Bosnia and Herzegovina: Commission approves Feasibility Study

The European Commission has approved a Feasibility Study assessing the readiness of Bosnia and Herzegovina (BiH) to take its next steps towards European Integration, by opening negotiations for a Stabilisation and Association Agreement (SAA). The Commission concludes that it hopes to be able to recommend the opening of SAA negotiations next year – on the condition that BiH makes significant progress in a number of areas identified as priorities for action: compliance with existing conditionality and international obligations; more effective governance; more effective public administration; European integration; effective human rights provisions; effective judiciary; tackling crime, especially organised crime; managing asylum and migration; customs and taxation reform; budget legislation; budget practice; reliable statistics; consistent trade policy; integrated energy market; BiH single economic space and public broadcasting.

The Commissioner for External Relations Chris Patten welcomed the finding of the Feasibility Study: “It would give me great pleasure to be able, next year, to recommend to Member States that we should start SAA negotiations with BiH. I will only be able to do so if BiH makes significant and rapid progress in the areas that we have identified. Given sufficient political will, there is no reason why BiH should not meet this target”.

The Feasibility Study finds that BiH has made important progress since the dark days of the 1990s, but still suffers from significant weaknesses. Among its achievements are: establishing democratic procedures, improving the rule of law, a stabilised macro-economic situation and sectoral reforms

which are beginning to bring BiH closer to European standards. Nevertheless, BiH still needs to undertake many fundamental reforms. It needs to show that it can assume full responsibility for government. Economic reform needs to be consolidated, and the country's technical and administrative capacities need further upgrading. BiH's core challenge remains that of building a self-sustaining state able to integrate further into EU structures.

During 2004 the European Commission recommends BiH should take action to:

Comply with existing conditionality by:

- BiH and particularly RS, fully co-operating with the International Criminal Tribunal for the former Yugoslavia, notably in bringing war criminals to justice before the Tribunal.
- Taking steps to meet BiH's Council of Europe post-accession criteria, especially in the area of democracy and human rights.
- Complete outstanding Road Map steps.[1]

Deliver more effective government at State level by:

- Fully implementing the Law on the Council of Ministers and the Law on Ministries
- Convening meetings of the Council of Ministers and parliament with sufficient regularity to tackle government business expeditiously
- Ensuring that new State ministries and bodies become properly operational
- Implementing the 2003 – 2004 Action Plan for Priority Reforms. Also, establish a consolidated State-level government work plan matching policy priorities with budgetary resources
- Ensuring the proper and full functioning of the Directorate for European Integration

- Build the rule of law by:
- Making the judiciary more effective by adopting legislation establishing a single High Judicial and Prosecutorial Council.
- Providing appropriate staff and funding for the State Court
- Tackling crime, especially organised crime, building State-level enforcement capacity by allocating the necessary resources and facilities to ensure the full functioning of the State Information and Protection Agency (SIPA) and the BiH Ministry of Security. BiH should also proceed with structural police reform with a view to rationalising police services.
- Managing asylum and migration by establishing adequate administrative structures

Proceed with economic reform by:

- Implementing the recommendations of the Indirect Tax Policy Commission, in particular by ensuring full parliamentary adoption of the Law on Indirect Tax Authority, including the adoption of related enabling legislation. Appoint a Director for the Indirect Tax Authority and ensure the functioning of the new customs authority. BiH should demonstrate progress in preparing the introduction of VAT
- Improving budget management by adopting and starting to implement a budget law covering multi-annual budget planning and forecasting, and starting to elaborate a consolidated government account. It should take steps to record all income accruing to public authorities at different levels of government.
- Implementing fully the Law on Statistics.
- Establishing a coherent and comprehensive trade policy and revising existing legislation to ensure a consistent policy on free zones. Establish at State level certification and other procedures for the export of

animal products and a phytosanitary office that are EC compatible with a view to promoting exports but also enhancing standards and the single economic space.

- Integrating the electricity market by implementing relevant Entity Action Plans
- Developing the BiH single economic space by establishing the Competition Council. Introducing provisions on the mutual recognition of products in the legal order of BiH and implementing a consistent and effective public procurement regime. Removing all duplicate licenses, permits and similar authorisation requirements to allow service providers to operate throughout BiH without having to fulfil unnecessary administrative requirements. Creating a single business registration system.

Strengthen institutional capacity by:

- Making further efforts to create an effective public administration including developing a comprehensive and cost-estimated action plan for public administration reform. Starting to rationalise the distribution of competences (eg in the areas of police and health).
- Funding and co-operating with the Civil Service Agencies at State and Entity levels.
- Ensuring effective human rights provision by adopting and bring into force any outstanding legislation supporting refugee returns, in particular by introducing, adopting and implementing legislation on the BiH Refugee Return Fund. Complete the transfer of the human rights bodies to BiH control. Ensure that unresolved cases of the Human Rights Chamber are dealt with and that the Chamber’s responsibilities are transferred to the Constitutional Court. Provide adequate funding for the Court. Assume full national responsibility for the State Ombudsman and make progress in the merger of State and Entity Ombudsmen

- Adopting legislation in line with European standards that ensures the long-term viability of a financially and editorially independent State-wide public broadcasting system whose constituent broadcasters share a common infrastructure.

The European Commission supports the reform agenda being pursued by the High Representative /EU Special Representative Lord Ashdown, and will also expect the BiH authorities to co-operate fully in this process over the coming year.

All the recommended reforms are important for the successful implementation of an SAA. The Commission believes the proposed timescale is realistic, and that by meeting this target, BiH can open the way to further integration with the EU.

BACKGROUND

The Feasibility Study is the latest stage of the EU's Stabilisation and Association Process (SAP), designed to integrate BiH gradually into EU structures. BiH's first step in this process came in early 2000 when work began on a "Road Map" of 18 priority reform steps. The Road Map was "substantially completed" in September 2002, and at that stage the Commission initiated work on the Feasibility Study. In March 2003 a questionnaire covering all sectors relevant to a future SAA was given to the BiH Directorate for European Integration. BiH's answers were discussed with the Commission in a series of working groups between May and September 2003. The findings of the Study are thus based on BiH responses to the questionnaire and on the findings of the working groups, complemented by further Commission research.

Success in the reforms outlined in the Feasibility Study would open the way to SAA negotiations. An SAA helps to prepare the countries of the Western Balkans in the same way as the Europe Agreements helped prepare the countries of Central and Eastern

Europe for accession.

For further information on EU relations:

http://europa.eu.int/comm/external_relations/see/bosnie_herze/index.htm

Emma Udwin *Tel: 02/295 9577*
Patricia O'Connor *Tel: 02/299 0501*

For full report – EC Feasibility Study visit:

http://www.delbih.cec.eu.int/en/index.htm

---

[1]The EU Road Map, published in 2000, set out 18 essential steps to be undertaken by BiH before work on a Feasibility Study for the opening of negotiations on a Stabilisation and Association Agreement could begin.