

Communiqué by the PIC Steering Board – Time to Meet the Ownership Challenge

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The Political Directors of the Peace Implementation Council (PIC) Steering Board, together with the Prime Minister of Bosnia and Herzegovina, and leaders of political parties represented in Bosnia and Herzegovina's House of Representatives, met in Brussels on 6 and 7 December.

Political Directors congratulated Bosnia and Herzegovina on its invitation to join NATO's Partnership-for-Peace (PfP) Programme. This was recognition for the achievements in the field of defence reform and a significant step towards Euro-Atlantic integration. They noted in particular the important role played by the leaderships of the defence institutions of Bosnia and Herzegovina in achieving this important milestone.

It is now even more important that the authorities of Bosnia and Herzegovina, especially in Republika Srpska, meet their international and Dayton obligations to cooperate fully with the International Criminal Tribunal for the former Yugoslavia – including playing a proactive role in apprehending all indicted war criminals, notably Radovan Karadzic and Ratko Mladic, and in transferring them to The Hague as well as in dismantling their criminal support networks. As underlined by NATO's decision on PfP, the international community has made it clear that it expects Bosnia and Herzegovina to cooperate fully with the ICTY and will closely monitor its efforts.

Political Directors further pointed out that PfP membership brings with it additional obligations and responsibilities. With this in mind, Political Directors noted that the hiring

of personnel, the full implementation of the defence and armed forces structure and the transfer from the Entities to the State of all property needed for defence purposes, as required by the Defence Law, are essential for the success of defence reform and must be achieved as soon as possible. They also noted that Bosnia and Herzegovina 's successful participation in PfP requires that its defence leadership remain apolitical, balanced, NATO-oriented and squarely focused on achieving and implementing all other aspects of defence reform.

Bosnia and Herzegovina stands on the threshold of a Stabilisation and Association Agreement (SAA). The SAA represents a first contractual relationship between the European Union and Bosnia and Herzegovina . The SAA would be a major step, with tangible benefits for the entire country, including an improved investment climate.

Political Directors urged Bosnia and Herzegovina 's political leaders to focus on the key reforms necessary for SAA signature. The Police Directorate must finish its work and deliver its report. Political leaders should lend their support to this process on the basis of 5 October 2005 Agreement. As the European Commission has pointed out, it will not recommend conclusion of the SAA if there is no agreement on police reform. Anyone reneging on previous commitments and not cooperating on this important reform must be ready to accept the consequences.

Political Directors also urged Bosnia and Herzegovina 's political leaders to live up to their responsibilities to the people of Bosnia and Herzegovina , to build coalitions and form governments rapidly, and to return to the reform agenda in line with the European Partnership priorities. In their actions and through their political activities, they must keep in mind the need to make Bosnia and Herzegovina a factor of stability in the region. The Steering Board underlined that it would not tolerate any attempts to undermine Dayton Peace Agreement. Political Directors reaffirmed that Bosnia and

Herzegovina is a recognised sovereign state whose territorial integrity is guaranteed by the Dayton Peace Agreement.

Preparations for the OHR's closure are continuing, in line with the decision of June 2006 to close OHR at the end of June 2007, subject to review and confirmation in February. Political Directors noted their concern with some aspects of the current situation in Bosnia and Herzegovina and will take into account and assess carefully the situation in Bosnia and Herzegovina and the region. The International Community will monitor the situation carefully and expects political leaders in Bosnia and Herzegovina to demonstrate their willingness and ability to govern effectively.

Police Restructuring

The Steering Board welcomed the work of the Police Directorate and believed that the proposals developed so far by this professional body provide a sound basis for police reform in Bosnia and Herzegovina in line with the three EU principles. The Steering Board renewed its calls for constructive talks among the political parties in order to facilitate the work of the Directorate and adoption of the Directorate's proposals. The Steering Board encouraged the Directorate to complete work on the implementation plan by the end of the year. It expressed the expectation that governments and parliaments adopt the plan as soon as possible and no later than March 2007. All parties must adhere to their commitments made in the October 2005 Political Agreement, and specifically the three EU principles on police reform contained therein.

Constitutional Reform

The Steering Board emphasised that constitutional reform is an urgent prerequisite for establishing a functional State of Bosnia and Herzegovina. The political leaders of Bosnia and Herzegovina must work constructively to take this important reform forward and provide the country with an effective

administrative structure that would allow Bosnia and Herzegovina to take the decisions necessary to advance the country's Euro-Atlantic aspirations.

The Steering Board continues to stand firmly behind the early adoption of the first package of constitutional amendments agreed to by six political parties in March. The package offers a positive first step in a longer-term process that will help Bosnia and Herzegovina meet the requirements of a modern European state.

The Steering Board expressed support for the work of the High Representative/EU Special Representative and the United States to facilitate constitutional reform, and welcomed the commitment of the European Union and the United States to work together to support further constitutional reform, and noted that the Venice Commission of the Council of Europe was ready to lend further help and expertise in this process.

Broader Reform Agenda

The Steering Board reiterated the importance of fiscal sustainability, in particular in the finalisation of 2007 budgets, and urged authorities to form a strong and effective National Fiscal Council.

The Steering Board called upon the new Parliament to enact pending education and higher education legislation without further delay and urged political leader to regard as an absolute priority improvement of education provided at all levels, primary, secondary and higher.

The Steering Board called on the Federation Parliament to initiate and adopt a new Public Broadcasting Service Law as a matter of urgency.

The Steering Board called on the incoming State, Entity and Brcko District governments to incorporate the Public Administration Reform Action Plan into their work plans and to

begin its implementation; it also urged the incoming State and Entity governments to appoint Public Administration Reform coordinators.

The Steering Board recognised the progress achieved by the State Property Commission in drafting property legislation and called upon the incoming governments to reach consensus on key principles by which to distribute pre-war public property between the State, Entities and Brcko District.

The Steering Board called upon the newly elected governments to engage in a constructive and effective dialogue with civil society and particularly emphasized the importance of adopting the Agreement on Cooperation between Council of Ministers of Bosnia and Herzegovina and the non-governmental sector, as well as regulating the legal status of state-level cultural institutions.

Visa Facilitation

The PIC welcomed the opening of the negotiations on visa facilitation and readmission with the European Union as a major contribution to bringing citizens of Bosnia and Herzegovina closer to Europe. The PIC urged the authorities of Bosnia and Herzegovina to fulfil the conditions for visa facilitation as soon as possible.

Mostar

The Steering Board expressed its satisfaction with the arbitration award passed by the Special Envoy Norbert Winterstein aiming at resolving the long-lasting dispute over the Hercegovacka Radio-Televisija (HRT). The Steering Board looks forward to Mr. Winterstein's proposals on further completing Mostar City administration and unifying the city's public utilities companies, which will be submitted shortly.

The Steering Board called upon Mostar authorities and

political leaders to accept and carry out these decisions in order to complete the implementation of the Mostar City Statute. It also urged all BiH and Federation leaders to facilitate the completion of Mostar unification.

Brcko

The Steering Board noted that a draft law regulating the relations between Brcko District and Bosnia and Herzegovina would soon be ready for presentation to the Parliament of Bosnia and Herzegovina. It further noted that this law would provide the District with a means to protect its interest in relevant State Institutions and recalled that such a law is necessary for the Supervisor to recommend an end to the Supervisory regime.

The Steering Board expressed its concern that despite its previous urgings for a satisfactory resolution to the issue of VAT revenue allocation, the Governing Board of the Indirect Taxation Authority has so far failed to identify a way to resolve the matter in a systematic manner, thereby prompting the District to file a written submission to the Arbitral Tribunal. The Steering Board expressed its hope that the issue could be resolved by negotiations and concluded that the adoption of the draft Law and a fair resolution of the dispute over revenue allocation should lead to the withdrawal of all complaints currently pending with the Tribunal.

Transition

Political Directors welcomed Spain's willingness to take on the role of OHR's successor in interest and invited Spain to join the PIC Steering Board as an observer.

The next meeting of the PIC Steering Board will be in Brussels on 26 and 27 February.