

Address of the High Representative to the UN Security Council



INTRODUCTION

Madame President, Excellencies, Ladies and Gentlemen,

When I spoke to you some six months ago, we faced what many would describe as a political crisis. I am pleased to inform you today that the situation has noticeably improved. The country has taken a significant step towards stabilisation of the political situation. It is on the verge of signing a Stabilisation and Association Agreement with the EU, and is moving towards NATO membership. You will have seen much of the detail in my most recent report to the UN Security Council^[1].

In addition, the Peace Implementation Council Steering Board in February reached consensus on a set of clear conditions for transition from the Office of the High Representative to a European Union Special Representative.

It is all too easy to get lost in the microcosm of Bosnia's ethnically dominated politics. However, we must keep our eyes on the bigger picture, and I hope my update will give you a clear understanding of the overall situation.

For the sake of clarity I would like to divide my speech up into three parts:

· First of all I would like to update you on developments and what has been achieved in since my last report.

· Then I will set out where we are now.

· Finally I want to outline the future challenges we will face in Bosnia and Herzegovina.

DEVELEOPMENTS AND ACHIEVEMENTS

The first task in the reporting period was resolving the political crisis from last November. At the end of November my negotiations with party leaders, resulted in an agreement to improve efficiency of the voting procedures in the BiH Parliament and the Council of Ministers.

My second priority has been to help BiH make progress in order to sign the Stabilisation and Association Agreement, the SAA with the European Union. Following resolution of the November crisis, I facilitated talks between the leaders of BiH's six governing parties on the key EU condition – police reform.

The six party leaders reached an agreement on police reform that became known as the Mostar Agreement and Action Plan. The EU welcomed this long awaited agreement by initialling of the SAA on 4 December, with the full signature of the agreement remaining conditional on Parliamentary adoption of the two police reform laws.

Despite the subsequent rejection of the Mostar Agreement by one of the leading Bosniak parties, the BiH Parliament finally passed these two laws on 16 April. With the legislation in place, and progress on all the other conditions required for the signing of the SAA, EU Commissioner Ollie Rehn recommended to the EU Member States to proceed with signing of the agreement. The signing ceremony will take place on June 16,

at the meeting of the EU Foreign Ministers in Luxembourg.

This was a hard fought victory that required constant international community's involvement and lobbying to negotiate this agreement.

In February, the International Community took a major step forward defining its strategy for OHR transition. The Peace Implementation Council Steering Board met to discuss a wide range of issues, but focused on defining a conditions-based strategy for transition from OHR to EUSR. The PIC reached unanimous agreement on a strategy based on five objectives and two conditions that have to be delivered by the BiH authorities before this transition can take place.

The five objectives that will need to be delivered by the BiH authorities are:

1. Acceptable and sustainable resolution on state property
2. Acceptable and sustainable resolution of defence property
3. Completion of the Brčko Final Award
4. Fiscal Sustainability
5. Entrenchment of the Rule of Law

In addition to these objectives, the PIC Steering Board agreed that two conditions need to be met: signing of the SAA and a positive assessment of the situation in BiH by the PIC Steering Board.

One of the conditions of the Rule of Law benchmark, the adoption of the Law on the Stay of Aliens and Asylum was adopted at the beginning of April. An agreement was signed at the end of March between the State and Entities on movable defence property. This contributed to BiH securing intensified

dialogue with NATO at the Bucharest Summit, thereby allowing the country to take another important step towards NATO membership. There has also been progress on other issues, and we are expecting further results over the summer.

Even though all of these priority reform areas have been established long time ago and all were previously recognised by the BiH authorities as obligations, achieving these objectives will not be easy.

Following Kosovo's declaration of independence, some analysts expected this to create increased political tensions in BiH. However, public reactions were relatively muted. Public order was maintained, and there was certainly no official support for the more extreme manifestations of Serb anger over Kosovo's declaration. Public demonstrations against Kosovo's independence in Republika Srpska were relatively small scale and easily contained by the RS police.

The Republika Srpska leadership, however, officially linked the future status of this Entity with the status of Kosovo. At the end of January, Republika Srpska's ruling party, the Alliance of Independent Social Democrats (SNSD) called for the transformation of BiH into an asymmetric federation (or confederation) and claimed that Republika Srpska had the right, supposedly based on the UN Charter, to self-determination up to and including secession. The RS National Assembly raised the stakes in February when it passed a resolution stating that the RS could have the right to establish its future legal status by means of a referendum. The resolution claimed this right would be triggered should a majority of the EU member states recognize the independence of Kosovo. This was the first time such a claim has been officially made by an institution of Republika Srpska.

I reacted to this in a public statement and stressed that Bosnia and Herzegovina is an internationally recognized state whose sovereignty and territorial integrity is guaranteed by

the Dayton Peace Agreement. The Entities of Bosnia and Herzegovina have no right to secede from Bosnia and Herzegovina. Equally, no one has the right to call for or seek abolition of the Entities.

The PIC Steering Board's position was also explicitly clear when it unanimously expressed: "deep concern with regard to official calls for secession." adding it "strongly emphasizes that under the Dayton Peace Agreement one Entity has no right to secede from Bosnia and Herzegovina."

More generally, both Entities continue to pursue their own agendas at the expense of the state. There have been numerous rhetorical attacks on State institutions including the state judiciary and state public broadcasting service from both sides.

The RS has signed, without constitutional authority, an agreement with the Republic of Serbia allowing the Serbian government to build a bridge over the Sava river, and establishing a joint control over the Raca border crossing in the BiH territory. This Agreement is now being implemented. The RS has also illegally adopted legislation which confers on it the right to issue financial bonds – again a clear a State competency.

The Federation Government kept increasing payments to war veterans and other social transfers, despite repeated warnings from the IMF and World Bank that in the medium-term neither Entity nor state Government has the necessary funding. The Federation Finance Minister has already warned that the Federation is close to bankruptcy, and is unable to meet these obligations. It is of additional concern that the Bosniak parties outvoted their Croat counterparts, both in the Government and the Parliament to approve the increase in payments to veterans. This decision increased political tensions between the two ethnic groups and is indicative of broader concerns about the position of the Croats in the

Federation.

I should also mention that recent calls by three senior Bosniak politicians for Srebrenica to secede from the RS were clear anti-Dayton statements and only served to increase tensions with the Serbs.

Regarding cooperation with the International Criminal Tribunal for the former Yugoslavia; both ICTY and the European Commission assess that BiH's co-operation with the Tribunal is satisfactory. I share this view, but remain ready to assist ICTY in fulfilling their mandate should they request it.

In April our attention was once again focused on Srebrenica, where there have been concerns about participation in forthcoming municipal elections of Bosniaks who have not yet returned to Srebrenica.

Playing a facilitating role together with some members of the International Community, two weeks ago we assisted the local authorities to change the BiH Election Law enabling all those who lived in Srebrenica before the war to register to vote in this municipality regardless of where they live now. This was a significant development in terms of substance, but also in terms of the fact that there was full agreement on such a sensitive issue. This is the sort of political maturity we need to see much more of. Not only on Srebrenica, but on all political challenges the country will face.

WHERE WE ARE NOW

This is where we currently stand.

As I noted, the main recognition of the country's progress is the fact that in a few weeks it will sign its first concrete step in the EU integration process.

This has enormous significance for the country.

The question now is not if further European Union integration is desirable – it is how and when it is to be achieved. Progress will not come on its own. Hard work and difficult compromises mark the way ahead.

I know from the experience of my own country that the challenges of EU membership are not to be underestimated.

Ultimately a country and its political class must have a vision of themselves as a member of the EU that has earned the right to stand shoulder to shoulder with the other members of the EU.

We as the International Community also have a role to play and must play it professionally. The EU integration agenda and the perspective of Euro-Atlantic integration is our only positive leverage to encourage the political elite to overcome their differences, reach consensus and make progress.

However we must be aware that in BiH the EU agenda has competition. Nationalism remains strong and the forthcoming campaign for municipal elections will lead to a rise in inflammatory rhetoric. Unfortunately we must not be in any doubt that it is not just a short-term phenomenon. Nationalist politics is ever present, constantly exerting an undertow away from the positive dynamic of the European integration. The simple arithmetic is: nationalism means votes and it has been a successful recipe for winning elections. And the fact of the matter is that, up until recently, EU integration had become collateral damage to this calculation.

To avoid further disputes, what is required is a strategic agreement on the distribution of competencies between the state and the Entities, so that BiH can focus on its EU integration process.

This is, after all, what the people of Bosnia want. They wholeheartedly wish to join the EU. They are every inch Europeans and we need to help them get there.

Clearly much remains to be done.

My priority for the coming period is to assist the local authorities to deliver further progress on the 5 objectives and two conditions for OHR closure. With regard to OHR-EUSR transition, the June meeting of the PIC Steering Board is likely to be a good opportunity to assess progress since February, but will probably be too early for a clear view on progress on all the objectives.

My office is fully engaged with the local politicians and officials to achieve the maximum progress possible. With progress in several fields ongoing, we are looking to transfer as much responsibility as possible ahead of a decision on complete transition. The PIC will then again meet in October, and will most likely provide a comprehensive review of the objectives and conditions required for transition.

FUTURE CHALLENGES

I want finally to turn to a consideration of the challenges for BiH in the coming 6 months.

The overarching political challenge remains the same – how to deliver political agreements and agreement on reforms in a political system where the three communities have conflicting visions of the future of the country. These conflicts play themselves out on a daily basis in the form of opposite views on almost every single issue on the agenda of government. I am sure the Chairman of the Council of Ministers will confirm this observation.

It is in this context that I will seek to assist the authorities to deliver the five objectives and two conditions for OHR closure. It will clearly not be easy, but must be completed, so as to re-orient the engagement of the

international community and to transfer as much responsibility as possible to local institutions.

At some point, the parties will have to come together to address these issues through constitutional reform. In early February, political leaders decided to postpone discussion on constitutional reform until after the SAA signing.

At present their proposals are at such a wide variance that the issue runs the risk of becoming a renewed political battleground before serious discussions have even begun.

There is a limited window of opportunity in the period after the municipal elections and before the 2010 general elections. However, we cannot afford a setback of the kind we had after the April 2006 amendments were rejected. Even when the parties demonstrate readiness for compromise, it will still be necessary for the International Community to facilitate the process.

Let me be clear, important progress has been made, but the international community's job in BiH is not completed. The EU is foreseen to take the lead international community role in BiH following transition from OHR to EUSR.

Now is the time to begin planning for the future leading role of the EU, not only in terms of its own policy and capacities, but also in terms of how it will cooperate with other IC actors on the ground.

As always, developments in BiH will require careful handling. Our immediate task will be to ensure that political tensions during the municipal elections do not cause a serious deterioration in the political atmosphere.

Important challenge for the BiH authorities will be implementation of the Stabilisation and Association Agreement, which contains not only benefits, but also obligations. The signing of the SAA means that everyone now has to deal with

the future.

Often problems develop as BiH leaders usually remain stuck in the past. This will need to be reflected in the EU's future overall engagement in Bosnia and Herzegovina, but also in the engagement of the United Nations with Bosnia and Herzegovina.

We have come a long way. The prospect of EU integration – the only positive alternative for BiH's future – is advancing. We need to ensure that the leaders of Bosnia and Herzegovina make the most of this opportunity. The citizens of Bosnia and Herzegovina deserve a European future. They must have full confidence that we are here to help.

Thank you.

[\[1\]](#) 33rd Report of the High Representative to the UNSC, sent May 2008.