

High Representative's New year message 2005

New Year is a time to take stock of the past year, and measure the tasks of the next one.

2004 was a year of real achievement. 2005 will be a year of historic opportunity and huge challenge.

Bosnia and Herzegovina has successfully reached all the targets set out in my new year message a year ago, and more.

The Indirect Taxation Authority, which will lead to a modern financial system, has been established in Banja Luka , and the introduction of VAT is On target.

Defence reform has now fulfilled almost all the requirements for membership of NATO's Partnership for Peace.

A High Judicial and Prosecutorial Council, regulating the rule of law to European standards across the whole of BiH, has been established.

Mostar is now a united city under one Council and one Mayor.

SIPA has been set up as the key national force to fight crime on behalf of the citizen.

The reform of BiH's electricity distribution system has opened up the entire distribution network for the region.

Privatisation is moving forward again.

The introduction of directly elected Mayors has strengthened your municipal system and, in October you showed once again that BiH could run and fund efficient, fair and completely violence free elections, to the highest international standards.

Finally and most significantly, the progress BiH has made on the EU's 16 Feasibility study conditions has surprised and impressed BiH's international partners. Provided the few remaining tasks are now completed and implemented, Bosnia and Herzegovina is now within reach of qualifying to take the next historic steps down the path to Europe and NATO within a few months.

And let's be clear. This is not about reaching some dry, bureaucratic goal. The reforms necessary for Europe and NATO, are also those necessary to make life better for ordinary citizens, too. They pave the way for jobs, justice and security for all in BiH – as the 10 new countries which joined the EU this year, including Slovenia and Hungary , know; and as Croatia is finding out.

There are not many who believed, on 1 January this year, that BiH could move so fast in 2004. But that's what has happened; and because it has happened, the road of opportunity is now open for BiH in 2005.

The task for 2005 is to take that opportunity – not waste it.

That will require 3 things.

First to press forward to complete the few remaining feasibility tasks without delay, and waste no more time in overcoming the present halts to the reform process, so opening the door to the next phase of BiH's journey to peace and prosperity.

Second, to realise that passing legislation is pointless unless it is implemented. Implementation is the watchword for Governments in 2005.

Thirdly, we have to overcome – once and for all – the road block of ICTY co-operation, which has laid across BiH's path to the future for far too long. I believe there is a new spirit to leave the past behind and complete this task in the

RS. But a new spirit and hopeful words are not enough. Results have to be delivered. The greatest responsibility for this lies with the RS, as everyone knows. But everyone suffers if the RS fails. So although this is primarily for the RS, it is not only for the RS. The State institutions, SIPA and OSA have some role to play as well and I expect them to be active in playing it. And Belgrade , too. They should be helping the RS and BiH not hindering them, a point I shall be making to my international colleagues.

By the Spring the EU and NATO will be judging BiH again. You simply cannot afford to fail a third time. There is one other task which BiH must begin to address in 2005. It will not be completed in a single year. But if it is not started in 2005, then you will face fiscal melt down, starting in 2006.

I will put it very simply and very starkly.

BiH's structures of government are fiscally unviable in their present form.

Already next year, the entity governments will begin running up dangerously unsustainable deficits. You simply cannot afford the costly Government we have – 13 police forces is just one example. You have two choices – cut the cost of government, or collapse.

Nearly two thirds of taxpayers money in BiH is spent on government and millions of KM are wasted. That's little more than theft from the many ordinary people who need that money – who are struggling to make ends meet, to pay tuition fees, to get by on tiny pensions and meagre wages, or to get the social and health care that they need and deserve.

BiH just cannot afford any longer to spend so much money on it's governments and so little on it's people.

Once you are on the path to Europe and NATO – as I believe you can be, next year, then this becomes the most urgent task. And

it is one which will require the greatest leadership and courage. It cannot be solved by anyone saying "we are OK – it's the others who must change". This is a problem for the whole of BiH and can only be solved by agreement between the institutions across the whole of BiH.

It is not up to foreigners to decide how to solve this problem – though we are ready to help if called on. Only the people of BiH and their representatives can provide the answers.

Nevertheless one ingredient of the answer is clear to all and agreed by all.

BiH cannot be a centralised state.

The principle should be; centralised authority only where necessary, decentralised authority always where possible. What this means is that State should do the minimum things a State needs to do, but do them efficiently. And the maximum power should be de-centralised, wherever this is possible.

If we mean this, then this is the year we have to start making it reality.

It is no good Sarajevo saying it is the capital of a decentralised state and then insisting all the institutions have to be in Sarajevo . It is time to be a little less Sarajevo centric. It is time to make good on the promise to move four Federation ministries to Mostar, If there is to be a new state wide police authority, why should it be in Sarajevo ?

Finally, a thought for each of BiH's three constituent peoples, that, together with many minority groups, make BiH the remarkable country that it is.

To the Serbs – the message is simple. The world is not out to get you. It is no-one's policy to abolish Republika Srpska. But the RS must obey international law and it must realise

that it is not a state, but part of a state. No-one can force police reform on you. But you must understand that failing to adhere to the standards set by the EU could once again make you the ones shutting the whole country off from the light, killing off its chances for visa free travel and isolating it's European future. I suspect this year you will be asked to choose between the maintenance of the old corrupt structures (including in the police) and a future as a member of the European Union. This is your choice. No-one can make it for you and no-one can force it on you. But choose carefully – there is no future in darkness.

The Croats in Bosnia and Herzegovina fear the annihilation of their culture and their identity. I understand those concerns. As numerically the smallest constituent people in a country with Bosnia and Herzegovina's history, this is a rational fear and an understandable one. And it is a fear which BiH's other peoples and the international community should recognize. But the greatest gift of Europe lies precisely in the protections Europe gives to regional culture and language and diversity. You have nothing to fear from European standards in education – they are not a threat, they are your future guarantee. And so is the rule of law. As BiH's numerically smallest constituent peoples, you have more to gain than anyone from the impartial application of the rule of law. Beware those who seek to undermine this; for in the future you will be relying on it.

And finally to the Bosniaks. You are numerically the largest people. So you carry the greatest responsibilities. You will have to be more generous and more compromising than the others if you are to have a state, in which you have largest say, but others feel comfortable enough to give a secure future for all BiH's children. Some of you like to say, as often as you can, that you want to abolish the RS because it was founded on ethnic cleansing, ignoring the fact that it was actually founded by the signature of your own leaders. Well maybe on

day – sometime – who knows? – the entities will vanish in BiH. But it cannot be done by force – it can only be done by agreement, based on mutual understanding, and compromise. And you will have to be prepared to make the greatest compromises if you want that to happen. This was what Alija Isetbegovic knew and often said and he was right.

As for my message to myself ?

Well, I want to get out of Sarajevo more, to meet more ordinary people and to listen more to the voices of BiH. To those who are struggling to find a job, fighting to create a decent future for their children, trying to lead dignified lives on tiny pensions and low wages. All our reforms are aimed at only one thing – winning a better life for these decent ordinary people of BiH. That has to be the sole purpose of all that we do – there can be no other.

Finally, my mandate ends next November. I said when I arrived here that I would measure my success by how close I could get to the point where BiH no longer needs a High Representative in this present form. That is still my aim and I believe that, if we can get ourselves into NATO and Europe, then that time is very near.

I wish you all every success in 2005. It will be a year of great opportunity and of even greater challenges. But the prize is great too. The chance for BiH to stand on its own feet as a proud, fully sovereign member of the company of nations who make up the Euro Atlantic Community.