

Remarks by the High Representative, Paddy Ashdown, at the Press Conference

We had a very good and constructive PIC, which was dedicated to primary topics. One was internal matters, and the PIC made a historic decision which I will want to draw your attention to in the near future, and the other was, the main topic was the issue of what we hope is only current turbulence in the whole reform process – characterized of course by PBS, by police restructuring and by the present instability in the Council of Ministers. However, the issues we discussed were:

- First of all Srebrenica, where the PIC solemnly remembered the dead in Srebrenica, recommitted themselves to ensuring that whatever action needs to be taken in order to bring the perpetrators of this appalling crime and the perpetrators of all other crimes committed, war crimes committed in Bosnia and Herzegovina, to justice;
- Reviewed the forthcoming tenth anniversary commemoration ceremony;
- Expressed a warm welcome for the invitation sent to President Tadić in Serbia and Montenegro, and to President Čavić; and
- Warmly welcomed also their statement of intent to attend the ceremony at Srebrenica;
- Expressed the wish and hope that this ceremony would be carried out with the due solemnity and respect that is necessary for this important event, and towards those who are attending. Once again Bosnia and Herzegovina will be on the television screens and in the attention

of the world, and it's an important moment for us.

The PIC also discussed the whole question of ICTY cooperation, noted with regret, perhaps even *deep* regret I think is the phrase used by some, that there appeared after having had significant progress on cooperating with the ICTY – reflected in transfers of indictees to The Hague earlier this year – the PIC noted with deep regret that there appeared to be a dead stop to that process in recent weeks and months. Now, recent events related to the Srebrenica area, to RS MUP policemen and to recent actions by the RS MUP is a brighter picture, but we note with regret in terms of transfer of Hague indictees to The Hague there has been no further action in recent weeks and the PIC concluded with two statements on this.

The first is that this must continue, this process of cooperation with The Hague must now accelerate again, and there will be serious consequences, we will have to return to serious consequences for those responsible for this if that does not happen. And secondly, that this process was not completed and would not be regarded as completed by the International Community until Karadžić and Mladić are transferred to The Hague . So, we must now see acceleration, a continuation with extra momentum, of the process of transferring Hague indictees to The Hague , and only concrete results will do. The alternative will be to return to the policy which we had before Christmas, before the start of serious consequences in the event of failure.

The PIC also regretted the halt to the Feasibility Study reform process, in particular in two areas. The first was public broadcasting reform, a task that must be completed, and the second was on police reform. The PIC called for the public broadcasting reform process to be completed as soon as possible, and expressed deep regret that the RS had not been prepared to continue with police reform. It stated that this would act as a major block, a fundamental block to any further progress towards Europe, and that there would be serious

consequences if the RS were to continue to choose isolation over integration. Not the least of those would be that BiH would be left behind.

The PIC in particular identified that if now we could restart the process, if we could conclude the process of PBS reform and restart the process of negotiation for success of police reform, then BiH had a last chance to catch up with the other countries in the Balkans on the road to Europe. If we missed that chance then BiH would remain out of the queue and left behind.

The PIC was also briefed in detail by the Prime Minister about the present situation in the Council of Ministers; it heard the Prime Minister's determination to ensure that the Council of Ministers returns to work as soon as possible. And the PIC called on the Prime Minister and all other parties involved to resolve the issues outstanding in the Council of Ministers and get the Council of Ministers back to work as soon as possible.

The PIC also discussed Defence reform, noted the progress that had been made there and expressed the hope that that would continue. And finally the PIC received a detailed briefing on the progress of the War Crimes Chamber and noted with satisfaction the successes that had been achieved there, and a detailed brief from Ambassador Butler on the economic situation in BiH.

On the economic situation there were two conclusions. First of all that there are now really welcome signs, that following the early programme of economic reforms the country's economy is now growing. Indeed it is growing from a very low base, faster than for instance Croatia, faster than most of the other countries in the Balkans. Exports are up 25 percent from a very low base. Manufacturing production in the Federation up 25 percent, about 9 percent in the RS. Foreign direct investment coming into the country up 25 percent. The

number of families living in poverty down from 20 percent to around 16 percent. Encouraging signs that the BiH economy is now growing, albeit from a very low base and albeit, not yet at a pace which could be considered sustainable.

However, to balance that good news there is bad news, which is the highly critical state of government finances in BiH at the state level, but most particularly at the Entity levels. The question of the fiscal sustainability of BiH's government structures, that is their capacity to continue to fund government activity and to pay for government employees, is now a very serious problem indeed. The deficits being run up now in the Federation are of the order of 300 to 400 million KM annually, and in the RS about half that. What that means is that unless this issue is tackled very soon then it seems very probable that before too long the governments of BiH, particularly the Entity level, will be unable to pay some of their employees. This is a crisis of major proportions, but let me underline for you – it is not a crisis of the BiH economy, which is generally speaking showing signs of health – but a crisis of the affordability of BiH's government.

And finally, arguably the most important decision made at the PIC – the PIC also discussed at length and concluded on the future of OHR. Now you will recall when I came here I said that one of my aims was to ensure that we moved towards a position where you would not any longer need a High Representative. The PIC has discussed this and I want to read out for you the statement, because it's an important one and I think it's important that you should hear it in full.

The Steering Board expressed it's intention to continue with the process of transferring responsibilities to the BiH authorities, which has already begun and will continue at an accelerated pace. The culmination of this process will be to bring to an end the Office of the High Representative. The Steering Board expresses it's readiness to do this and to recommend that the position of the High Representative be

replaced by a European Union Special Representative. This step must of course be endorsed by an UN Security Council Resolution.

The end point of this process will be an important milestone in BiH's development, the point at which BiH takes it's destiny into it's own hands and moves forward towards integration with the EU. But, the PIC will want to ensure that such a process of transition is tied to actual progress in BiH. So how soon the Steering Board will be in a position to initiate such a process of transition will therefore depend entirely on the ability of BiH authorities to put the country firmly on to the road to Europe . One clear indication to the Steering Board that the BiH is indeed firmly on that road to Europe will be when it has qualified for negotiations on the Stabilization and Association Agreement with the EU and taken the hard decisions that are still needed to accomplish that. The sooner that happens, the sooner that happens, the sooner the PIC will be in a position to launch the process of phasing out the Office of the High Representative and phasing in the Office of the European Union Special Representative.

That's an important and historic statement, let me just remind you what it says. First of all that the PIC will recommend, obviously it has to be recommended to the European Union, that the OHR will in due course transfer to an EUSR. That has to be supported by a UN Security Council Resolution. That does not happen overnight, that will require a process. The process itself will take an element of time, quite a lot of time to see that process through. But, that process cannot begin until certain conditions are fulfilled. The chief of those is that BiH is in the SAA process, the Stabilization and Association process. So an important PIC, perhaps in terms of some of the decisions, particularly that last one, an historic PIC.

Your questions?

RTQs

Journalist #1:

As far as I understood, at the PIC you also discussed the results achieved in defence reform. Did you take account of the fact that the federal component of the defense sector, according to certain estimates, is in debt around a billion KM? Who will pay that? How can that be reformed?

The High Representative, Paddy Ashdown:

That wasn't discussed at the PIC. That's an issue for the defence reform process. Remember the PIC is dealing with broad issues here. The matter you referred to is a matter entirely for the Defence Reform Commission and we will bring it to the attention of the PIC as and when they think it important.

Journalist #2:

Two questions: You used rather harsh language in describing the demands towards Republica Srpska. Is there any deadline? And the second question is related to the PIC – what is the situation now in the Ministry for Communications, the Dokić Ministry? Who is the minister? I mean the situation is a bit unclear.

The High Representative, Paddy Ashdown:

Let me deal with the first of those. The language I used has been carefully chosen. We must begin to see significant progress in the very near future. The tenth anniversary of Srebrenica is coming up. We expect to see progress starting immediately. I'm not going to put a deadline on this yet. I may do subsequently, but I'm not going to yet. Immediately is the key phrase.

On the question of Dokić – Mr. Dokić came to see me yesterday. I made it clear to him that, while I greatly appreciated the step he had taken to resign from the Ministry on indictment, that's an important step which I greatly welcome, in which the principle that ministers holding executive positions ought to stand aside from those when they are indicted before the courts has become not a High Rep's imposed principle, but a principle now embedded within the domestic authorities. That was his decision and I welcome it. His court case, however, started yesterday – sorry, it was the day before yesterday that I saw Mr. Dokić – his court case, however, started yesterday and I felt it was improper for a minister holding an executive position to be appearing in court. That would undermine the principle on which he very properly and commendably offered his resignation. I told him that in my view the right thing to do would be to step aside, formally to absent himself under Article 7 of the Council of Ministers law and to make it clear that he passed his duties on to his deputy. Minister Dokić confirmed yesterday that that indeed was the step he was taking. I have spoken to Mladen Ivanić today, the president of his party, the president of the PDP, he has confirmed to me that Minister Dokić has formally absented himself, that a letter will be written to the Prime Minister today confirming that, under Article 7 of the Council of Ministers law, that that letter will pass his duties on to his deputy and that Minister Dokić will stay absented on holiday, on leave if you wish, until such time as either his position is formally replaced or the court trial has completed. Now, I very much hope that that position will be filled appropriately, legally and properly in the near future. But the present position in relation to Minister Dokić is that he is formally absent under Article 7 of the Council of Ministers. He is not therefore conducting his duties and he has formally passed his duties on to his deputy.

Journalist #3:

Mr. Ashdown, would you please answer the following question: Can the Croatian Democratic Community (HDZ) take part in the election process if their leader is a man who was removed from his position as a member of the Presidency of Bosnia and Herzegovina and against whom court proceedings have been initiated?

The High Representative, Paddy Ashdown:

It's a matter for the Election Commission.

Ruždija Adžović, Jutarnje Novine:

Mr. Ashdown, Ruždija Adžović, Jutarnje Novine – We have forgotten that the position of a Special EU Representative already exists in Bosnia and Herzegovina, but it seems that you are holding that position? Does that mean that you will just continue to do so? I mean, if that position already exists?

The High Representative, Paddy Ashdown:

If you remember I am HR and EUSR. It is as HR that I have the Bonn powers, but I'm double-hatted. So the decision taken by the PIC today is that when the conditions have been fulfilled the Office of the High Representative will vanish. That hat will no longer be there. This will not any longer be known as the Office of the High Representative. The person who holds my job will then be only an EU Special Representative and this will be known, I suppose, as the Office of the EU Special Representative. So that element you see behind me I guess, of OHR, will cease to exist. Of course that has consequences needless to say and that's why it has to be agreed by UN Security Council Resolution.

Mirza Ćubura, Nezavisne Novine:

You said that you had talked with Minister Mladen Ivanić about the destiny of Minister Dokić, but did you also talk to him

about his own position in the Council of Ministers and does this announcement from the PIC mean that...

The High Representative, Paddy Ashdown:

No, that's a matter for the domestic authorities, not me.

Mirza Ćubura, Nezavisne Novine:

Does this announcement from the PIC mean that the beginning of the negotiations on the Stabilization and Association Agreement will also be the beginning of the liquidation of the OHR?

The High Representative, Paddy Ashdown:

What the PIC has said, and the words are very clear, is that certain conditions have to be fulfilled. The BiH politicians must take more responsibility for their own actions. We want to see some of these key reforms completed. There is the OHR's Mission Implementation Plan, it's a public document. You can see what we have achieved. That plan must be substantially finished. So, there are a number of conditions. But the chief condition and the crucial condition is that the SAA, that BiH has crossed the threshold, into the SAA process. Now please, particularly will you notice the word: a process. When the PIC determines that the right conditions are in place, the chief of those is the agreement to commence the SAA process, that won't happen overnight. There will be a process involving some time for this transition to take place. But yes, the SAA is, if you would like to say the key condition, but it's not the only condition. There are other conditions as well, including the transfer of authorities to the BiH politicians, the BIH politicians themselves showing more responsibility in taking up those authorities, and other issues that are of a more minor nature, like the Mission Implementation Plan of OHR.

Dušan Saraković, Večernje Novosti:

I am interested in your comment on the police action at Bratunac?

The High Representative, Paddy Ashdown:

Dušan, I can't comment on that. It's a matter for the prosecutor. You understand why. These are legal matters and until we have had some formal statement from the prosecutors it would be improper for me to comment, except to say that I think this is potentially a big event and we must wait to see how things play out. Any others?

Mirela Ćosić, BHT1:

Yesterday you criticized the Presidency in view of the fact that they are not acting in accordance with the findings of the audit. Will you take any action in that regard or do you believe that the Presidency will comply with your requirements bearing in mind the payment Mr. Čović received after you removed him?

The High Representative, Paddy Ashdown:

The question of whether they complied with the audit requirements is not a matter for me. It's a matter for the domestic authorities in a democracy. The question of whether they comply with the Dayton instruction is a matter for me, and I can assure you they will.

Daily newspaper SAN:

Can you tell me what will happen if no agreement is reached in Doboj today? What is the future of the State government and has there been any talk about your successor?

The High Representative, Paddy Ashdown:

No, that's a matter for the State government, not me. And there was no talk about my successor.

Journalist #4:

Talking about the SAA I have some incomplete information. Are you going to stay here as long as Bosnia achieves the SAA process or including the extension of the mandate, indefinitely?

The High Representative, Paddy Ashdown:

I have said when I am leaving and the rest is speculation.

Journalist #5:

Mr. Ashdown, did you talk about deadlines today? Will BiH sign the Agreement by the end of this year? And, will you continue to hold only one of your current two positions?

The High Representative, Paddy Ashdown:

BiH can sign the document tomorrow if it completes the reforms necessary. But it won't ever sign the document, ever, if it doesn't complete the reforms that are necessary. And let me tell you in the new climate of Europe, one of the features that appeared in this PIC was indeed that several member states made it very clear that these conditions had to be fulfilled in full and that there weren't going to be compromises on these issues. So when BiH enters the Stabilization and Association process is entirely a matter for BiH and the BiH politicians. The faster they do it the faster they cross the threshold, the longer they take the later they cross the threshold.

I'm not going to give any more comments about my continuing position here, as the position on that is very clear. Whatever else you read is pure speculation.

Okay. Thanks very much.