provisions in a separate decision in July 2017.

The absence of these provisions of the election law regulating the election of delegates to the Federation House of Peoples could complicate the process of forming authorities at the Federation entity and BiH state levels after the forthcoming general elections in October 2018. To begin with, until the Federation House of Peoples is constituted, the Federation entity parliament will not be able to pass legislation. Additionally, the Federation President and Vice-Presidents cannot be elected, since the Federation House of Peoples plays an important role in this responsibility. Without a Federation

President and Vice-Presidents a new Federation entity government cannot be nominated. Finally, the state-level legislature would also be affected, since the Federation House of Peoples elects some of the delegates to the second chamber of the state parliament, the BiH House of Peoples.

Although a number of parties have proposed legislation during the reporting period to address the problem, none of these proposals was the result of consultation and negotiation between the Croat and the Sarajevo-based parties. Both sets of amendments were introduced without prior consultation and constituted more of a statement of maximalist positions than attempts at reaching a compromise. In November the SDP and DF proposed a new law at the Federation level to address the Federation House of Peoples issue, but this proposal also had little chance of adoption.

Given the urgency of the situation, the European Union and the United States Embassy in BiH have been facilitating talks between the political parties and this process has my support and the support of my Office. Nevertheless, the responsibility remains with the domestic political leaders, in particular the parties represented in the BiH Parliamentary Assembly to negotiate a solution which will enable the adoption of the necessary amendments to the BiH Election Law. My office continues to closely follow developments regarding the implementation of the "Ljubic Case" decision and its potential impact on the 2018 General Elections and the process of government formation thereafter.

"Kristo Case" Pending Before the BiH Constitutional Court

The issue of elections to the Federation House of Peoples has been further complicated by a new (January 2018) request submitted by the then Chair of the BiH House of Representatives, Borjana Kristo, challenging amendments to the Federation Constitution regulating elements of the election of delegates to the Federation House of Peoples. Although

elements of this question are regulated in both the Federation Constitution and the BiH Election Law, the “Ljubic Case” only dealt with the law. The more recent request relates to one of the principles set forth by the Federation Constitution concerning the composition and selection of delegates of the Federation House of Peoples, according to which *“In the House of Peoples there shall be at least one Bosniak, one Croat and one Serb from each Canton that has at least one such delegate in its legislative body”*.

At its 109th plenary session on 22 March, the BiH Constitutional Court completed a preliminary deliberation of the request (Case No. U 4/18) and determined that it would decide on the case in a later plenary session. On 28 March, the BiH Constitutional Court invited my office to provide written observations with regard to the request in this case in an *amicus curiae* capacity, as the provisions in question were enacted by the High Representative in 2002 and were never subsequently adopted by the Federation Parliament. Although the minimum representation rule being challenged was part of the original Federation constitution enacted under the Washington Agreement, my predecessor extended this rule to apply to the Serb caucus of the House of Peoples in 2002, when the House was restructured to include Serbs and so-called “Others”. It is the common practice of the court to invite my Office to provide an *amicus curiae* brief when it is deliberating on an issue affected by a previous decision of the High Representative.

E. Challenges to the General Framework Agreement for Peace

Challenges to the Sovereignty and Territorial Integrity of Bosnia and Herzegovina

During the reporting period, statements continued challenging the sovereignty and territorial integrity of BiH. RS President Milorad Dodik was again the most frequent exponent of such proclamations, which included calls for and predictions of RS

independence,[\[i\]](#) while denying the sovereignty of BiH and referring to the RS as a state.[\[ii\]](#) RS President Dodik^{[\[iii\]](#)} and the Croat Member of the BiH Presidency, Dragan Covic,[\[iv\]](#) both made statements on the possible territorial reorganization of the Federation. BiH House of Peoples delegate Mario Karamatic threatened the dissolution of the country if the electoral reform issues are not resolved.[\[v\]](#)

Glorification of War Criminals and Rejection of War Crimes Verdicts

Following the November 2017 conviction by the International Criminal Tribunal for the former Yugoslavia (ICTY) of former RS military commander Ratko Mladic of genocide and other war crimes, the RS President and other prominent political figures praised general Mladic as a “hero”.[\[vi\]](#) During the reporting period, the confirmation of earlier war crimes convictions against six former Croat military and political leaders in the “Prlic et al” case similarly resulted in unfortunate revisionist statements from a number of Croat leaders, including the Croat member of the BiH Presidency.[\[vii\]](#) In January, the Croat majority in the Canton 10 Assembly adopted the “Declaration of the Croat People,” which condemned the ICTY’s verdict in the case.

The fact that almost 25 years after the war in Bosnia and Herzegovina, senior political figures continue to deny the judgments of an international tribunal (the ICTY) and glorify war criminals is extremely harmful for the process of reconciliation.

Inflammatory Rhetoric about Possible War Scenarios

I am concerned about the recent readiness by some public figures to make irresponsible statements referencing the possibility of a return to conflict. In March, the leader of the SBB political party Fahrudin Radoncic threatened war in case of the creation of a third entity.[\[viii\]](#) More recently,

significant controversy was caused by two statements by Bosniak Presidency Member Bakir Izetbegovic, describing in detail weapons production in the Federation and stating that such weapons were not only for export but to “respond” in case of a potential war scenario.[\[ix\]](#) These statements followed similar comments reportedly made by the Federation Prime Minister.

Potential RS Referendum on the State Judiciary and the Authority of the High Representative

In November 2017, the RS National Assembly repealed its 2015 decision to hold a referendum in the RS on the validity of the legislation on the BiH Court and BiH Prosecutor’s Office and the applicability of these institutions’ decisions on the territory of that entity, as well as on the authorities and decisions of the High Representative. However, at the same time the RSNA adopted conclusions to revisit the referendum in the future and on organizing a petition in the RS on the same topics.

While the repeal of its previous decision is welcome, the conclusion to revisit the referendum at a later date is still of concern. While the RS authorities have the right to organize referenda on matters falling within the constitutional responsibilities of the entity, a referendum on the issues at hand falls outside this authority and would constitute a challenge to the sovereignty of BiH and a violation of the RS’s commitments and obligations arising under the BiH Constitution as set forth in Annex 4 and under Annex 10 to the GFAP. The RS is not entitled to decide on these matters through referendum or otherwise.

Foreign Fighters Issue

During the reporting period, the relevant BiH authorities have not reported new departures of BiH citizens from BiH to Syria or Iraq. BiH authorities have announced that approximately 50

citizens have returned to BiH from Syria or Iraq. According to the latest information, the BiH State Court has not issued any new judgements beyond the previously reported 23 judgements against individuals, of whom approximately 11 have already completed their sentences.

Radical Extremism and Potential Terrorist Threats

In April, acting on a warrant from the BiH Prosecutor's Office, the BiH State Investigation and Protection Agency (SIPA) arrested two people in the village of Gornja Maoca, near Tuzla in the Federation, under suspicion of the criminal offense of terrorism. The BiH Prosecutor's Office reported that SIPA found large quantities of weapons and flags of the Islamic State of Iraq and the Levant. Gornja Maoca is inhabited largely by Wahhabi Muslims and has been raided by SIPA on previous occasions.

III. State-level Institutions of Bosnia and Herzegovina

A. BiH Presidency

Member of the Presidency of BiH, Dragan Covic chaired the Presidency throughout most of the reporting period. On 17 March, member Bakir Izetbegovic assumed the rotating position for the next eight months.

The BiH Presidency met monthly during the reporting period, holding six regular and one urgent session, focused mainly on ensuring progress in the finalization of BiH's answers to the EC Questionnaire and fulfilling the conditions for activation of the NATO Membership Action Plan (MAP) for BiH. The Presidency also agreed on the 2018 state-level budget and adopted BiH's foreign policy strategy for the next five years. The Presidency paid official collective visits to Serbia and the Vatican, while individual members also visited Serbia, Croatia and Turkey.

Presidency members had divergent comments and interpretations

concerning the International Criminal Tribunal for the former Yugoslavia's November 2017 convictions of wartime Serb military commander Ratko Mladic and six former Croat political and military leaders. The three members also continue to voice different positions over major issues concerning BiH's relations with neighboring states, such as Croatia's Peljesac Bridge project and the demarcation of BiH's borders with Serbia.

Nonetheless, in March the BiH Presidency held an historic trilateral meeting with Serbian President Aleksandar Vucic and Croatian President Kolinda Grabar-Kitarovic in Mostar. Participants announced another trilateral meeting in Novi Sad, Serbia, in the future.

B. BiH Council of Ministers

The BiH Council of Ministers (CoM) met regularly throughout the reporting period, holding 21 regular sessions and one telephone session. However, a lack of parliamentary majority support persistently hindered its work, as exemplified by the fact that more than a third of all laws adopted by the CoM were subsequently rejected in parliament.

The CoM's main priorities remained EU-related issues, including the finalization of responses to the EC Questionnaire, which were handed over to EC representatives on 28 February, 15 months after its delivery by the EC to the BiH authorities on 9 December 2016.

During the reporting period, the CoM adopted 12 sets of amendments to existing legislation, including a crucial set of excise tax laws and amendments to the Law on the BiH Intelligence-Security Agency, and two new laws, the 2018 state budget and the Law on Bank Deposit Insurance, which was later withdrawn from the parliamentary procedure. After considerable delay, the CoM adopted the 2018-2021 Rural Development Strategy, which was also adopted by the BiH Parliamentary

Assembly. The CoM adopted its 2018 work plan and numerous strategies and action plans.

In December, the CoM adopted a decision on temporary financing, due to the BiH Parliamentary Assembly's failure to adopt the 2018 state budget on time. In February, the CoM adopted a decision on withdrawing the second tranche of funds from the IMF EFF.

C. BiH Parliamentary Assembly

The lingering political dysfunction in the country continued to impact upon the functionality and quality of the BiH Parliamentary Assembly's legislative output in the reporting period. This is particularly true in the case of the BiH House of Representatives, which in two instances needed over a month-and-a-half to complete individual sessions.

Although a parliamentary majority coalition composed of the SDA, SBB, HDZ BiH and the RS "Alliance for Change" parties SDS, PDP and NDP formally exists, it functions only on a case by case basis, with individual delegates increasingly acting independently depending on the issue. Moreover, SDA's position in the BiH House of Representatives has been weakened by delegates leaving the party to join the Independent Bloc, a party formed by former SDA members, while SDS is also losing members. In the BiH House of Peoples, a former SDS delegate formed his own party.

In December 2017, the parliament finally adopted a set of excise tax legislation required for the completion of the first review under the IMF's Extended Fund Facility. In late January, the parliament adopted the 2018 State budget.

During the reporting period, the BiH House of Representatives held eight regular sessions and the BiH House of Peoples held five regular and two urgent sessions. Cumulatively, the BiH Parliamentary Assembly adopted 12 pieces of legislation, which, except for the 2018 State budget and the Law on

Parliamentary Oversight, were in the form of amendments to existing legislation, and rejected 14 laws, of which three were proposed by the BiH CoM and the remaining by parliamentary delegates.

IV. Federation of Bosnia and Herzegovina

Federation Coalition Developments

The Federation Government worked consistently throughout the reporting period, holding 15 regular and 25 extraordinary sessions. However, disagreements over proposed legislation continued within the ruling majority coalition composed of SDA, SBB and HDZ BiH, with the Federation Parliament adopting only three new laws and nine sets of amendments to existing legislation. In November, SBB threatened to leave the ruling coalition by the end of the year but did not follow through on this threat.

The low legislative output in the Federation reflected stagnation in the Federation Parliament, with the Federation House of Representatives holding just one regular session, one thematic session and seven extraordinary sessions and the Federation House of Peoples holding five extraordinary sessions during the reporting period. In December, delegates from the HDZ BiH and HDZ 1990 parties walked out of a session of the Federation House of Representatives after delegates from other parties adopted a proposal to remove ethnic prefixes from the names of public companies in the Federation.

In March, Federation President Marinko Cavara (HDZ BiH) organized three consecutive meetings with coalition representatives in the Government and the Parliament aimed at overcoming the gridlock, with little result. Notably, SDA declined to attend the third meeting.

No Agreement Yet to Enable Local Elections in Mostar but Positive Developments

The responsible political parties still have not reached agreement to enact amendments to the BiH Election Law that would enable the holding of local elections in the City of Mostar, where there have been no local elections since 2008. However, the representatives of nine political parties have held a series of meetings in Mostar since February, at which they appear to have made some initial progress, though by all accounts significant areas of disagreement remain. Nevertheless, the fact that a serious domestically-led process is underway is encouraging and I urge the parties to reach a compromise that would enable the citizens of Mostar to enjoy the same democratic right to elect their local leaders as the citizens in the rest of the country enjoy.

The Constitutional Status of Serbs in the Federation Cantons

Over the last year, I have repeatedly urged the leadership of the Herzegovina-Neretva Cantonal Assembly to act to harmonize the canton's constitution with the Federation Constitution in order to ensure the constitutional equality of all three constituent peoples, specifically the Serb people. The canton's constitution does not explicitly reference Serbs as a constituent people or contain provisions providing for the use of Serb language as an official language or Cyrillic as an official script. Herzegovina-Neretva Canton has been obliged to amend its constitution in this regard since 2002, when the High Representative used his executive authorities to amend the Federation Constitution in the same manner. Similar obligations remain in Posavina Canton and West Herzegovina Canton.

With the Federation cantons having failed to act, in February the BiH House of Representatives took the unprecedented measure of adopting an initiative calling upon the authorities in the cantons to adopt the requisite changes to their constitutions within 30 days. Subsequently, BiH House of Representatives Deputy Speaker Mladen Bosic (SDS) filed a motion with the BiH Constitutional Court for a review of

constitutionality of the provisions of five cantonal constitutions (four Croat-majority cantons plus Bosnian Podrinje/Gorazde) that he said do not recognize the constituent status of the Serb people, the Serb language and the Cyrillic script. He stressed that provisions in some cantonal constitutions stipulate that only Bosniaks and Croats are constituent peoples and that the official languages are Bosnian and Croatian.

In April, the Bosnian Podrinje Cantonal Assembly's Constitutional-Legal Committee held a session to discuss Busic's claim, deeming them unfounded as the Canton had amended its constitution in 2003 adding references to Serbs as a constituent people, the Serb language as an official language and Cyrillic as an official script.

War Veterans' Protests

In February, veterans of the former Army of BiH and Croatian Defense Council blocked several vital intersections near major towns in the Federation, significantly disrupting traffic, making several demands of the authorities, including allowances for unemployed veterans and the establishment of single registry of veterans' associations. In protests in front of the Federation Parliament in April, veterans threatened violence against police. The Federation authorities face significant financial challenges due to the demands of the veteran population.

V. Republika Srpska

During the reporting period, the RS ruling coalition, led by the Alliance of Independent Social Democrats (SNSD) in partnership with the Democratic People's Alliance (DNS) and the Socialist Party (SPRS), remained functional, with the RS Government meeting regularly. According to available information, the RS National Assembly held two regular and two special sessions, adopting six new laws and 16 sets of

amendments to existing laws. In late March, the same parties signed a coalition agreement for the 2018 General Elections.

Following a series of chaotic sessions of the RSNA in the previous period, which were disrupted due to harsh disagreements between RS ruling coalition delegates and delegates from the opposition "Alliance for Change" parties (SDS, PDP and NDP), in November the two sides agreed to form a joint commission aimed at drafting an agreement on relations in the RSNA. However, no agreement was reached and the opposition parties left the commission in December. As the 2018 General Elections approach, the power struggle between the two sides is intensifying, with the ruling coalition accusing the opposition of betraying RS interests at the state level and the opposition accusing the ruling coalition of corruption and nepotism.

As described in further detail above, in November the RSNA repealed its 2015 decision to organize a referendum on "the unauthorized and unconstitutional imposition of laws by the High Representative, especially the laws on the BiH Court and BiH Prosecutor's Office and their application on RS territory," as well as the accompanying decision regulating the appointment of a referendum commission.

Later in November, the RS Ministry of Interior signed a contract with an arms manufacturer in Serbia to purchase 2,500 long-barrel automatic rifles for the RS police, along with 1.5 million rounds of ammunition. This prompted concerned local and international media coverage. The purchase of such military grade weapons and exorbitant amounts of ammunition, along with an earlier purchase (reported by EUFOR) of 1,400 similar weapons, is beyond accepted international standards for a police force of approximately 5,000.

In January, the RS continued its observance of 9 January as the "RS Day" holiday in contravention of a number of decisions of the BiH Constitutional Court. Further tainting the

observation of the holiday was the presence in the official “RS Day” parade of members of the so-called humanitarian organization from Serbia, “Serb Honor,” in full military gear. Local and international media alleged that the group is actually a gang of criminal mercenaries, and the RS opposition parties condemned their participation in “RS Day” events.

Of similar concern was the March visit to the RS of the controversial Russian “Night Wolves” motorcycle club, apparently at the invitation of the RS Government. Since December 2014, the “Night Wolves” club and its leader (who was not part of the group that visited) have been under sanction by the U.S. Treasury Department for “engaging in...actions or policies that threaten the peace, security, sovereignty, or territorial integrity of Ukraine.” This event, following the “Serb Honor” issue, prompted the RS opposition to express concerns that the RS authorities were attracting such organizations to use as intimidation during the 2018 electoral campaigns.

Law on RS Day Challenged Before BiH Constitutional Court

As previously reported, in September 2016 the RS authorities held a referendum on the marking of the “RS Day” holiday on 9 January, against two decisions of the BiH Constitutional Court, including an interim injunction from the court against holding the referendum. The court later confirmed that the referendum had been unconstitutional and annulled its results.

Nevertheless, in October 2016, the RS National Assembly adopted the *Law on the RS Day*, intended to implement the results of the referendum conducted in violation of the BiH Constitutional Court’s decisions. In January of this year, Bosniak and Croat delegates in the RS Council of peoples challenged the constitutionality of the *Law on the RS Day*.

On 9 January 2018, despite the BiH Constitutional Court’s decisions clearly determining that the designation of the 9

January date for the “RS Day” public holiday is unconstitutional, RS authorities observed the holiday throughout the entity. The main event in Banja Luka included a parade of police and civil protection services, sports associations and others. Unlike last year, the 3rd Infantry Regiment of the BiH Armed Forces did not participate.

Non-cooperation with the High Representative

The RS Government continues to deny my office access to official information and documents as required under Annex 10 of the GFAP. Article IX of Annex 10 obliges all authorities in BiH to fully cooperate with the High Representative. Repeated calls by the PIC SB reminding the RS authorities of their obligations in this regard have had no impact. The practice of the RS Government not to provide information and documents as requested by the OHR dates to 2007 and contradicts frequent RS claims that the entity respects the letter of the GFAP.

VI. Entrenching the Rule of Law

Conclusions of the BiH High Judicial and Prosecutorial Council

On 26 October, the BiH High Judicial and Prosecutorial Council (HJPC) adopted conclusions based on information submitted by the RS Ministry of Justice’s Center for Research of War, War Crimes and Search for Missing Persons. One of the conclusions called for the extraordinary dismissal of judges and prosecutors without appropriate disciplinary proceedings. These conclusions, coming from the very institution responsible for developing, protecting and promoting judicial independence, were assessed as not reflecting the meaning and purpose of an independent judiciary and instead channeling external undue pressure and influence. As such, they provoked public outcry and strong reactions from the international community. After a prolonged debate, on 27 November the HJPC issued a new set of conclusions that instead aim to implement recommendations stemming from the EU Peer Review process, and

to obtain adequate information on best practices in vetting judges and prosecutors.

Constitutional Court Decision on BiH Criminal Procedure Code

In early February, the BiH Constitutional Court added to its agenda the issue of the non-enforcement of a decision of the court (from July 2017) finding several provisions of the *BiH Criminal Procedure Code* and *Law on the BiH Intelligence-Security Agency* unconstitutional. As the six-month deadline set by the court for the BiH Parliamentary Assembly to correct these provisions had passed, the court was poised to put those provisions out of force.

Because the provisions of the *BiH Criminal Procedure Code* in question regulate essential aspects of criminal procedure, their repeal without appropriate new provisions adopted would essentially void up to 100 ongoing cases of crime and corruption, and call into question the raising of any new cases by the BiH Prosecutors Office. For example, the provisions in question regulate when special investigative measures such as communications interception or controlled delivery are permitted and when immunity may be granted in exchange for testimony, as well as certain aspects of the duration of investigations. They also include a general provision that serves as the legal basis for raising an indictment in all cases.

Despite these risks, the BiH Ministry of Justice, as the competent ministry for the Criminal Procedure Code, did not finalize its proposed amendments to address the court's decision until after the six-month deadline had already passed. Moreover, what was finally proposed by the ministry does not enable the exercise of the full extent of state-level jurisdiction in criminal matters and is not fully aligned with international standards.

In late April, the BiH House of Representatives finally

adopted, in an urgent procedure, amendments to the BiH Criminal Procedure Code proposed by the SDA, supported by most Federation-based parties, with the notable exception of HDZ BiH. These amendments were consistent with international standards and sufficient to correct the issues identified in the Criminal Procedure Code by the BiH Constitutional Court. As of this report, a further decision by the BiH House of Representatives to submit the amendments to the BiH House of Peoples for adoption is pending.

Concurrently, the BiH House of Peoples is considering amendments to the BiH Criminal Procedure Code proposed by the Croat Caucus of the House, which limit the special investigative measures and would hinder the state's ability to exercise its criminal jurisdiction over offenses prescribed by the criminal codes of the entities and the Brcko District in instances when such offenses endanger the state. I must express my concern that this proposal clearly aims to limit the authority of the BiH judiciary in criminal matters, including corruption, and to weaken the state.

These developments indicate a lack of interest at best by some political parties to resolve the issue in line with international standards, and an interest in undermining the ability of the state-level judiciary to fight organized crime and corruption.

Entity Anti-Corruption Efforts

The specific legislation in the Federation on a special prosecutor and court department for fighting corruption and organized crime, which was passed in 2014, remains unimplemented.

VII. Public Security and Law Enforcement, including Intelligence Reform

The practice of improper political interference in operational policing has not diminished in the reporting period.

Authorities in Tuzla Canton, despite earlier resistance to adhering to the basic standards of rule of law, have begun the technical process of ensuring the financial independence of the police. Una-Sana Canton has completed the technical steps required to implement legal and financial independence of the police for the 2018 budget year.

Posavina Canton, Canton 10 (after a three-year delay), and Tuzla Canton have appointed new police commissioners. In January, the selection procedure began for six of the total seven state-level police directors and deputy directors, and the appointment process is still underway. The appointment of the Federation Independent Board for police remains outstanding since 2015, despite my warning to the Federation Parliament to comply with the law and complete the appointment. The mandate of the BiH Independent Board ended in March 2018. The appointment procedure for the Independent Board in Herzegovina-Neretva Canton remains stalled since March 2017. Sarajevo Canton and Una-Sana Canton appointed new Independent Boards in February and March of 2018, respectively.

Weapons Purchases by Police

During the reporting period, significant controversy arose over the purchase by the RS police of 2,500 new military-grade long barreled weapons from a manufacturer in Serbia. The RS followed the legal procedure required for importing the new weapons, but the incident drew attention to this purchase and to reported purchases by other police agencies of similar weapons, provoking concern that police forces in BiH are “rearming.” In March, EUFOR requested all 16 police agencies in BiH to provide information on their respective holdings of long barreled weapons, and by April had received information.

VIII. Economy

BiH’s 2017 economic performance was generally positive. Based

on available indicators, real GDP growth was estimated at 2.7 percent, the same as in 2016. Exports and imports registered an increase of 17.4 and 12.2 percent, respectively, while industrial production increased by 3.1 percent. Of note is a 60.8 percent increase in foreign direct investments in the first nine months of 2017 over the same period in 2016.

Employment data for December 2017 shows improvement, with a 2.8 percent increase in registered employment and a 6.85 percent decrease in registered unemployment. According to official statistics, there are 753,202 employed persons and 475,084 unemployed persons in BiH, while the administrative unemployment rate is 38.7 percent. The number of pensioners increased by 0.9 percent and totals 673,100 persons. The latest World Bank Regular Economic Report notes a significant drop in unemployment, including youth unemployment, which dropped from 54.3 in 2016 to 45.8 percent in 2017. However, the report explains that, unlike in the neighboring countries, the decline in BiH was driven by a combination of higher employment and lower labor force participation, indicating the impact of emigration on BiH's unemployment estimates. Income levels in December 2017 show no major change compared to those in December 2016: the average net salary amounted to BAM 862, a 1 percent increase, and the average pension amounted to BAM 364, a 1.5 percent increase.

Regardless of statistical progress, unemployment figures remain high and income levels fall well short of the monthly estimated consumer basket. Data showing 16.9 percent of households living in poverty is of serious concern.

Economic ratings in the reporting period also point to areas where significant improvement is needed. The World Bank's Doing Business Report for 2018 ranked BiH as 86th of 190 economies in terms of ease of doing business, the lowest of all Balkan countries. The Heritage Foundation's 2017 Index of Economic Freedom ranked BiH as 91st of 180 countries globally

and 38th of 44 countries in Europe, with the overall score below the regional average and just above the world average. Transparency International's Corruption Perceptions Index 2017 ranked BiH as 91st of 180 countries, eight places down from last year. BiH's credit rating remains "B with stable outlook" as confirmed by Standard & Poor's on 9 March.

The banking sector is assessed as generally stable and liquid and should be further strengthened following the adoption of a new state-level Law on Deposit Insurance as part of BiH's commitments under the IMF Extended Fund Facility arrangement. According to the entity banking agencies, 14 banks in the Federation and seven banks in the RS registered net profits in the first nine months of 2017, while two banks – one in each entity – reported losses.

Fiscal Issues

The overall fiscal situation is relatively stable, mainly due to the continued growth of indirect tax revenues, domestic borrowing and international financial assistance.

In 2017, the BiH Indirect Taxation Authority (ITA) registered another annual record collection of indirect tax revenues, totaling BAM 7.04 billion, a 6.1 percent increase over 2016. The positive trend continued in 2018, with a 13.2 percent increase in the first two months over the same period in 2017.

On 9 February, the IMF completed the first review of BiH's economic performance under the EFF arrangement (totaling EUR 553.3 million) and disbursed its second tranche in the amount of BAM 145.8 million (BAM 97.2 million to the Federation and BAM 48.6 million to the RS). The completion of the first review was possible following the completion of all prior actions by BiH authorities, including the 15 December adoption of state-level legislation increasing excise taxes on fuel.

The adoption of 2018 budgets extended beyond 2017 for most

levels of government in the country. The BiH Parliamentary Assembly adopted the 2018 state budget on 25 January. The adopted budget totals BAM 1.954 billion, of which BAM 950 million – the same as in the last six years – is planned for the state institutions, and BAM 1.004 billion – BAM 7 million less than in 2017 – is planned for foreign debt servicing. The state institutions' finances raise a few concerns. The budget has been fixed at the same level since 2012, as has the state's share in indirect tax revenues, which accounts for over 80 percent of the state's revenue. Additionally, the state's revenue from other sources shows a continued decline. Consequently, the 2018 state budget shows a deficit of BAM 60.2 million to be covered by 2017 surplus. It must be underlined that the amount available to the state institutions allows them to cover basic current expenditures, but it is insufficient to allow them to function at maximum capacity and fulfill their obligations.

The Federation budget was adopted on 19 January at BAM 2.882 billion, a 6 percent increase over the rebalanced 2017 budget. Domestic revenues are planned in the amount of BAM 2.269 billion (a 6.8 percent increase), while the BAM 613 million deficit (a 35.4 percent increase) is to be covered by domestic and foreign borrowing. Unlike previous years, the Federation budget includes a significant allocation (BAM 250 million) for capital investments in road construction. At the same time, the amount needed for the Federation total debt payment (BAM 1.11 billion) and interest on borrowing (BAM 124.9 million) is as high as 54 percent of total domestic revenues planned in this year's Federation budget and is a cause of concern.

The stability of the Federation Pension and Disability Insurance Fund was the key motive for the parliamentary adoption of a new Law on Pension and Disability Insurance on 25 January. Key changes include: an increase of pensions by 10 percent and 5 percent for those who retired before 31 July 1998 and 31 December 2007, respectively; pension calculation

scoring system based on years of service; minimum retirement limits; incentives for late retirement; and harmonization of pensions with costs of living. Minimum and guaranteed pensions will remain the same. A significant change for pensioners is that payments will be guaranteed by the Federation budget following the integration of the Fund into the treasury system within two years. The fiscal implications of foreseen changes on the budget and the pension fund have not been fully analyzed.

The Federation faces continued challenges due to the demands of war veterans. Allocations to veterans from the Federation, cantonal and municipal budgets are substantial, totaling ca. BAM 650 million in 2017 (of which BAM 570 million came from the Federation budget). The total budgetary funds allocated to veterans since the end of the war is estimated at ca. BAM 11 billion. New demands include a registry of all participants in the war, monthly allowances for unemployed demobilized veterans, and streamlining of veteran associations.

The fiscal situation at the cantonal level shows improvement. All ten Federation cantons have adopted their 2018 budgets, eight of them having done so before 31 December. The 2018 budget is also in place in the City of Mostar, after it was proclaimed by the mayor in agreement with the head of the Finance Department, in accordance with an exceptional amendment to the Federation *Law on Budgets* adopted by the Federation Parliament. The proclaimed budget amounts to BAM 59.9 million, a 9 percent increase over the 2017 rebalanced budget. Brcko District adopted its budget on 26 March, just ahead of the 31 March deadline, in the amount of BAM 243.98 million, a 1.3 percent decrease from the rebalanced 2017 budget.

International Obligations and Other Issues

On 14 December, the Energy Community Ministerial Council expressed its regret over the continued lack of progress by

BiH in the implementation of its obligations under the Energy Community Treaty. This was due to entity disputes over regulating certain aspects of the gas sector at the state level. The Energy Community sanctions against BiH, introduced in October 2015, have thus far had no effect on resolving the disputes.

The BiH Public Railways Corporation faces financial constraints for the second consecutive year due to the unilateral decision of the RS to restrict its financing. Such a move could seriously threaten the stability of the only corporation established thus far under Annex 9 of the GFAP, and which is crucial for proper coordination and harmonization of the railway sector. This is in addition to the threat posed by the current RS Government's 16 March 2017 conclusion requesting the RS Ministry of Transport and Communications to initiate a review of the *Agreement between the Federation and the RS on the Establishment of a Joint Public Railway Corporation as Part of the Transportation Corporation*, concluded in 1998 under Annex 9 of the GFAP.

IX. Return of Refugees and Displaced Persons

The realization of the right of refugees and displaced persons to return to their pre-war homes remains central to the fulfillment of Annex 7 of the GFAP, as it requires authorities at all levels "to create in their territories the political, economic, and social conditions conducive to the voluntary return and harmonious reintegration of refugees and displaced persons, without preference for any particular group."

Education remains a contentious issue in several returnee communities in BiH. The RS authorities continue to refuse to acknowledge the right of Bosniak returnee schoolchildren to refer to their language as "Bosnian" in accordance with a 2016 decision of the BiH Constitutional Court, opting instead for the selective application of a provision of the RS Constitution referring to "the language of the Bosniak people"

while referring to the language of the other two constituent peoples as “Serbian” and “Croatian.” At the start of the spring semester, this issue triggered protests and student boycotts in returnee communities around Zvornik.

At the same time, Serb returnee students in the Federation, particularly in the Croat-majority Canton 10, continue to demand the introduction of the Serbian language in their education, without success.

X. Media Developments

Biased and politically influenced reporting continues to plague the three public broadcasters, whose independence is compromised by problems in financing, reluctance to implement legal requirements for system integration, and politicized appointments to management. Given the rise in destabilizing and divisive public rhetoric and reporting throughout the country, this problem is becoming more acute.

With regard to financing, two of the three public broadcasting services within the BiH public broadcasting system (BiH and Federation) have partially addressed financing problems through an agreement that the Sarajevo-based electricity supplier will collect radio-television (RTV) tax. However, the financing system remains imbalanced, as the RS broadcaster is not part of this arrangement, nor are the other two electricity suppliers, while some politicians in Croat-majority areas urge citizens not to pay RTV tax, contrary to relevant legislation.

Problems also exist in implementing relevant legislation concerning the registration of a joint legal entity, the goal of which is to enable the transfer from analogue to digital broadcasting for the BiH PBS and to serve as a joint digital network operator.

Thus, due to the inability of the public broadcasters to act outside political influence and the lack of will amongst the

political parties in power to allow the proper implementation of relevant legislation, the PBS exists only on paper. This is unfortunate, as the current legislation represents a solid legal base for a proper PBS that would serve the interests of the BiH citizens in accordance with generally accepted programming principles.

XI. European Union Military Force

The EU military mission in BiH (EUFOR) with its continued executive mandate plays a vital role in supporting BiH's efforts to maintain a safe and secure environment, which significantly contributes to the ability of my office and other international organizations to fulfill our respective mandates.

XII. Future of the Office of the High Representative

The PIC SB Political Directors met in Sarajevo on 7-8 December 2017 to assess progress in implementing the GFAP and underlined their unequivocal commitment to BiH's territorial integrity and sovereignty, and their full support to me as the High Representative in ensuring respect for the GFAP and carrying out my mandate in accordance with Annex 10 thereof, and relevant UN Security Council Resolutions. The Political Directors reinforced the need to complete the 5+2 agenda, which remains necessary for the OHR's closure. The next meeting of the PIC SB is scheduled for 5-6 June 2018 in Sarajevo.

My Office continues its fiscally responsible approach to budget planning and the results are evident. Since the beginning of my mandate in March 2009, the OHR's budget has been reduced by 53 percent and my staff by over 58 percent. Given the deep and ongoing nature of the cuts, it is important to highlight that considering the realities of the situation on the ground and as entitled under Annex 10 of the GFAP, I must remain equipped with the budget and the staff required to

carry out my mandate effectively.

XIII. Reporting Schedule

In keeping with the practice of submitting regular reports for onward transmission to the UN Security Council, as required by Security Council Resolution 1031 (1995), I herewith present my 19th regular report. I would be pleased to provide additional information should the UN Secretary-General or any UN Security Council member require it at any time. The next regular report to the UN Secretary-General is scheduled for October 2018.

Notes.

[\[i\]](#) “I guarantee that RS independence will fall into our laps like a ripe apple. BiH is unsustainable. If the RS were to leave BiH right now, we would not have any single problem to exist like an independent state. If I could make the RS independent without any human casualties, I would go for it. My policy is to attain that goal by political means.” *RS President/SNSD President Milorad Dodik, Novosti, 13 November 2017*

[\[ii\]](#) “Today’s gathering is a tribute to the RS. The Serb people today have two states – Serbia and the RS.” *RS President/SNSD President Milorad Dodik, Sputink, 9 January 2018*

[\[iii\]](#) I think that a third entity, which would have equal rights that the RS and the Federation have now, would significantly strengthen the Croat position.” *RS President/SNSD President Milorad Dodik, Vecernji List, 15 March 2018*

[\[iv\]](#) “I am sure that we will achieve our equality. Will that be secured through three federal units or six, that’s now a question of artistry. There must be an agreement. I can dream of a third entity. I can dream of some other organization...” *Croat member of the BiH Presidency/HDZ BiH President Dragan*

Covic, Croatian TV 1 "Sunday at Two," 17 December 2017

[\[v\]](#) "Rest assured that if amendments to the Election Law do not come and if Croats are not able to elect their own representatives, that will be the end of Bosnia-Herzegovina," *Mario Karamatic, Direktno.hr, 9 January 2018*

[\[vi\]](#) "The verdict is not a surprise but will strengthen the attitude of the Serbian people that General Mladic is a hero and a patriot. In an impossible situation, he organized the RS Army to save the Serbian people from genocide." *RS President/SNSD President Milorad Dodik, N1, 22 November 2017*

[\[vii\]](#) The verdict is a crime against every [Croatian Defense Council] officer and all Croat people and as such will not contribute to reconciliation in BiH, which is today most needed." *Croat member of the BiH Presidency/ HDZ BiH President Dragan Covic, Oslobodjene, 29 November 2017*

[\[viii\]](#) "I am telling him that, if he comes to Sarajevo, he should leave the idea of third entity in his suitcases in Banja Luka. At the price of a general war on the territory of the whole BiH, there will be no third entity. We do support compromise, we do support agreement, we do support talks with everyone and we do know how to talk, but everyone must know where are the boundaries below which we did not go even in 1992 and we will not do it now either". *SBB Party President Fahrudin Radoncic, Dnevni Avaz, 16 March 2017*

[\[ix\]](#) "We will consolidate our defense industry. We will manufacture mobile howitzers, we have already built a rifle, we will manufacture drones, we will consolidate the manufacture of all types of ammunition and rocket systems, etc. It is intended for the market, but also for any "God forbid" scenario." *Bosniak member of the BiH Presidency/SDA President Bakir Izetbegovic, TV1, 12 April 2018*

"Back in '92 people sold cows to buy. They paid three or four thousand marks for a rifle. Never again weak! This is the last

time they do such a thing to us. We will make a mobile howitzer, we're actually already making it, the mobile personnel carrier, we have made the rifle and will make that good tactical one, the 12.7, multi-barreled rocket launchers of all possible calibers and all possible ammunition for them, and drones. And we will be like that little man who is not big but angry and well-armed, and let everyone think twice before they provoke him for no reason. It will never happen again that they knock on our doors and we have nothing to respond with." *Bosniak member of the BiH Presidency/SDA President Bakir Izetbegovic, speech in Ahmici, BiH, faktor.ba, 16 April 2018*