

Press Conference Following the Meeting of the Steering Board of the Peace Implementation Council

High Representative Valentin Inzko:

Thank you very much for coming. The copy of the Communiqué will be distributed to you as soon as available, I think shortly, but I wanted to speak to you in order to give you a broader sense of what was discussed and what was decided at this meeting. First of all, let me say that the meeting was successful, we got through a lot and we addressed challenges squarely with the focus on practical solutions. I would like to point out the unanimity and the clear unity of purpose with the PIC Steering Board regarding major challenges facing this country. This meeting was very much about looking forward in relation to the problems that Bosnia and Herzegovina will have to face in 2012. Here are some of the key points that we discussed.

If we are to see the necessary progress in 2012, then we need the Council of Ministers, or, as some members said, if there is no Council of Ministers, a fully functional outgoing Council of Ministers. But, we need the government which works. The failure to agree on the Council of Ministers undermines the confidence of the citizens and the international community in the leaders' determination to change the political and social dynamic in Bosnia and Herzegovina. Because of this, Bosnia and Herzegovina has to face major challenges, including the global economic crisis, falling investment and raising unemployment within the country without properly constituted authorities at the state level. This has also damaged the

country's standing with the international credit rating agencies and, as you know, Bosnia and Herzegovina has been downgraded recently.

The PIC also discussed the current impasse in agreement on the BiH budget for this year and also for the next year, budget on the state level, of course. The PIC examined the failure of the political stakeholders to begin implementing the BiH Constitutional Court's ruling on certain elements of the election system, or the electoral system in Mostar, within the deadline established by the Court, and this deadline is very important as we have elections next year, also in Mostar, and well ahead of the elections everything has to be ready that the elections are conducted orderly and properly. Focus must be made in time to apply the new system in next October's municipal elections and this is where the parties must work vigorously to resolve this issue in time.

The PIC also considered the situation in Brcko where it came up with some very forward looking views, following the welcomed RS Government decision on maps. As you know, a new map was issued recently by the RS Government on December 1st and we received it a few days ago, so the map was also part of deliberations of today. It is also approved that conditionality works, not always, but in this case we asked for a new map and it was delivered. The Brcko Supervisor is here with us, so I will leave it to him to set out the Brcko issues in more details when I finish.

An important element in this PIC was also this morning's briefing on the BiH fiscal situation by Treasury Minister, Finance Minister, Vrankic. In addition to Minister Vrankic's presentation, the IMF offered the invaluable assessments of the economic and budget situation. Political obstruction has prevented the BiH Fiscal Council from operating properly. It has also prevented the agreement on the state budget, which means that services to the citizens all across the country

could be jeopardised for certain segments of people in 2012.

We have also discussed the 5+2 agenda. Unfortunately, with the exception of some positive news from Brcko, there has, basically, been no progress since we last met.

The PIC was also informed of efforts to move the return process of refugees forward. Following the Regional Conference which took place in Belgrade in November, a Donor Conference will take place in Sarajevo in April next year. This Conference will look at what is needed to implement the revised strategy for implementation of Annex VII, as adopted by the BiH Parliament in 2010, including the needs of 8, 600 residents of collective centres in Bosnia and Herzegovina.

The PIC also welcomed improved results on the destruction of high hazard ammunition, especially in implementation of the Article 3 of the Convention on Ban of Cluster Munitions, but noted that, overall, the destruction of dangerous substances and ammunitions needed to be speeded up.

The PIC considered the progress, some progress in educational reform, which is important for the broader process of reconciliation. The PIC underlined that the quality education system that is intercultural, inclusive and non-discriminatory will contribute to long-term peace and stability of the country.

Implementation of the War Crime Strategy remains a concern for PIC delegations and the significant increase in effort of the institutions of BiH in processing war crimes is required. Delegations welcome the arrival of the EUSR and the close OHR-EUSR co-operation, but expressed, at the same time, the concern that the political leadership has not yet reacted positively to the European agenda. They also condemned attacks on state institutions and Dayton, which only impeach progress.

The PIC made it clear at this meeting that OHR has its full backing to address challenges to the Dayton Peace Agreement,

including the sovereignty and integrity of Bosnia and Herzegovina. So, the PIC gave full support, like the Security Council of the UN in mid-November. The PIC also gave full support to the High Representative and the Office of the High Representative. This function remains necessary, and as the High Representative, I will continue to ensure that its mandate is carried out in full. The OHR and the PIC stand together with the people of Bosnia and Herzegovina in the efforts to make that future reality and this will be achieved much sooner if we see a change in the position adopted till now by some political leaders. And this change is indeed necessary.

I come away from this meeting confident that there are practical solutions to the serious problems that this country faces and I am more than ever committed as the High Representative to help the relevant stakeholders agree on these solutions and put them into practice.

As Brcko has been quite an important topic during this PIC meeting, I will now handover to the Brcko Supervisor to give you more details on our discussions. Thank you very much.

Principal Deputy High Representative Roderick Moore:

Thank you, High Representative. Good afternoon. Under the Final Award, it is not the Brcko Supervisor, but the Steering Board, the PIC Steering Board, which ultimately is in charge with making decision whether or not to terminate supervisory regime, so I will not be speaking necessarily on behalf of the Steering Board today, but offering my observations of the quite intensive discussions held about Brcko as was alluded to by the High Representative. And this, of course, is not new, I have stood before you on several previous occasions and emphasised that the issue of Brcko was considered in quite great detail by previous Steering Board meetings. First point I would make is that there was not a decision today by the Steering Board to end supervision. The supervisory regime in

Brcko remains unchanged. However, the second point I would make is to repeat something that the High Representative said a moment ago, there was universal welcoming by the Steering Board members of progress, in particular the adoption of the new decree in Republika Srpska, which shows a map, which appears to indicate that there is no inter-entity boundary line on the territory of Brcko District, which, of course, is one of the essential territorial provisions of the Brcko Final Award, and also it seems to demonstrate a very important step forward in terms of demonstrating the obligations of the Republika Srpska towards meeting all of its obligations under the Final Award relevant to Supervisory Orders and other legal acts.

I think there is a general sense in the Steering Board that this step by the Republika Srpska has opened the door to a process, discussions which will take place expeditiously, to use the term from the Communiqué, in coming weeks and months that could lead to a decision to terminate the supervisory regime. There was not commitment to, but certainly there is a positive momentum toward such a goal. I have to stress here that there was a reservation expressed by Turkey, which has been added as a footnote to the Communiqué. Turkey has expressed its reservations, taking into consideration the fragile political atmosphere in Bosnia and Herzegovina, ambiguities about the Decree adopted by the Government of the Republika Srpska and about whether or not this map, which was adopted by in Banja Luka is of a binding nature. Over the next several weeks and months I imagine that the members of the Steering Board will be consulting with the parties to Annex II, the Annex II is the part of Dayton from which the Brcko arbitral process stands, and that those are the two entities, I suspect, they also will be in consultations with the Brcko District, certainly that will be my strong recommendation. I also suspect that there will be consultations at home for the members of the Steering Board and consultations with domestic parliaments and congresses and so fort. Another important

element of the discussion today revolved not only around supervisory regime, but about the status of the Brcko Arbitral Tribunal, which was set up, as you know, or foreseen in Annex II of Dayton back in 1995 and formed shortly thereafter, and that is the body which established the supervisory regime and led to the Final Award in 1999, which led to the establishment of Brcko District as well. And there is certainly a thought being given to whether or not that Arbitral Tribunal would continue to exist, perhaps, possibly even after the eventual end of supervision.

Thank you.