Press Conference following the session of the PIC Steering Board

Check against delivery.

High Representative Valentin Inzko

Ladies and Gentlemen,

Thank you all very much for coming. The PIC communiqué has been distributed to you and in it you will find the main conclusions of this two-day meeting. However, I thought it would be useful to explain to you some of the background on how these conclusions were reached.

First, I wish to point out that this PIC session was held in a positive atmosphere, and therefore our conclusions are turned towards a better future of Bosnia and Herzegovina and all its citizens. We were particularly encouraged by the meeting we had with the newly elected BiH Presidency. We heard many concrete ideas and positive messages on how to move this country forward, in a positive direction.

I would draw your attention to the fact that the bulk of this communiqué is focused on concrete steps that will ease the hardship on BiH citizens and offer the prospect of an improvement in living standards.

The immediate, short-term priority is to move quickly in the

process of government formation at all levels and in a manner that is fully consistent with the law, including the relevant deadlines. In particular, we expect Cantons to speed up the nomination of delegates to the Federation House of Peoples. So far, only one Canton has elected delegates within the prescribed deadline. I would like to take this opportunity to commend the delegates in Central Bosnia Canton who have completed this process on time, and to call upon other Cantons to follow their example.

Once governments are formed, the focus must be on getting the country back on track and back to work.

This communiqué – and the discussion that went back and forth before it was agreed – is all about sensible and doable steps that the incoming authorities can take and should take in order to bring the country out of the present social and economic crisis.

During the meeting I drew the Steering Board's attention to just how dire the economic situation actually is. I made the same points in my last report to the UN Security Council, and they were also made in the EU's latest Progress Report.

- Despite the latest official statistics showing a somewhat better picture than in the same period last year, the economic challenges remain serious;
- There are over half a million unemployed persons in Bosnia and Herzegovina today;
- The youth unemployment rate is truly shocking: around 60 percent;
- More than 40,000 companies have at least one bank account blocked for insolvency;
- With the average salary of 826 KM and the average pension of 352 KM, even those with a steady income struggle to make ends meet. This is a picture of real and widespread poverty;
- Registering a company requires completion of 11

procedures and 37 days, while it takes 180 days to get a permit.

So, let me say this very clearly: the Steering Board is firmly and unequivocally on the side of BiH, its progress and the people of Bosnia and Herzegovina.

That is why it is urging BiH politicians to fix the economy and to get the country back to work.

There are two things that offer grounds for optimism:

The first is that the progress that has been made since the elections in forming authorities at the various levels of government has been significantly better than four years ago – so we may sooner rather than later have authorities in place that can get to grips with the economic crisis and start turning things around.

The second is the reinvigorated approach and ongoing efforts in relation to the current EU initiative, which aims to revitalize the reform process in BiH and the country's progress towards the EU, whilst maintaining the same requirements and conditions of accession to the European Union, but with a new order of priority. This is something the PIC supports.

These were key elements in the discussion among the Steering Board representatives and between the Steering Board and the new members of the Presidency. The meetings were business-like and the exchange of ideas and opinions was productive. We left the meeting hopeful, and with the impression that the Presidency members are fully aware that that something must be done quickly to address the economic crisis and the PIC Steering Board stands ready to work with BiH partners who are serious about doing that.

I'm going to hand you over now to Ambassador Robinson, who will speak about the part of the discussion that dealt with

the situation in Mostar.

Principal Deputy High Representative David M. Robinson

Let me underscore what the High Representative said, which is that, at this morning's meeting at the Presidency, we enjoyed a very constructive conversation and a commitment to focus on the bread-and-butter issues that affect average citizens of this country, to try to improve their lives. So I think we set the stage for a productive and cooperative relationship of the International Community with the new government going forward.

On Mostar we had a brief discussion in the PIC, highlighting the failure of HDZ BiH and SDA to come to terms, which would have allowed the citizens of Mostar to exercise their constitutional rights to vote for the local government. We find this a significant failing, of course, and we hope that the parties to this will come together soon to find a way to allow people to choose their representatives

In the meantime, of course, the government of the people in Mostar is facing a potential problem with budgets. We will try to work with the parties and other affected persons to come together and find a solution to allow the functions of Mostar to continue going forward until a more permanent solution is found.

Thank you.

High Representative Valentin Inzko

Thank you, Ambassador Robinson.

I should mention that the Steering Board also discussed the need to step up the response to the catastrophic damage caused by last spring's floods. The international donors' conference in July set in place mechanisms to fund flood relief – but we haven't seen the political leadership or administrative commitment that is needed in order to turn those funds into

actual relief on the ground.

The international community is ready with practical support but we need our BiH political partners to deliver that support to citizens.

The PIC has also called for a serious judicial effort to tackle corruption and deliver more efficient war crimes prosecutions, as well as for a renewed focus on education reform.

NATO members of the PIC Steering Board and Japan also called upon the authorities to make progress in the registration of prospective defence property, which remains a prerequisite for activating the NATO Membership Action Plan.

These are not new initiatives – they are calls for the incoming authorities to do what should have been done long ago.

At this meeting of the PIC Steering Board I was obliged to point out that the patience of the people of Bosnia and Herzegovina is now close to zero. The only thing that will help to dissolve the frustration and anger in the country is visible, effective and sensible action by the incoming authorities.

The expectations of citizens and the International Community from the new governments are high, and the ball is now in the court of the BiH political establishment.

The International Community stands ready to assist Bosnia and Herzegovina get back on track, but we must now see clear signs from the new authorities that they are committed to rolling up their sleeves and getting down to the hard work of delivering results.

We have a real change to change things. Let’s make sure we take it.