

# Speech by the High Representative and EU Special Representative, Miroslav Lajčák to the Parliamentary Assembly of Bosnia and Herzegovina in Joint Session



## Integration or Isolation

Mr. Speaker, Visiting Speakers, Prime Ministers and Members of Parliament,

I have been in office as High Representative and EU Special Representative for two months. I have had many meetings with political leaders in July and August and I have listened carefully to what has been said to me. Now the time has come to share with you in greater detail my assessment of what is needed for Bosnia and Herzegovina to move forward. Given the key role of the BiH Parliamentary Assembly, this is the right place to set out my thinking and I appreciate the opportunity that you've given me.

This is not a "business as usual" speech. For the last year, in particular in the last few days, we have not had "business as usual". You know that as well as I do. So I want to take

this opportunity to set out what I think we need to do – you in Bosnia and Herzegovina and we in the international community too – over the coming months, in order to dig ourselves out of the rut that we're currently in.

The problem as I see it (and I'm going to be blunt) is that you, the political establishment of this country, have not maintained a working consensus about what it is you really want, what this country's strategic goals are, what you want to achieve and what it is politically realistic to achieve. Every one of you claims to be behind European integration and yet with depressing frequency, reasons are found to put that integration on hold. I am here today to tell you that you must make up your collective mind – do you want integration or do you want isolation?

I think we can all agree that the past year has been a dismal one. Almost no progress has been made in agreeing and implementing reforms that are needed in order to improve the people's livelihood and move the country closer to Europe. The fact that this Parliament has only adopted one Law from the list of requirements for progress in the Stabilisation and Association process with the EU speaks for itself. At the same time, the political atmosphere has been poisoned by negative rhetoric, recrimination and an unwillingness to agree on solutions to pressing problems.

### **Normal and Constructive Politics**

If there is one message that I want to go from this chamber today it is that all of us have an opportunity to move out of this utterly unproductive phase. We don't have to be stuck in a repetitive cycle of unproductive argument.

I want to be clear – we can get back to normal, constructive politics that benefit everyone, and we can get back to that way of doing things without delay.

I accepted the post of High Representative and EU Special

Representative because I am convinced that this twin office can be used to help Bosnia and Herzegovina and its people to a position of prosperity and stability in Europe.

So far I have had numerous contacts with citizens and I have been assured that the statistics showing 70-percent active support for the European road are not exaggerated.

What is alarming is another 70-percent figure, which relates to the number of young people who would leave Bosnia and Herzegovina if they had the opportunity. For each member of parliament that figure has to be a reason not only to stop and think, but also to change the way that they work. Our work cannot be good if our children want to leave us. Just like most citizens of this country, young people also feel this standstill, this constant turning to the past, these feelings of guilt which keep us in a vicious circle, whereas Europe, as well as our closest neighbours, keep moving forward. In making a breakthrough a lot depends on you, representatives in the Parliament of Bosnia-Herzegovina, as well as on the representatives from the entities and the authorities at other levels. We shouldn't be debating that, we should be acting immediately. The European Union will not adjust itself to you, it should be the other way around.

It is time for an end to the practice of questioning the existence of the state and its component parts. Bosnia and Herzegovina is an internationally recognised sovereign state whose territorial integrity is guaranteed under international law. According to the Constitution, Republika Srpska and the Federation of Bosnia-Herzegovina are entities within the state of Bosnia and Herzegovina. Any change to the Constitution can only be made in accordance with the procedure provided by this Constitution. In June of this year the international community reiterated its absolute commitment to the post-war peace settlement and made it clear that it would not tolerate any attempt to undermine the Dayton Peace Agreement and it would

not remain passive in the face of provocative statements or acts – no matter from whom they come. This position remains unchanged.

The Constitution can only be changed through the procedures prescribed in the Constitution itself. Therefore, no one can secede unilaterally and no one can do away unilaterally with the entities or any other constitutional feature. There is no need to feel threatened. That is why I want to use this opportunity to send a message to all politicians to stay away from empty threats and scare-mongering and to return to building a consensus on how you plan to get into Europe.

Isolation or integration – at this moment that is your choice and your responsibility.

If you want to leave the past wasted year behind, then leave the rhetoric behind; instead, I propose that we jointly start working for something better than gridlock and fear.

We have already seen that an overwhelming majority of BiH citizens do want to get into Europe. How this can be achieved is not rocket science; it is not even a massive undertaking. It is a few years of deep and sustained reforms that will vastly improve living standards and deliver the closer ties to Europe that the majority wants. Is that really a proposal to which anyone responsible and honest would seriously object?

So, let's start down the path that a clear majority of citizens, from each constituent peoples and others want. I emphasize this last aspect deliberately; Bosnia and Herzegovina is a multi-ethnic state, with three constituent peoples and other. So please let's cut the maximalist rhetoric, on all sides.

### **Police Reform**

What do we have to do?

First we have to get Police Reform out of the way.

We all know that agreement could have been in force by now if we had not slipped into this dark valley of isolation and self-indulgent rhetoric.

The reform must comply with the three European Union principles. It was the acceptance of these principles by the State and Entity parliaments on 5 October 2005 – almost two years ago today – which opened the negotiation process for a Stabilisation and Association Agreement. As we all know, the SAA will not be signed without an agreement on police that is in line with those principles.

Let us all keep clearly before us the fact that the three parliaments formally accepted these three principles. Agreement was reached: a vote was taken; a commitment was made. The delay of the last two years – which has put off the signing of an SAA, which has barred the people of this country from the benefits of integration- this has been completely unnecessary.

I've heard it said that people don't understand what the three principles mean. Let me here spell out what it will mean to put our three principles – which you have all agreed to – into practice.

The first EU principle requires that all legislative and budgetary competencies for all police matters be vested at the State Level. This means, among other things, that only this body, the BiH Parliamentary Assembly, can adopt legislation and budgets related to police matters. It means that all police bodies in the future will be legally defined as organisations of the BiH state.

The second principle – that there should be no political interference in the operational work of the police – means exactly what it says: there will be oversight at the policy level, but operational independence must be guaranteed.

Getting politics out of the daily work of the police is something that we know the overwhelming majority of BiH citizens agree on.

The third principle – that functional local police areas must be determined by technical policing criteria, where operational command is exercised at the local level is the best way to bring policing to the community that it serves.

In the last few days all sorts of things have been said and written about police reform. In that discussion I have found mainly the traditional clichés. After all, it is enough to place the arguments presented by the leaders of the SDA and SBiH on the one hand and the group of parties from the RS on the other side by side to see that they cancel each other out. This plan has even come under criticism because it is in compliance with the Constitution of this country – a criticism which is certainly unique in the world. Not only is this not serious, but it is also against the Dayton Agreement.

The police reform proposal must be neither more nor less than a police reform proposal based on European principles. We should not use the police to resolve all the problems this country is faced with – from war crimes to the future constitutional setup. Nor should we deny the existence of these problems. They are here and are serious and relevant. But we must resolve them one by one. We must go step by step – and police reform is the first step. Intentional or unintentional inclusion of all BiH problems in the police reform process creates a knot, which will be impossible to untie. The solution that has been offered does not prejudice a new constitutional arrangement. Once new Constitution is adopted, each area will have to be adjusted to the new provisions, including the police reform.

It is a fact that acceptance of the proposal which, after harmonization with EU institutions (in particular with the EUPM and representatives of the international community) I

made last week requires just a little goodwill and readiness for compromise. Demonstrating these qualities – which should be the basis of action for any serious politician – would not only make it possible to surmount this obstacle, which has been blocking all political process in Bosnia and Herzegovina for a long time, but would also open a path for this country to sign the SAA and would create an opportunity for Bosnia and Herzegovina to catch up with neighbouring countries on its way to European integration. It is not a proposal in favour of one camp or the other, nor is it a proposal against one camp or the other. It is a proposal for Bosnia and Herzegovina. That is how it was written; that is how it should be read.

It is important that all political leaders have accepted the continuation of the process, made their positions clear, and given comments. What is in front of us now is a period of analyzing these positions, then technical talks, which will surely not be simple. The key to the success of these talks will be political responsibility among all the actors. If we do not overcome the style of political action shown in the past – where narrow party interests are more important to political parties than the interests of the state and its citizens, and where every compromise for them means political defeat – then we will not get agreement. In that case, the loser will not be the international community, or the High Representative.

I have already said that the proposal on police reform deals with the police only. At the same time let me say that the consequences of the process in which we are now in will be broader. Whether the proposal is accepted or rejected it will be a clear signal for the international community, who are following all of this very closely, of the maturity of this country's leading politicians and their readiness to lead BiH in a civilized and European way.

If the plan leading this country towards the European Union is rejected, the losers will be Bosnia and Herzegovina and its

citizens, who will be stripped of their European perspective – a perspective that has no alternative. Such behavior could not pass without consequences. It would be politically naive to think that the international community could afford not to react adequately to such irresponsibility and to such a challenge. It is clear that the international community would have to change its policy towards Bosnia and Herzegovina.

Police reform is a European condition. Joining the EU is voluntary. No one can be forced to do that, and if a country decides to do it then it has to accept the rules of the game.

Therefore, if we lose September, we have lost the whole year and the walls around Bosnia and Herzegovina will grow even higher.

In order to avert this, we must go forward. After so much suffering, isolation and division, BiH citizens deserve to live in peace, prosperity, democracy, in a European state which benefits from its associated membership in the EU and which has a realistic chance of becoming a full member within a foreseeable period of time.

#### Advantages of the Stabilization and Association Agreement

All the relevant meetings of the European Union from the Thessaloniki Summit in 2003, to the Salzburg Summit in 2006, have confirmed that EU membership was open to the countries of the Western Balkans, including Bosnia and Herzegovina. The first important step in this process is the Stabilization and Association Agreement. In the phase between the signing of this Agreement and accession to the European Union there is no other contractual relationship with the European Union.

Next week I will be traveling to Brussels, where I will meet senior EU officials and report to them on the current situation with regard to measures and activities which Bosnia and Herzegovina is undertaking to integrate in the EU. My



assessment can be optimistic only if I see signs that key political actors are prepared to return to the policy of consensus which can lead to political agreements and to legislation on the statute books necessary for European integration and practical improvement of living standards. Unfortunately I don't see that at the moment.

The experience of all countries which have successfully completed the transition process shows that the key precondition for this success is an idea which can win the support of the whole of society, or at least of a substantial majority. Without such a central idea, no country can go forward. One of the reasons Bosnia and Herzegovina is at a standstill is the absence of such an idea, such a priority. What is considered a priority for Bosniaks is not seen as such by Serbs or Croats, and the same goes for the other constituent peoples. Experience and facts show that the European perspective is the only idea which not only has the support of a vast majority of all BiH citizens but which also has the potential to become the platform from which this country can move forward. Let's not miss this chance please.

I know that people are familiar with the Stabilization and Association Agreement – but perhaps they do not understand enough what this will mean for Bosnia and Herzegovina. Let me explain what the benefits will be if we continue with integration in the European Union, and give you several examples:

SAA is the first step in the EU integration process. It confirms that the prospect of EU membership is open for Bosnia and Herzegovina.

Bosnia and Herzegovina will establish trade relations with the largest market in the world; almost 500 million potential customers.

BiH products can be exported customs free while Bosnia and

Herzegovina can retain customs duties on EU products for a transition period. It is essential to use this time to strengthen the BiH economy.

It will be possible for BiH companies and individuals to establish companies or branches in EU countries – just like any EU citizen or company.

BiH citizens who work legally in the EU member countries and their spouses will, with regard to jobs, have the same treatment as citizens of EU countries.

This will mean that BiH's institutions will have the possibility of receiving funding in the areas of health care, education, sports, culture, social policy, employment and the environment.

By signing the SAA Bosnia and Herzegovina will take responsibility for harmonizing its laws with EU laws. This will mean better protection of consumers, equal opportunities for all people regardless of their religious background, ethnicity, etc., safety of food and other products, more efficient public services, and more transparent spending of taxpayers' money. The SAA is not only about the relationship with the EU. It is about your progress.

Again, let me be clear – I do not believe that any of you want to deny these benefits to the people of this country. There has been a drift into stalemate – it is time for us to end this stalemate, stop the drift, move forward and deliver positive things to citizens. All the parties represented here today were using EU integration as a slogan at the time of the most recent election campaign and have in their programs at least several sentences on the necessity of joining the European Union. Does EU integration serve you only as propaganda or do you really think that this is necessary for this country? If you think seriously then you must do something about it.

## **Constitutional Reform**

Once we have got Police Reform out of the way we can move on to Constitutional Reform. The objective is simple and it is an objective with which no one in this room takes issue: it is to provide this country with a feasible, affordable and effective system of governance. That is a long-term goal, but progress can be made always and only by consensus. Currently, willingness for such a consensus does not exist. The failure to forge a consensus is keeping this country poor, divided and dysfunctional: it is exacting a high price from citizens.

## **Course of action**

At the end of July, the European Commission put together a list of 27 actions to be implemented before the cut-off date of the progress report. Police reform is the most important of these. But there are 26 other issues which need to be addressed as a matter of urgency. What is the Council of Ministers doing and what is the Parliamentary Assembly doing to act on these 26 issues? What are the governments and parliaments of the Federation and the RS doing?

This country will not move ahead unless its leaders engage and do what is necessary. I believe that every thinking person in this room will want to seize this chance.

## **Politics and Poverty**

As an illustration, only in 2006, this country lost 100 million dollars worth of World Bank funding, because it failed to satisfy the conditions that were set. I cannot believe that you find this acceptable, that you would just shrug your shoulders – I know that the citizens of this country will find this scandalous.

I have already stressed that you do not have any more time to waste in the field of EU integration. Let me stress equally

that you do not have any more time to waste in the field of economic development. As long as you stay gridlocked, the people will stay poor – and they have been made to put up with brutal living conditions for much too long. Official statistics show that huge part of the population is unemployed. Something must be done about this too. The politicians, governments and parliaments of this country are responsible for economic progress and better living standards. Without foreign investment there will be no new jobs, and without reforms in the country, without improvements in the legal framework, foreign capital will not come to Bosnia and Herzegovina because investors won't be sure that their investments are secure.

Among the issues that will be discussed in the coming weeks is the establishment of a legally constituted BiH Social and Economic Council – this will help establish an efficient dialogue between economic stakeholders and the government. This has been seen in all states that have successfully undergone the transition process. And yet, here in Bosnia and Herzegovina, some political leaders are keeping their representatives from participating in the effort to get this off the ground!

As far as other important pieces of economic legislation are concerned, unfortunately I could repeat, word for word, what my predecessor said on the occasions when he addressed you. This indicates that practically nothing was done to date.

I am glad however, that there is one exception, and I welcome the ratification of the CEFTA agreement.

However, I would also like to remind you of the steps that have to be taken in order to free up the economy and make it grow – these include consolidating the Single Economic Space in order to generate economies of scale, modernising banking supervision and the commercial code, ratifying the regional aviation agreement and fully implementing the commitments of

the Energy Treaty, rationalising public sector wages, properly regulating the pharmaceutical market, and liberalising the labour market.

The relevant legislation has been drawn up and debated exhaustively, yet for more than a year key economic steps have been postponed because of the general political gridlock.

Next month I will convene a conference on the economy that will bring together policymakers and representatives of workers, employers, entrepreneurs and consumers. The lesson from other transition countries, including my own, is that it is quite unreasonable to expect citizens to undergo pain without the expectation of some kind of recognisable gain. We do not just need economic reforms – we need economic reforms that work, that make life better, that deliver more jobs and higher living standards. I want to get this key proposition back into the mainstream of BiH politics.

### **Justice and War Crimes**

One thing is clear – there can be no prosperous society without justice. Moreover, without prosperity it is even difficult to think about the future. This is why the future of this country lies in facing up to the requirements of justice. It is necessary to go through this process to be able to engage in a serious discussion about a European future or any future for Bosnia and Herzegovina.

Bosnia and Herzegovina needs a modern, robust and independent justice system, compatible with European standards, which will be able to protect the fundamental values of the State and face the challenges that undermine those values the most – war crimes and financial and organised crime before anything else.

For this country to address the past, a National Strategy for War Crimes needs to be adopted, and adopted quickly. Victims' families cannot wait forever to obtain satisfaction before the

courts, and the number of potential cases demonstrates vividly the need for a comprehensive strategic approach to this problem. One part of this Strategy has to deal with the improvement of regional cooperation in processing war-crimes cases. As a first step in this respect, I expect the BiH authorities to enable the BiH Prosecutor to enter into bilateral agreements with neighbouring countries on the exchange of evidence and information regarding suspects for war crimes who are located in Serbia, Croatia or Montenegro. This has been done between all these countries respectively, except for Bosnia and Herzegovina. So, the political will is lacking in this area too, and you have to prove your interest in reducing the widespread impunity that is enjoyed by many war criminals.

In addition, a General Strategy for the Reform of the Judiciary in Bosnia and Herzegovina needs to be finalized and adopted as soon as possible. Legal professionals have been working on this and they could easily reach a consensus among themselves about strategic objectives. However, there is a lack of political support for these efforts. You, Members of Parliament, need to support this, not least because it is an issue which affects general requirements for achieving progress in this and other areas. With an efficient judiciary many other areas can become more effective. However, let me reiterate that support for this process does not include political interference in the structure and operation of the judiciary, motivated solely by selfish and short-term private objectives.

On the basis of an initiative launched by my Office, there will be a meeting organized at the end of September to exchange opinions among judicial officials, Ministries of Justice and international donors on future support for judicial reform in Bosnia and Herzegovina. The participants will define clear short-term priorities that have to be implemented by the end of February 2008, at the latest, to

secure further international support for judicial reform. In addition to the drafting of the two above Strategies, these issues also include funding for the State Prison Project and the issue of the Budget for the judiciary. Everyone will be informed about the conclusions of this meeting and I expect to see unequivocal support for their implementation.

### **State Property**

The Law temporarily banning disposals of State Property of BiH and the Entities expires on 30 September – in less than a month's time. State Property remains an important aspect of the reform agenda of BiH in order to ensure that each level of government possesses the necessary assets to exercise its constitutional competences. . The State, Entities and Brcko District must agree upon and enter into an Intergovernmental Agreement on the division of these assets as soon as possible. Nothing has been done – not even a single meeting organised since the extension to 30 September was announced at the end of May.

The three Prime Ministers agreed on Basic Principles for Resolution of Issues related to Immovable and Movable Defense Property in July. But it is now necessary to take specific action and translate their agreement into functional documents that are consistent with both the BiH Defense Law and technical guidelines of NATO. I remain ready from my side to support this process actively.

### **Lessons from Abroad**

Some may be quick to suggest that it is rather easy for outsiders to come before you with a pocketful of platitudes.

But thanks to my background and my personal experience I do not think of myself as an outsider and I am certainly not dealing in platitudes but in practical programmes.

I have called on you to reject the unhelpful rhetoric of the

last year. That is not because I am naïve enough to believe that the bitterness and hatred engendered by the conflict here can be wished away. Of course they cannot. In fact I believe that you must now embark on a vigorous and sustained effort to secure justice, truth and reconciliation – but this must be done in tandem with the work of bringing Bosnia and Herzegovina to a better place, politically, economically, socially and diplomatically.

We, who work for the international community here in Bosnia and Herzegovina, either in the IC institutions or as diplomatic representatives of different states, have constantly experienced more and more difficulty in explaining to our superiors the actual developments in Bosnia and Herzegovina. This is not because we are unable to describe or explain the situation, but because we are frequently faced with their failure to understand the aforesaid “principled details” that prevent you from achieving objectives and resolving problems. We are often asked: “Is that really a reason why the SAA cannot be signed?” I am afraid that unless this trend is stopped in the shortest possible time, their failure to understand your arguments will also extend to all of us who are here to help you.

If you want to choose integration and not isolation, if you believe that it is necessary to draw a line under the past awful year, if you believe we can offer the people of Bosnia and Herzegovina a new beginning, then demonstrate this with a constructive and creative approach to the key tasks that face us in the coming weeks and months.

If not, then you should be aware of your responsibility for isolation and its consequences in terms of state-building efforts, and in terms of its political, economic, social, psychological and moral impact. I therefore appeal to your wisdom and responsibility, and let me reassure you, ladies and gentlemen, that for my part I will do everything I can, use



every opportunity and all the powers available to me, including the authority of the International Community, to bring the ongoing reform processes to a successful conclusion. I firmly believe it is in the interest of this country, both its Entities and all its citizens.

Thank you for your attention.