

Address by High Representative Wolfgang Petritsch to the UN Security Council

Honorable President,
Members of the Security Council,

I speak to you at a testing time for the hard won peace in the Balkans. The smoke over mountain villages and the angry crackle of gunfire have come back to haunt us in Macedonia and Serbia. The calls for ethnically based division are being sounded once more in mainly Croat parts of Bosnia and Herzegovina.

But this time we cannot claim ignorance of the challenges we face in consolidating the peace in southeastern Europe. We see them for what they are – leaders of the past who fear the positive and very real changes of the present will see them disinherited, both politically and financially.

This report is the 18th by a High Representative and the fourth time that I have had the honour of addressing the Security Council. I want to use this chance to show how my office – and other international organisations I coordinate in Bosnia like the United Nations – are working successfully against the dangerous voices of division in Bosnia and Herzegovina. I want to show how the rule of law and market economic reforms are turning this country around and setting it on the path towards integration with Europe. And how all this can serve as a model for the rest of the region.

What we must not do is cower at the appearance of a few gunmen or noisy threats and give up on all our hard work – and

billions of dollars – that has gone into building the foundations for a stable and prosperous Balkans.

You can read our continued engagement in Bosnia and Herzegovina both ways – as a moral imperative or simply as self-interested common sense. Either way, the international community would come out the loser if we were to give up with the job half done.

Here is why.

Given the revolutionary changes last year in both Croatia and Yugoslavia, last November's general election results in Bosnia and Herzegovina were seen as a disappointment. But when given Bosnia's character as a truly multi-ethnic country – where up to a quarter of a million people lost their lives in the 1992-1995 war – the shift to more moderate parties is both real and encouraging.

Old nationalist parties like the Bosniak Party of Democratic action, the SDA, the Serb Democratic Party, the SDS, and the Croatian Democratic Union, or HDZ – none of them with particularly strong democratic credentials, by the way – have seen their share of seats in the state level House of Representatives decline from 36 out of 42 seats in 1996 to just 19 in the last election. The multi-ethnic Social Democratic Party, the SDP, has the strongest representation with nine seats.

This change has led – nearly 10 years after the outbreak of war in Bosnia – to the formation of the country's first non-nationalist government at both State level and in the mainly Bosniak-Croat Federation. In the predominantly Serb entity, Republika Srpska, a moderate technocrat heads the government. The country's new state-level prime minister, Bozidar Matic has announced plans to implement market reforms, create jobs and get the hundreds of thousands of Bosnian citizens who remain refugees or displaced persons back to their homes. I

regard this as an important indicator that my concept of ownership, the local ownership of problems, is finally taking root.

Mr. President, ladies and gentlemen: Do we want to abandon Mr. Matic now, ladies and gentlemen, just as Bosnia and Herzegovina is turning the corner?

A respected U.S. columnist, under the headline "Ethnic nationalism is still prevailing", thinks we probably should. He wrote: "the future will probably see non-Muslim Bosnia and Herzegovina partitioned between Croatia and Serbia. Today's Bosnia and Herzegovina, forced into birth by Richard Holbrooke during the Dayton negotiations of 1995, is probably too much of an artifice to survive."

This idea, worryingly, appears to be gaining currency in the halls of academe and elsewhere on both sides of the Atlantic. The only recently discredited idea of "ancient ethnic hatreds" – an excuse the international community used to do nothing in the early 1990s – is gaining ground just as its nationalist proponents in Croatia, Yugoslavia and Bosnia itself are losing ground.

One of those losing ground is Mr. Ante Jelavic. After many provocative acts, I removed him this month as a member of Bosnia's joint presidency. I further banned his involvement with any political party, including the HDZ which he led up until two weeks ago. Three of his hardline deputies are under the same ban.

Mr. Jelavic worked to tear up the Dayton Peace Accords, threatening the constitutional order in Bosnia and Herzegovina and the country's peace. His party has boycotted official institutions for months, leaving those who voted for it unrepresented. His party held a political rally disguised as a referendum on election day last November, despite specific warnings not to do so. He attended a rally in support of two

men convicted by the war crimes tribunal in The Hague last month for crimes against humanity. Shortly afterwards, his party, claiming to speak for the Bosnian and Herzegovinian Croats, announced a plan for self rule. I was forced to act decisively.

Our columnist would say "I told you so".

But what is this really about?

For many years, nationalists of Mr. Jelavic's stripe got rich by exploiting fear and suspicion among a population that is still trying to get over the terror of the war. The HDZ, in an inflammatory election advertisement, subsequently banned by the OSCE for breaching election rules, portrayed the Bosnian Croats as Muslim neighbours as bloodthirsty Saracens who put innocent children to the sword. It doesn't take much to convince someone, with limited access to balanced information, that their livelihoods are in danger. Their play on fear for years guaranteed a good turnout at elections.

But parties like the HDZ are in trouble. Overall, the HDZ's votes for the state parliament have dipped from 340,000 in the first postwar election of 1996 to just 160,000 last year. It is true that the Serb SDS, founded by indicted war criminal Radovan Karadzic, did well in Republika Srpska. But that party had to accept the moderate government that I mentioned earlier.

Overall, Mr. President, ladies and gentlemen, the sources of fear and the cash it raised to fill nationalist party coffers are starting to fade.

A record number of refugees and displaced people last year decided it was safe enough to go home. There were still criminal incidents aimed at scaring them away – house burnings in the eastern town of Srebrenica, demonstrations and daily intimidation of housing officials charged with implementing tough new property laws.

But there were more than 67,000 registered returns in Bosnia and Herzegovina in 2000 of people returning to areas where they are a minority – almost double the rate in 1999.

The United Nations High Commissioner for Refugees has reported that there were no tent cities this winter and that returns have got off to a good start this year thanks to mild weather – 4,026 minority returns throughout Bosnia and Herzegovina in January 2001, against 1,688 registered in January last year.

When a Bosniak refugee has the confidence to return to a place like Srebrenica, site of Europe's worst massacre since World War Two, you can make a pretty safe bet that the nationalist message is losing ground. I will continue to act decisively to remove any officials who obstruct the rule of law in the vital area of returns.

The nationalists don't like how the rule of law and market reforms have started to chip away at their once powerful economic fiefdoms and the institutionalised banditry they once took for granted.

On December 31st last year, the payment bureaux, the old Communist monopoly on financial transactions and under the thumbs of the three main nationalist parties during the war, were closed down. Commercial banks, including several western banks, have taken their place and are providing better services and real competition. The cost of borrowing has fallen from around 30 percent to just 10 percent.

Bosnia and Herzegovina remains far too reliant on international aid flows, which make up an estimated 60 percent of Gross Domestic Product. But real GDP growth in 2000 was a respectable 10 percent and inflation quickened in the Federation half by just three percent. Inflation slowed considerably in the RS to eight percent in 2000.

Pensioners remain very vulnerable but a controversial law to end a damaging cycle of payment arrears is working. Their

angry protests of last year have stopped.

Too many of these positive advances have had to be imposed by my office. Bosnia's outgoing administration refused to adopt the pension reform law, risking tens of millions of dollars in badly needed aid from the IMF and the World Bank. I had to impose it.

But I believe with Bosnia and Herzegovina's new administrations in place, the country's citizens have for the first time leaders who want to own this process and get on with the business of government themselves.

Both the new state and entity governments have ambitious plans to further the reforms – cutting tax rates and widening the tax base, improving collection of customs and excise payments and pushing forward with privatisation – to attract both domestic and foreign investors and balance official budgets.

The new governments are very interested in putting an end to the smuggling of cigarettes and alcohol which costs them an estimated quarter billion dollars in lost revenues each year. Part of the greater confidence is greater transparency and rule of law – something which is, again, not to the taste of nationalists.

Last month I removed Edhem Bicakcic, until recently the Federation's prime minister and a senior member of the Bosniak SDA, from his new post as director of the power utility Elektroprivreda. Mr. Bicakcic is under four separate criminal investigations for fraud and abuse of public office. I did not want him around as we set about this year to overhaul public utilities such as power generation and telecoms, where efficiency and price will determine distribution, not the supposed ethnicity of their subscribers.

This has sent a clear signal to officials to clean up their acts and, along with the creation of a state level court to arbitrate international trade disputes, has done much to

bolster investor confidence.

It has done little, Mr. President, ladies and gentlemen, for the confidence of the nationalists.

Since I last addressed the Security Council, I have also taken an important Decision to set up Constitutional Commissions in both entities. These will ensure that the historical Constitutional Court ruling on the "Constituent Peoples Case" is put in place on an interim basis until full implementation this summer.

This legal mouthful means, in essence, that any Constituent People in Bosnia – Serb, Croat, Bosniak or Other have their rights as citizens fully protected in law even before the full implementation of the Court ruling. It will have a huge and positive impact in many areas of daily life, from the classroom to the workplace. The nationalists don't like this either.

I established the Independent Judicial Commission last December to shake up reform in the courts and prosecutors' offices across the country. This should help buttress rule of law.

Positive reforms, democratic governments who eye membership of the European Union – these are also now the daily fare of life in neighbouring Croatia and Yugoslavia. Bosnia has just named its first ambassador to Belgrade.

How does the many-voiced international community ensure the Balkans integrates with Europe as a peaceful and prosperous region? For all the complexities, I believe the answer is relatively straightforward.

Firstly, we must continue to ensure our full support for the United Nations International Criminal Tribunal in The Hague. This is an institution which is getting results. A landmark conviction in the Kunarac trial last month saw mass rape, as a

single crime punished for the first time as a crime against humanity, with huge consequences for women's rights worldwide.

Many indicted war crimes suspects also see the writing on the wall. Biljana Plavsic, a former president of RS, handed herself over to the court charged with crimes against humanity in January. This month, Blagoje Simic, indicted for crimes against humanity when a top civilian official in the Bosnian town of Samac during the war, travelled to The Hague to hand himself over for trial. He is the first Yugoslav citizen to do so voluntarily.

We must not let up the pressure. The United States government has made clear to the new authorities in Belgrade that they must cooperate with the tribunal or face having international aid cut off. This must not be an empty threat.

We must see to it that Slobodan Milosevic, Radovan Karadzic and Ratko Mladic face trial for their part in one of the last, grim acts of a dark century. As the writer Michael Ignatieff has said of leaving war crimes unpunished: "the cycle of impunity remains unbroken, societies remain free to indulge their fantasies of denial."

Secondly, we must stop paying exclusive attention to the men with guns like those on the Macedonian border and the Presevo Valley in southern Serbia.

We fail when we are not clear. We succeed in Bosnia and Herzegovina, in Croatia and the Federal Republic of Yugoslavia whenever the international community speaks with one voice.

The redrawing of borders in the Balkans, trying to meet the impossible demands of exclusivist nationalists, pursuing a mono-ethnic ideal which can only be realised on a remote island, leads only to more killing – and prolonged international engagement. Chaos only benefits the "ratni profiteri" the war profiteers.

What implementation of the Dayton Accords shows is the importance of citizenship based on the rule of law, which have formed the foundations of a prosperous United States and united Europe. This empowers people with the right to travel, trade and talk without fear, whatever their nationality, language or religion.

We have a very powerful means of persuasion. The peoples of southeastern Europe might not agree on much right now but they do on this all want to be members of a prosperous European Union. The journey will be a long one for them but it must be more than a vague hope. We must continue to present this as we are through the Stability Pact and elsewhere in concrete terms.

The future of the Balkan region is already being shaped in Bosnia and Herzegovina. The elections showed that its citizens are beginning to see how nationalism makes them poor and isolated. We must build on our success. We must not back away from a job half done.

Mr. President, ladies and gentlemen, thank you very much for listening!