

Message from the High Representative, Wolfgang Petritsch, to the Second Regional Conference of the Stability Pact for South East Europe, 25 October 2001

Bucharest, 25 October 2001

EU Presidency – Mrs. Annemie Neyts-Uyttebroeck

Commissioner for External Relations – The Rt. Hon Christopher Patten

Special Coordinator of the Stability Pact – Mr. Bodo Hombach

World Bank – Mr. Johannes Linn

European Parliament – Vice Chairman, Committee of Foreign Affairs – Baroness Nicholson of Winterbourne

Government of Romania

Ladies and Gentlemen,

We meet at a time when the economies of Southeast Europe are showing increasing signs of regional synergy – growth in one country promotes growth in another – and trade throughout the region is expected to respond positively to policy initiatives introduced under the auspices of the Stability Pact. We must

maintain momentum, and make the very tangible benefits of regional co-operation more self-evident to the peoples of Southeast Europe.

Coordinated policy-making tailored to regional needs is beginning to deliver practical results. I pay tribute to my friend Bodo Hombach and his team for the untiring work they have done to strengthen co-operation among South Eastern countries and in coordinating the existing efforts for assisting these countries on their path to progressive integration with the rest of Europe.

In this respect, I note with satisfaction the Memorandum of Understanding (MoU) on trade liberalisation signed last June in Brussels. This MoU is ambitious – it commits the Stability Pact countries to liberalising 90 % of their trade with one another, in value, by 2006. This MoU will pose some significant challenges. In the case of Bosnia and Herzegovina, for example, it will make even more urgent the need for speedy and effective implementation of comprehensive tax reform so as to secure sources of government revenue to replace lost income from trade taxes. But the end result will be a lucrative economic space of almost 60 million people, at once more attractive to regional and international investors. There is a clear and desirable goal and we have the means, together, to reach that goal.

Bosnia and Herzegovina will be able to maximise the benefits of an improving regional economy when its political energies are focused on practical issues affecting the day-to-day needs of the population, and no longer squandered on the petty preoccupations of short-sighted politicians. I am pleased to report that there are clear signs that political maturity is gradually being attained. The passage of the Election Law by the Parliamentary Assembly on 23 August represented a milestone in the consolidation of democracy in Bosnia and

Herzegovina. The decision by a majority of parliamentarians to vote in favour of this law –after years of legislative deadlock- represents what I may describe as principled pragmatism. It furnishes Bosnia and Herzegovina with the means to supervise its own elections, and it opens the way for accession to the Council of Europe. As you know, I had been asked many times to impose the Election Law. *I resisted. I did so because I wanted to oblige the elected representatives of Bosnia and Herzegovina to subordinate their own interests to the overriding interests of the people and forge a compromise. They did so. They will do so again. This is particularly important since key bills, including some which are listed in the EU road-map, are presently blocked in the State Parliamentary Assembly.*

This EU road-map is part and parcel of an overarching coherence in the common effort of countries in Southeast Europe to approach European structures through the Stability and Association process, a process which builds a new contractual relationship and is at the heart of the policy and action of the European Union in the Balkans. This process of Europeanisation is a realistic « exit strategy » of the International Community for BiH – it is in fact an « entry strategy ».

What Bosnia and Herzegovina needs is the continuing commitment of the International Community to foster the buds of political and economic recovery. A stable Bosnia and Herzegovina is a core requirement of regional political stability and economic growth –and regional political stability and economic growth will enhance stability and growth in Bosnia and Herzegovina. The speed of implementation of the Dayton Process very much depends on the constructive attitude of BiH's neighbours. The continued commitment of the Republic of Croatia and the FRY to this goal is crucial, since progress achieved will enable all three countries to make further progress on the

road to Europe.

In this context, I would like to reiterate the importance of maintaining robust support for refugee return. Between now and the end of 2003, when we plan to transfer primary responsibility for promoting return to domestic institutions, approximately 150,000 – 180,000 refugees and displaced persons may return. I urge you to remain steadfast in your support of return projects which is reversing one of the most tragic humanitarian consequences of the war, an objective that remains central to the Dayton peace process. How closely these expectations are met will depend largely on the collective vigilance of domestic and international efforts. If we together succeed in maintaining the momentum of the last two years, this unprecedented historical achievement is within reach.

Political stability, trade liberalisation, economic growth and regional consultation not only deliver practical and concrete benefits to citizens, they also serve to bring the countries of Southeast Europe closer together and in turn serve to bring the region as whole closer to the rest of Europe.

Wolfgang Petritsch

High Representative for Bosnia and Herzegovina