Address by the High Representative, Valentin Inzko to the United Nations Security Council

Practical Solutions to Pressing Problems

Mr President, Excellencies, Ladies and Gentlemen,

1. Thank you for giving me this opportunity to present my first report as High Representative for Bosnia and Herzegovina.

2. I have been in office for just two months, but I will update you on significant events over the past six months; I will also outline my priorities.

3. Some progress has been made towards our objective of making Bosnia and Herzegovina a 'peaceful, viable state, irreversibly on course for European integration.'

4. On the positive side, the country remains stable and the physical environment is secure.

5. On a less positive side, however, the state is not yet fully viable and its role and competencies are contested by some of its political leaders.

6. As a result, recent progress towards Euro-Atlantic

integration has been modest.

7. And as a consequence, the country still requires high attention. Last week, US Vice-President Biden and the High Representative for the EU Common Foreign and Security Policy Solana were in Bosnia and Herzegovina in an unprecedented joint visit.

Recession Demands New Paradigm

8. This focus is very useful of course, but the poor performance on EU and Trans-atlantic integration is unacceptable, particularly as the world recession now also threatens Bosnia and Herzegovina's fragile economy. The state and entities' successful negotiation of a €1.2 billion stand-by arrangement with the International Monetary Fund revealed an unusual degree of common purpose, but the reforms agreed with the IMF will only have the desired result, which is fiscal sustainability and a stronger social safety net, if the authorities take appropriate and targeted steps. The Federation's finances are especially dire, and its capacity to agree and implement cuts in the face of strong vested interests is weak. The RS is, in this regard, for the time being in better condition.

9. In these circumstances it is starkly clear that obstruction of urgent reforms that would help alleviate living conditions is absolutely unjustified – on moral as well as political grounds. I will seek to keep this plain fact at the centre of public debate in Bosnia and Herzegovina. At the same time, I will seek a change in the political paradigm that downgrades practical and pressing economic issues and stresses instead a strident and unhelpful kind of posturing.

10.My predecessor reported last December a highly hopeful development towards overcoming the political stalemate. This was the initiation, in November 2008, of the so-called 'Prud

Process' of dialogue among leaders of the three largest national parties and coalition partners at the state level: Dragan Covic of the Croatian Democratic Union (HDZ BiH), Sulejman Tihic of the Bosniak Party of Democratic Action (SDA), and Milorad Dodik of the Serb Alliance of Independent Social Democrats (SNSD). My Office and I have supported this process since it represents a home-grown political initiative for dialogue and cooperation.

11.Periodic meetings of the "Prud Three" over a three-month period resulted in various compromise agreements and prospective agreements on major issues, ranging from the question of a state budget for 2009, to the promise to initiate talks on constitutional reforms, and the early fulfilment of the outstanding objectives and conditions set by the Peace Implementation Council in February 2008 for the closure of my office and its transformation into an EU-led presence.

12.Unfortunately, the Prud Process lost momentum, and the three party leaders have not met on their own again since late March, though they have been brought together by the international community on a number of occasions, recently by the Foreign Ministers of three successive EU Presidencies and then by US Vice-President Joe Biden and High Representative for the EU Common Foreign and Security Policy Javier Solana. On each occasion, the three leaders expressed their commitment to continue their dialogue.

Achievements

13.Foremost among the achievements facilitated by the Prud Process has been the passage on 26 March of the first-ever amendment to the country's 1995 Dayton constitution. This amendment defines the status of Brčko District and provides it with direct access to the BiH Constitutional Court in the

event of any dispute with the state or entities. Not only was the enactment of such an amendment one of the five objectives set out by the PIC Steering Board as prerequisites for an OHR-to-EUSR 'transition', it was also a condition for the Supervisor to do away with the Arbitral Tribunal and for the PIC Steering Board to terminate the Supervisory regime. This could now happen soon.

14.Other positive news includes the agreement among the state, entities and Brcko District on the budget frameworks for 2009, which enabled a relatively early adoption of the budget.

15.In addition, the National War Crimes Strategy was finally adopted in late December. This Strategy was part of the fifth Objective – the Entrenchment of the Rule of Law – set by the PIC to allow for OHR-to-EUSR transition.

16.Progress on the second Objective – apportionment of State property – has been more limited, due to the inability of the Prud Three to compromise on this issue. However, pressure on local actors has recently brought a first move forward in this area, with the initiation, in late April, of the long-delayed process of the inventory of State property, which provides with the necessary legal framework. We will focus on this issue to ensure its completion.

Divisive Rhetoric

17.Notwithstanding the positive achievements that have been made, divisive rhetoric and official resolutions challenging the sovereignty, constitutional order and territorial integrity of Bosnia and Herzegovina all continued during the reporting period, principally on the part of Republika Srpska. That entity has, in official Government and National Assembly documents, on several occasions referred to the possibility of unilateral self-determination.

18.Their leaders have been in the forefront of attacks on the legitimacy of state institutions – judicial, prosecutorial, policing, economic, intelligence and defence – and in the forefront of efforts to reverse previous state-building and EU-mandated reforms. All at a time when the State Investigation and Protection Agency (SIPA) has submitted a preliminary report to the State Prosecutor on possible financial wrong-doings by the entity Prime Minister.

19.These attacks culminated in the adoption by the Republika Srspka National Assembly of conclusions that call for the return of 68 competencies allegedly stolen by the State.

20.The Conclusions also undermine the legitimacy of the PIC, the OHR as well as of previous High Representatives' Decisions.

21.I take this seriously and I take people at their word. My basic role as High Representative is to uphold the Peace Agreement, at the centre of which is the sovereignty of the State and competencies of its institutions. I will not let these be challenged.

22.This campaign has blocked the passage of state legislation required to complete the EU's 'road map' for the elimination of visas for BiH citizens traveling to EU states, and it has blocked other state legislation that will fulfil Bosnia and Herzegovina's obligations under the Stabilisation and Association process.

23.While Bosniak and Croat politicians have generally avoided wholesale attacks on Republika Srpska's legitimacy of late, it should be noted that Federation-based media have maintained an offensive stance towards the other entity.

Objectives

24.As 2010 is a general election year, there is now only a small window of opportunity to start work on even minimal constitutional reforms, particularly if these were to entail any revisions of the election law, which they surely will. The positions of the main parties remain far apart – but the onus is now on them to engage in a serious dialogue and then reach agreements that reflect their EU aspirations and can secure a two-thirds majority in Parliament. I will assist them in my capacity as EUSR. Do they have the capacity to succeed in this? I believe they do. Do they have the political will? Only they can answer that question.

25.Of the five objectives and two conditions set by the PIC for the transition of OHR into a reinforced office of the EU Special Representative, three objectives can now be considered as met. Two of these were completed during this reporting period. These are the constitutional amendment to secure completion of the Brčko Final Arbitral Award and the entrenchment of the rule of law through the adoption of a BiH strategy for the domestic prosecution of war crimes, as well as action plans to implement a justice-sector reform strategy over the period 2009-13.

26.This leaves two unmet objectives relating to 'acceptable and sustainable' agreement on apportioning ownership of state property and defence property between the state and its entities.

27.My office had long argued that as a first step, the Council of Ministers should initiate an inventory of the property involved. It eventually agreed to do so and has set up a working group, with a deadline of 30 September to complete the process. My aim is now to engage the political leaders so that an appropriate solution can be found as quickly as possible.

28.The defence property issue is less complicated and less important to the political parties, but nonetheless crucial to

cementing defence reform and facilitating Bosnia and Herzegovina's hopes of joining NATO. We had previously assumed that a settlement would follow naturally in the wake of any deal on state property. However, it now seems necessary to deal separately with the issue of what real estate the Armed Forces are to possess. The issue of surplus weaponry, ordnance and equipment has long been settled – at least in theory. My office together with the NATO Headquarters in Sarajevo will now focus on resolving the real-estate issue quickly.

29.Given the failure of the domestic authorities to deliver on all five objectives set by the PIC Steering Board, the Steering Board did not consider 'transition' when it met in late March. While I support maximum progress on the state and defence property issues – it appears at this stage rather unlikely that the PIC Steering Board would make a decision to close OHR when it next meets in late June. However, I believe that the objectives and the conditions can be delivered before the PIC meeting in October – and the PIC could then possibly be in a position to decide on the transition.

Citizen Power

30.Following the joint visit of the three EU Presidency Foreign Ministers Kouchner, Schwarzenberg and Bildt, the joint visit by Vice-President Biden and High Representative Solana, on 19 May testified both to a strong common approach and to the EU's seriousness about the need for a robust and tailor-made strategy for the future EUSR in the country.

31.Present domestic circumstances make such enhanced involvement by the EU and the wider international community essential. The vast majority of the citizens of Bosnia and Herzegovina continue to support Euro-Atlantic integration and the prosperity, security and self-respect it would bring.

Though we have seen signs of progress, in general the nationalistic political dynamic routinely overrides popular sentiment. I will need your support in countering this.

32.Mr President, Excellencies, Ladies and Gentlemen, I have outlined the progress we have made and the obstacles we have encountered. The fact is that there *is* progress, though it is slow, and we have reason to believe that the positive *will* win out over the negative. That's what the people of Bosnia and Herzegovina want, and that is what we must continue to help them to achieve. As I said during a recent meeting with civic activists, the majority of citizens undoubtedly believe in doing what is necessary and right. That is the real majority in Bosnia and Herzegovina – not an ethnic majority, but a majority of those who want to live in a free and prosperous country that's part of the European Union. I am on the side of the majority – and I believe the majority will prevail.

Thank you.