

# Speech by the High Representative for Bosnia and Herzegovina Paddy Ashdown to the BiH House of Representatives

Mr President, it is, as always, a privilege to speak to this Parliament.

My address will be about half an hour long, after which I will be happy to answer any questions you may have.

I fear I have some rather tough things to say.

If I offend by my bluntness, then please forgive me. I do not intend to show a lack of respect, either for you or for this very important institution.

But I am a rather plain speaking man and I have always believed that, between friends, it is best to speak plainly – not least, on this occasion, because we have urgent and difficult things to do together and it is as well that we should be clear between ourselves about the task we have to accomplish.

But first, the easy bit.

Thank you for inviting me to address this Parliament in its first few days.

This is my first speech to the new State Parliament, my third in this chamber in the six months since I arrived.

You will recall that I first spoke here two hours after arriving in Sarajevo on May 27<sup>th</sup>. Then, as today, I spoke to

you, and through you to the people of Bosnia and Herzegovina, about the challenges that lie ahead, and about what we need to achieve, together, in the coming year.

And I delivered that message, on day one, not through the newspapers or from a television studio, but here, in person, in this room, in the sovereign Parliament of Bosnia and Herzegovina. And I did so for one simple reason.

Because it is in this Parliament that the future of this country will be decided. And because it is you, the elected members of this Parliament, who will, more than anyone else, decide that future.

One of our key tasks in the next few months is to increase the effectiveness and efficiency of the State. Note, please, for those who might wish to misrepresent this, it is not our job to create a centralised state. But it is our job to make the State work better – and above all, to make it serve its people better, much better. And it is in this Parliament that much of that work must be done.

If you, as members of the State legislature, can come together to pass good, progressive laws, to initiate reforms, to implement real change, and, in everything that you do, to put the interests of the citizen first, then there is no reason why this country cannot make real, substantial progress in the months ahead.

Already – in the last six months – we have done much together.

Before I arrived, many of the basics were already in place.

A stable currency had been introduced, inflation kept at bay, freedom of movement secured, refugee returns made possible, free and fair elections held. These achievements are remarkable. They form the foundations on which we have been building over the past six months, particularly as we set about establishing the rule of law.

Again, progress has been made. We have almost completed the process of police certification, we are continuing the process of judicial and prosecutorial reform and we have begun the process of court restructuring. Within weeks we will have the new State Court, and by early next year, it will have a Special Panel established to deal with organised and economic crime, and, in due course, it will have a Humanitarian Division to deal with war crimes. And we are providing judges and prosecutors with the tools they will need in the form of a new criminal code and criminal procedure code, drafted by local lawyers, reviewed and approved by local judges, prosecutors and legal scholars, and in line with modern European standards. I very much hope that this House will demonstrate an early commitment to reform by debating and adopting the new Criminal Code and Criminal Procedure Code as soon as possible in January.

We have made a start on other key reforms too, and, with the new Council of Ministers Law, we have started to change the way government works in this country.

Let me pay tribute to the representatives of all parties in this Parliament who took part in the negotiations that produced this agreement. The deal that was struck is a good one for BiH, and would not have been possible had your parties' representatives in the talks not approached their task constructively and, in the most part, in such good faith.

There's a lesson in this. You cannot have negotiations without compromise. And you cannot have agreements, if people do not honour their word.

So, much has been achieved.

We have set a brisk pace in the last few months. But so much more remains to be done. The pace will have to get brisker still. And it will fall, above all, to this Parliament, to make the running.

## **A Dynamic of Reform**

You have it in your power to push ahead with the reforms this country needs – to take on the criminals, to root out corruption, to help businesses, to promote jobs, to create growth and to raise money for vital public services.

The question is not whether you have that power. You do. The question is whether you will use it.

Because there is a lot of heavy lifting to be done. We have to get the wheels moving. We have to replace the dead weight of obstructionism with a new dynamic of progress and reform. We have to create a virtuous circle in which one success leads to another – in which the structural reforms done here today will deliver real rewards for the people tomorrow – a good education for the young, a decent income for the elderly, high quality healthcare for the sick and a reliable safety net for the vulnerable.

Of course there is another route. There always is.

It is always possible, for those determined to do so, to continue to huddle in clans, caucuses and parties, and to use the political system for the pursuit of narrow, factional interests.

Certainly, the carefully balanced democratic institutions in BiH offer plenty of opportunities for those bent on obstruction.

Democratic institutions are always prone to that.

I was a Parliamentarian too. For 20 years. I know the tricks.

Agreeing something in private. Obstructing it in public. Delaying, boycotting, objecting. Voting down, acting up, walking out – it's not a difficult game to play.

The media will love it, of course.

But the people will sigh and turn away.

And so will the investors.

And so, perhaps sooner than we think, will those who help us with international funds and support. They will say that nothing has changed, and will go elsewhere.

And hope will die, and Bosnia's last opportunities will die with it.

I am not a diplomat by nature. I tend to speak my mind and tell it the way I see it. And what I see at the moment is a country that is running out of time, and a political system that is running out of options.

So the choice is not whether to reform. But how fast, how soon and, above all, who will drive the process of reform – you or me?

I do not have the monopoly of wisdom on what is right for this country. There will always be room for compromise between us if this parliament comes up with sensible and workable solutions that push the reform agenda forward.

Donors and investors don't think High Representative impositions are a sustainable way to build a country in the long term. Increasingly their assistance to this country will be conditioned on BiH institutions passing and implementing reforms themselves.

I will act if I have to. But let's be clear. Every time I have to use my powers, it represents a failure of the system – your system.

My job is to get rid of my job. But the pace at which that happens will be decided not by me, not by the international community, but by you.

The more you reform, the less I will have to. The less you reform, the more I will have to.

So, like I say, it is up to you.

## **A Parliament of Reform**

But if, as I hope, we are to do this thing together, in partnership, we are going to have to move faster.

We need to see governments formed as soon as possible. Let me remind you, today is the legal deadline for the nomination of the Chair of the Council of Ministers. It is vital that coalitions are put together so that we can press ahead with reform.

And it is vital that those coalitions come together around a programme for government, based on *Justice and Jobs – Pravda I Posao* – and on the “six test of seriousness” that I outlined immediately after the election.

And incidentally, while I am on the subject of governments, nothing would be more refreshing than if we had new faces in government – younger faces, some female faces – to take this country forward.

But pushing ahead with reform is not just about getting governments up and running quickly – it is also about BiH's Parliaments.

The fact of the matter is we are simply not going to get the reforms this country needs if the State Parliament meets on an ad hoc basis and for only a few hours every month.

We need to transform this legislature into a powerhouse for reform, an engine-room for change.

Mr Speaker, as I said to you earlier, I believe the people of this country want to see a dramatic increase in the capacity and the output of this Parliament under your leadership.

What is needed is a detailed schedule of work, based on the government's plan, setting out the draft legislation you will consider and the dates on which you will meet in the coming year.

What is needed is a committee system operating at full tilt, scrutinising legislation, analysing policy, and bringing experts, interest groups and the general public into the Parliamentary process.

We will need new committees to monitor the new State level ministries.

And a new committee to work alongside the Election Commission and the Audit Office to enforce the code of ethics, prevent conflicts of interest, monitor public spending and safeguard the integrity of the political system.

And I hope that the media, now it has access to parliamentary records under the Freedom of Information Law, will play its part in reporting the activities of this Assembly – fairly and fully. Progress should be reported, hard work applauded and obstruction exposed.

Consider what this place could be. A modern, energetic, fiercely independent legislature, accountable to the voters, scrutinised by the media, trusted by the citizens and committed to reform. I don't think I am being unkind when I say there are not too many people in BiH who would describe this Parliament in those terms today.

But it can be done, if you decide that it should.

And it must be done if the process of reform is not to pass you by.

For one thing is certain. Bosnia and Herzegovina cannot wait.

## **Economic Reform**

Take the economy.

Nothing, I repeat nothing, now worries me more than this country's economy.

Mr Speaker, ladies and gentlemen, if we do not take urgent steps to get the economy going, we risk sleep-walking into disaster.

Let me explain:

This country has been on economic life-support systems for years, and those life support machines are now being switched off one by one.

The foreign aid on which we have become so dependent is already declining dramatically. Pretty soon it will dry up altogether.

Meanwhile, unemployment is high, growth is low and inward investment is almost non-existent.

We are buying more than we are selling, consuming more than we're producing and importing almost four times as much as we are exporting.

We are carrying a huge balance of payments deficit that at present is filled by international aid. But, progressively, that aid will go.

We have, I believe, two to three years to convert an aid dependent economy into an export driven one.

If we fail, we will have no choice but to dramatically cut our imports with all that means for economic contraction, rising unemployment and social dislocation. We will, in this scenario, have put the economy on a downward spiral towards default.

So the choice could not be starker. Economic reform, or economic failure.

Either we get this country working, or we must suffer the consequences of not doing so. And it will be ordinary people who will suffer the most.

If “Export, Export, Export” is not to be our slogan, then “No Change, No Future” will be our epitaph.

That is why, after the elections in October, I signalled a widening of our focus to take in not just our first priority, Justice, but also the second, Jobs.

Make no mistake; the work on the rule of law goes on. But that work must now be matched on a second front, the economy.

That is why every morning, each Minister in each government in this country should be asking himself or herself the question “What can I do today to make Bosnia and Herzegovina a better place to do business?”

That is why every member of every assembly or Parliament should be asking themselves the same question.

“What specific, practical action can I take today to avert this crisis, to get more people working, producing, selling and, above all, exporting?”

The answer is there are a million things that can be done, as the Minister for Foreign Trade and my other colleagues on what we call the ‘bulldozer committee’ will tell you.

For those of you who haven’t heard this term before, this is the committee set up to identify and clear away the road-blocks that stand in the way of the BiH’s businessmen and women – the tangle of red-tape and regulations, the disincentives, anomalies and bureaucratic barriers that stop people setting up businesses, employing people and making a profit.

Do not misunderstand the message here. I have associated myself with this committee because I believe its work is so important. But it is not my committee. It is not the International Community's committee. It is a committee for local business. It represents the cry of local business people asking for your assistance.

That is why, Mr Speaker, I hope you will allow business representatives to come here, and to present each suggested reform from the Bulldozer Committee to you themselves.

Let me give you an example of the sort of suggestion they will be making. It concerns the cost of starting a business.

In order to start a business in Bosnia and Herzegovina, you have to put up capital. But how much capital you need varies, not only from business to business, but from place to place.

In fact there are three different costs – 2,000 KM, 5,000 KM and 10,000 KM – depending on whether the business is owned by a single proprietor or by a partnership, and depending on whether it is registered in the Federation, the RS or in Brcko.

And needless to say, if you want your company registered in more than one entity, you need to pay twice, or three times.

What a farce! Why not drive the bulldozer through this ridiculous legislation and create a single system in which everyone pays the same, and, crucially, everyone pays less.

And while we're at it, why not reduce the cost of the minimum stake that you need so that, by banding together with others, you can start your own business for as little as 100KM.

Simple, practical, specific measures that help people to help themselves and that get the economy moving.

And there are plenty more absurdities like that, that we need to get rid of.

Like the fact in the tourism industry, for example, inspectors are free to close your business down with no advance notice, if you simply fail to present them with a complaint book!

Everywhere you look there are nonsensical rules, regulations and laws that are throttling enterprise, and stifling trade.

And every one of these roadblocks which you get rid of, will bring its own tangible, measurable reward – more business start-ups, more jobs, more trading, more exports.

If you want to know where we are, we are where Hungary was ten years ago. If you want to know what must be done, it's what they did to move from economic failure to the threshold of Europe.

Now there are some who appear to believe that the answer is to slow up privatisation and to protect our old, decaying industries. This is the thinking of yesterday. The opposite is true. We have to speed up privatisation, not slow it down.

Our future will be built on small businesses and individual enterprises, not on the old industries of the past. We will need a tough law on bankruptcy. It will be difficult – and for some, painful. The only comfort is that whatever the pain of doing this, the pain of not doing it will be far, far worse.

But even as we dismantle the roadblocks and smooth the path for new, private business, we need to put in place a more modern tax structure and make it easier for business to trade across BiH's borders.

That means scrapping sales tax and fundamentally reforming the way customs services operate in this country.

I cannot overstate the importance of these two great reforms – the unification of our customs administrations, and the

introduction of VAT.

Let me remind you, that under our corruption-prone sales tax and customs systems we now lose over 1.2 billion KM – or three times the entire State budget – into criminal hands every year. That is money that could, and should, be spent on the people of this country, on schools and hospitals, on jobs and pensions not given away to criminals.

The international community has made it crystal clear that it is not prepared, any longer, to hand over their tax payers' money, to fund BiH's criminals. And they are right. So this is work that must be done, and done soon. We have no option.

All the parties have now expressed support for these reforms in principle. And very shortly, the European Commission will publish its report into how they might best be implemented and how the EU can help. Once that is done, I hope all will engage constructively in the detailed, technical discussions about how the new systems will work.

I hope that by the end of February at the very latest, we shall have taken this important step for Bosnia and Herzegovina's future.

Because all these reforms are really about only one thing: building a future for this country, and its citizens, as modern Europeans in a modern Europe.

## **A European Future**

Now there are some people in Bosnia and Herzegovina who dismiss all this – who view joining Europe as too remote, too abstract, and too distant a prospect to take seriously.

Joining Europe, they argue, is just one of those issues the international community always goes on about. But it doesn't have anything to do with me, with my family, with my life.

And I can understand why they do so. The European Union we

see on our televisions screens can sometimes seem a long way away.

But then again, it must have seemed a long way from Riga, from Budapest and from Ljubljana. Yet, this last weekend at the Summit in Copenhagen, the promise of EU membership has, for the people in each of these cities, become a reality.

They trod the difficult path of reform that now lies ahead of us. And as a result, Latvia, Lithuania, Estonia, Poland, Hungary, the Czech Republic, Slovenia, Slovakia, Cyprus and Malta will all now take their rightful place at the table, and will enjoy the full advantages of full membership of the world's biggest political, and economic club.

But to get there, they had to work, and work hard. Their Parliaments met day and night to pass the reforms that were needed.

The truth of the matter is that those countries have not been transformed. They have transformed themselves, by their own efforts and their own tenacity.

But ask them today whether it was all worth it. We all know what the answer will be.

Go to Riga, or to Warsaw, or to Budapest today, and you will find them very different places to the drab and dingy capitals that Communism left in its wake.

So let us look beyond the borders of Bosnia and Herzegovina, to the example of these ten new EU member states.

Reform is tough, but it does pay off. The prize is worth working for. It is possible to break from the past, and create a better future.

Sixty years after Yalta, Europe has been put back together. Seven years after Dayton, Bosnia and Herzegovina is being put back together.

But Europe will never be truly united until this country, and this region have found their place within the European Union.

That, as the EU Leaders made clear in Copenhagen this weekend, is their objective.

How quickly it becomes a reality is not up to them, however.

It is up to you.