

Address by High Representative Wolfgang Petritsch to the General Affairs Council

I address you at a time when the Balkans is back in the headlines and once again all for the wrong reasons. From the outside, it all looks frighteningly messy and horribly complex.

Let me assure you that in Bosnia and Herzegovina, thanks to our joint strategic and systematic approach, and despite the occasional undesirable, but predictable hiccup, we are making genuine progress and are on course for a lasting breakthrough.

It is precisely this breakthrough which is key to achieving our goal – a stable and self-sustainable Bosnia and Herzegovina and a stable region.

The dismissal of Ante Jelavic from the Presidency of Bosnia and Herzegovina was one such hiccup.

A simple decision on the face of it, but one weighted down by complex factors. Let me mention the four most important ones because they illustrate my overall strategy:

- Timing: newly elected institutions had to be functional and clear succession rules needed to be in place;
- Repercussion assessment: how would the complicated and still fragile Bosnian political system react would we strengthen or isolate HDZ hardliners with such a move;
- Co-ordination: I want to have my partners, first and foremost SFOR, fully on board – and we were in close contact with Zagreb;

- Strategic impact: it does not suffice for me to find out that “enough is enough” I always place my actions in the strategic context of our peace implementation strategy.

Let me also express my thanks for your support for this decision. I am sure you will agree that Bosnia and Herzegovina's constitutional order and the hard won Dayton/Paris Peace Accords must not be compromised.

A two-pronged approach is called for:

I intend to maintain a robust approach and obstruction will not be tolerated. In parallel I will seek to maximise every opportunity for partnership with local leaders.

While I keep one eye on solving the occasional short-term “hiccup”, I maintain the other on ensuring implementation of our common strategy agreed in Brussels last May:

- economic reform,
- refugee return and
- institution building.

Since the election of a moderate government in Zagreb and the welcome changes in Belgrade, the imminent potential of war has disappeared from the Dayton equation. A new set of circumstances and opportunities have emerged in the region. Politics in and around Bosnia and Herzegovina has become more colourful and more complicated.

Bosnia and Herzegovina has made its own contribution to this fundamental change of climate.

With the Alliance for Change coalition in Bosnia and Herzegovina, the international community now has a new partner who is ready to work with it rather than against it, and one eager to take ownership of its country's future. I have no illusions about this change: coalitions are by nature not

stable creatures, but after the frustrations of the nationalist rule of the SDA, SDS and HDZ, the news should improve.

Governments based on the Alliance for Change are now in place at the Federation and State level and it is now up to them to fulfil the expectations of the citizens of BiH and the international community. The challenges are many. Good governance and accountability should be the first these governments need to tackle.

It is essential to keep hope and aspirations alive the one thing nearly all people agree on is the desire for membership of the European club.

In this respect, the EU has a vital role to play, especially in those countries such as Bosnia and Herzegovina where the road to Europe will not be travelled overnight.

A public political, institutional and financial longer-term commitment to Bosnia and Herzegovina by the EU would go a long way in frustrating the obstructionist nationalists who are still playing for time. It would also strengthen and hearten those sections of society struggling on a daily basis to take the country forward.

This is not about altruism. People trafficking to name just one example has become a serious problem for Europe and yet it is still difficult to raise sufficient money to fund Bosnia's State Border Service.

My office, together with the International Financial Institutions, is already working on models on how to increase local revenues to fund state institutions on a self-sustainable basis and it is clear already that the Border Service will produce more income for the economy than it will cost simply by curbing smuggling volumes. The same argument holds for organised crime.

But Europe cannot afford to allow for such a security vacuum until the country can handle this problem by itself.

As to our strategic priorities, we are making real headway.

I have pushed the economic reform agenda forward in a systematic way both on the legal and the operational front. The payment bureau the Communist-era monopoly on financial transactions run by the country's former nationalist leaders were closed in December. I have kept to the agreed deadline despite warnings that this would lead to chaos: instead it turned out to be a smooth, well-prepared operation. The cost of borrowing has since dipped from thirty to around ten percent. The elderly, while still vulnerable, are getting their pensions on time.

Refugee return is never going without difficulties but non-compliant officials and unacceptable intimidation are on the decline. There were 67,000 registered returns in 2000 of refugees or displaced persons returning to areas where their respective ethnic group is a minority nearly double the 1999 figure. "Human Rights Watch" called this a "breakthrough". In January this year, the figure is up to more than 4,000 such returns when a year ago, the number was below 1,700.

Consolidating and safeguarding institutions, in particular on the state level, remain central to our mission:

Last week, I gave a robust mandate to a small but crucial international agency the IJC taking the lead in comprehensive judicial reform in the country. Within two years, the IJC will have reshaped the whole judicial system of the country a pillar for economic progress and the fight against crime and a prerequisite for the breakthrough of the Rule of Law in Bosnia.

Rule of law, professionalisation of the civil service and functional integration in key sectors, just having been reinforced by the new state level Communications Regulatory

Agency, CRA, that I established two weeks ago, are only highlights of what my office and our implementing partners are doing on the ground.

I stop here: I do not want to confront you with shopping lists.

Peace implementation has become highly complex and detailed it is in fact "state building". Separating armies in 1996 has become separating politics from economics in 2001. I see one of my primary roles as taking care of these details so we all can focus on the broader strategic issues in BiH and in the region.

Increasingly, our tasks will be shaped not by war and ethnic discourse but by economic transition and social issues. It is essential that we have the instruments that will allow us to deliver.

I will continue to drive the evolution of the Office of the High Representative, to ensure that this unique organisation achieves what you want it to achieve a self-sustainable Bosnia and Herzegovina.

Let me assure you: if we are able to project an image of continuity and reliability of our presence in Bosnia, and if we keep and attract the people who make the peace process work on the ground, we will continue to make real progress and Bosnia will not revert back into a source of permanent instability.

I count on your support in this process.

In due course, your attention will turn to streamlining the international structures on the ground in Bosnia and Herzegovina and I stand ready to assist you in this process.

As the High Representative of the International Community in Bosnia and Herzegovina, let me share one fundamental

conviction with you:

The general trends of peace implementation will always reflect EU interests. The ultimate goal is the "Europeanisation" of Bosnia and Herzegovina, and its full integration into Euro-Atlantic institutions.

As a start, Bosnia's accession to the Council of Europe this year is I believe achievable.

"Europeanisation" is also in the interest of the United States and I will repeat this message later this week in Washington: what else would the International Community want to create in BiH, if not a viable political system and institutions that correspond to Bosnia's and Europe's needs and traditions?

The journey to a genuinely peaceful and prosperous future has not been smooth and there will be more "hiccups" along the way.

However, Bosnia and Herzegovina has turned the corner. It is vital that we look forward not back.

We must not lose sight of our final destination a Bosnia and Herzegovina capable of playing an integral role in our continent's future.

Thank you for listening!