

Address by the High Representative, Wolfgang Petritsch, to the United Nations Security Council

Honourable Chairman,

Ladies and Gentlemen of the Security Council,

I address you at what is a time of great change and renewed hope for southeastern Europe. The future – potentially – for Bosnia and Herzegovina looks very different today because of the seismic changes in two key neighbouring countries – Yugoslavia and Croatia.

Change is frustratingly slow in Bosnia itself but, nonetheless, continues for the better. Much will depend on the outcome of general elections on November 11 to bring about real, sustained change. We need new leaders who will move the country forward rather than the present leaders who camp out on nationalist positions, no matter that they are out of touch with their voters and the changes in neighbouring states.

Change, Ladies and Gentlemen, will not see a return to a pre-war Bosnia and Herzegovina. The country is a decade behind the rest of central Europe in pushing through market economic reforms – we want to move on from the economics of the state plan. More importantly, the scars of war run too deep to rescue Bosnia's multicultural past in its entirety.

Some of you might recall William Shawcross's comment in his recent book on warlords and the work of U.N. peacekeeping missions: "...humility is important. Not everything can be achieved, not every wrong can be righted simply because the

international community desires it...Bosnia will not become Michigan..."

But Bosnia and Herzegovina is – and will remain – a multi-ethnic country because it is the home of three constituent peoples – Bosniaks, Serbs and Croats – as well as many minorities. They will find ways to live side by side – perhaps as German speakers, Italian speakers and French speakers do in Switzerland. This report, the 17th by a High Representative and the third time I have had the honour of addressing the Security Council, looks briefly at the tasks the OHR – and by extension, the International Community – still faces in Bosnia and Herzegovina.

Back to the revolution in Belgrade and its quieter – but no less important – counterpart in Zagreb and what they mean for winning the peace in Bosnia and Herzegovina.

We should not drop our guard. The destructive nationalisms that pulled the region apart have not fallen with Slobodan Milosevic. The political changes in Belgrade are watched more with apprehension than with relief in Kosovo and Montenegro as well as Bosnia.

Croatia's Foreign Minister, Mr Tonino Picula, after having assumed office, made his first official visit to Sarajevo, a clear signal that this country fully recognised Bosnian sovereignty. This after the country's previous government spent years trying to undermine it.

When I met the newly elected President of Yugoslavia, Mr Kostunica, last week, I urged him to do the same, suggesting that this is the safest way of ensuring that Kosovo remains within the Federal Republic of Yugoslavia, as required by U.N. Security Council resolution 1244. I also urged him that full U.N. membership for Yugoslavia means working with its institutions: for example, cooperating with the International Criminal Tribunal for the former Yugoslavia in The Hague. With

elections upcoming in Bosnia, I also called on him to end Belgrade's patronage of anti-Dayton forces in the Bosnian Serb Entity which fight on to try and secure the ill-gotten gains of "ethnic cleansing".

Mr Kostunica has made a promising start, taking the courageous decision to visit Sarajevo on Sunday to meet state leaders there. I would like to pay tribute here to Special Representative of the Secretary General in Sarajevo, Jaques Paul Klein, whose tireless effort helped to secure the success of this crucial visit.

Mr Kostunica also assured me that he would work to establish diplomatic relations with Bosnia and Herzegovina as soon as he has formed his own government.

But there is much work to be done in this area.

We need to make sure the International Community speaks with one voice, especially when the European Union meets for a summit on southeastern Europe in Zagreb next month – that borders cannot be tinkered with. There is talk among some former Balkan mediators of a need to "compensate" Serbia for its allegedly "inevitable" loss of Kosovo. This would have disastrous consequences right across the region. We should make it crystal clear that cynical, nineteenth century map-making has no place in our peacekeeping efforts today.

A failure to speak clearly on this now will cost us very dearly in the future, and would destroy five years of hard and fruitful work since the Dayton Accords were signed. This especially at a time when the majority of people in the region now see that nationalism makes them poor and isolated.

"Europeanisation" is the one thing nearly all sides aspire to and which we use to drive reform in Bosnia. Last May in Brussels, the Peace Implementation Council approved my three strategic priorities to help Bosnian citizens achieve this dream: comprehensive economic reform, accelerated refugee

returns and the strengthening of state institutions.

But overall progress has been slow since I last reported to you in May, with the country's nationalist incumbents unwilling to take tough decisions – especially with a general election looming. They refuse to accept that donor money is fast running out and that there is increasing competition for this money from countries like Yugoslavia. This when the country is in serious economic crisis.

GDP growth was 7.1 percent in Bosnia and Herzegovina for 1999 but this superficially high figure is really the result of the last foreign reconstruction money going into the country's war-torn economy. The real headache is the trade balance – preliminary data shows that the country is only covering imports by 25 percent of exports. This is of course unsustainable.

My office, in close cooperation with international funding institutions, has put in place clear banking laws which should enable transparent financial operations across both Entities. We aim to close the Communist era "payment bureaux" by the end of the year. This will rid the country of an expensive, non-transparent means of settling payments which the nationalist parties will no longer be able to milk.

Local judicial and police services are clamping down on corruption for the first time. But we are still unhappy with the slow pace with which political leaders are tackling this issue. Aid and investment will only come when the country's poor record on corruption is cleaned up. Sadly, most Bosnian politicians prefer to put their heads in the sand on this issue.

A law on State Treasury has been approved which should see more funds flowing through central rather than Entity institutions – a powerful glue to make the two halves of this fractured country stick. We are studying ways to cut

damagingly high taxes and spread the burden – foreign investors are loathe to put their money into a country where they end up paying more than 80 percent in taxes.

International experts together with local officials are preparing 86 strategic enterprises in the Federation and 52 in the Serb Entity for transparent tender privatisation. We are studying ways of unbundling utilities such as electricity and telecommunications in a way that will dismantle damaging parallel structures, making the companies compete in a single economic space on price – not on a consumer's presumed ethnic identity.

It is the economy, the advantages of a single economic space, that will secure Bosnia and Herzegovina's future as a functioning state. It may be anecdotal but I know of Bosniaks and Croats who already travel to Banja Luka, the Serbs' regional capital, to buy furniture because it's cheaper there than in Sarajevo.

The tough implementation of the property laws which I had to impose last year has started to de-politicise the emotional issue of refugee returns. The strict implementation of the rule of law, helped by the good work of the United Nations in Bosnia, especially UNHCR, will have profound implications for all areas of life in Bosnia and from this specific issue, much else will follow. A right enshrined in law to one's own property is vital to restore confidence in the country's future.

The latest UNHCR figures show that by the end of August, about 30,000 minority returns were registered – more than double the same period in 1999. The figure is much higher when non-registered returns are taken into account. But these are dull figures. What is truly extraordinary is where these returns have taken place: in, or near, towns like Srebrenica and Foca, synonymous with massacres and rape camps during the war in the eastern half of what is now the Serb Entity.

But I don't want to paint a false picture. While the rule of law has begun to melt the permafrost covering the return process, there are still hundreds of thousands of people who remain either displaced or as refugees. Again, I look to the elections in the hope that ordinary Bosnians will vote out nationalist forces who remain intent on keeping the returns process frozen.

Since I last addressed the Security Council, I have removed 24 public officials for persistent obstruction of the Dayton accords. I am under pressure from some parts of the International Community and many Bosnian citizens as well to be more interventionist. But while removals and imposing laws send a clear message, the country's political leaders use this to avoid tough decisions.

A case in point has been political leaders' refusal to adopt amendments to pension laws, as demanded by Worldbank and IMF. Political leaders did, as usual, nothing. They expected me to impose them. Instead, they have been warned that if they don't, they risk losing the country hundreds of millions of dollars in badly needed aid.

That being said, after months of wasted debate and posturing, I ended up having to impose a law on a single travel document for Bosnia and Herzegovina. As with the new vehicle registration plates, which also have no Entity markings, the move was very popular amongst ordinary Bosnian citizens. They are fed up of finding themselves at the bottom of the visa queue because the narrow minded nationalism of their leaders can't agree on standard, internationally recognised travel documents. This is another example, like the economy, of how self interest can be made to work in favour of Dayton implementation. I am happy to report that Bosnia and Herzegovina's first new passports were issued yesterday.

Ladies and Gentlemen:

In terms of state building, you will now be able to dial anywhere in Bosnia through the same international code, ending the ridiculous situation of having to dial Republika Srpska through Belgrade. The state border service – yet another law I had to impose early this year – has started functioning, much to the chagrin of some leaders in Republika Srpska, as they operate on the border with Yugoslavia. Full marks to the U.N. for its work in this area.

I announced at the beginning of the week the creation of a public broadcasting service. A multi-ethnic staff will provide balanced news and make programmes which will be beamed across both Entities. The Olympic Games were successfully broadcast simultaneously in both Entities with a multi-ethnic commentating team in Sydney. Cold, hard cash – the shortage of it – and modern management practices drive this exciting project, not ethnic quotas.

The country's Constitutional Court last month gazetted a decision with far-reaching consequences for all Bosnian citizens' equality before the law. The ruling on the so-called Constituent Peoples' Case means that Bosniaks, Serbs, Croats are entitled to the same rights in both Entities. This laudable concept, however, has yet to be translated into the Entities' constitutions.

But state institutions such as the Presidency, the Council of Ministers and the Parliamentary Assembly continued to be stymied by ethnic concerns.

After a great deal of pressure, we have wrung an agreement out of Bosnia and Herzegovina's education ministers to ensure both Latin and Cyrillic alphabets and a small, core curriculum are taught in all schools. But this is far from enough. Education must be a priority if the country is to have a future. Unfortunately, a recent UNDP report reveals that many young Bosnians don't believe they have a future in their own country: a staggering 62 percent of those polled in the report

said they would leave Bosnia if they had the chance.

Ladies and Gentlemen:

I want to be frank about the problems. But we are moving forward, even if, as in a sandstorm on a desert trek, you feel sometimes that you're not moving at all.

Despite the dramatic changes in the region, we need to stay with Bosnia and Herzegovina and see the task through. Our job there is unfinished. I am aware that Yugoslavia will need assistance on its way to democracy, and that there are many other hotspots in the world deserving your attention. However, the International Community has spent too much efforts in Bosnia and Herzegovina to abandon this project prematurely. We will need your continued moral, political and financial support to get it right.

To quote Mr Shawcross again: "Intervention can assist people when they are desperate. But if it is to be more than a sop to our own guilt, intervention must be commensurate and consistent; it must be followed through. That is how people can be delivered from evil and peacekeepers can prevail more often over warlords."

I have said this before, but it needs to be stressed time and again: Bosnian citizens themselves must create the prosperous and tolerant country it could be, they must take ownership of their destiny in order to realise their dream of a place in Europe. Their neighbours must also turn their backs on the past and look forward by helping Bosnia and Herzegovina. It should be clear that their own place in the new Europe also depends on this. But we also, the International Community, must continue to do all we can to hold up a guiding light to bring Bosnia and Herzegovina home.

This is the end of my report. However, I would like to also inform you about a decision I have taken yesterday. As you are aware, the victims of the Srebrenica massacre, the worst crime

committed in Europe after World War II, have not yet been given a place for their final rest. The Associations of Relatives of these victims have demanded for a long time that this issue be resolved. Several agencies have since tried to tackle this issue, to no avail. My decision transfers into trust a plot of land in the municipality of Srebrenica, in order to bury the victims and erect a memorial. I consider this as a first, but important step on Bosnia and Herzegovina's way to come to terms with its past.

Thank you very much for listening.