

# **Bosnia and Herzegovina and the new Government Strategy**

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Ladies and Gentlemen,

I am particularly honoured to address today a prestigious audience. This is my first visit to Australia and New Zealand in my capacity as a Deputy Minister for Foreign Affairs of Bosnia and Herzegovina. It is indeed a unique opportunity to inform you about current political events in Bosnia and Herzegovina and to remind you briefly of its tragic past.

The war in Bosnia and Herzegovina (BiH) began in the first days of April 1992 and ended in the fall of 1995 with the military intervention of NATO Forces and the Dayton Peace Agreement. The conflict surpassed in cruelty, destruction and tragic consequences everything that had occurred in Slovenia and Croatia in 1991. It cost Bosnia and Herzegovina over 250,000 human lives, mostly civilians. It produced 1.5 million refugees and displaced persons, at least 35,000 of whom were brought to Australia. It left 65% of businesses heavily destroyed or beyond reparation, not to mention infrastructure, public buildings, and cultural and religious monuments and much more besides.

It is now well over five years since the signing of the Dayton Peace Agreement (DPA), which marked an end to the bloodshed in Bosnia and Herzegovina. In summarizing what has been achieved since then, observers usually come to the conclusion that, in addition to stopping the war, the DPA provided for the territorial integrity and sovereignty of the country and prevented the spread of conflict throughout the region. There is also a widespread belief that so far only its military part has been successfully implemented. The implementation of the DPA's civilian charter - the reintegration of society, improvement of human rights, rejuvenation of the economy, the development of common state institutions, rule of law and the building of civil society - was painfully slow and inconsistent. The responsibility for this insufficient progress lies squarely with obstructionist, nationalistic political parties and their allies. Narrow nationalistic and sectarian political interests have impeded everything from refugee returns to economic reform to the functioning of government institutions. The majority of achievements were largely the result of intensifying international efforts. It is why, ten years after the first democratic elections and five and a half years after the signing of the Dayton Peace Agreement, Bosnia and Herzegovina is still struggling to stand on its own feet and to confirm its place as a modern European state.

Given recent changes in Croatia and Yugoslavia, last November's general election results in our country were at first seen as a disappointment. But given Bosnia's character as a truly multi-ethnic country, the shift to democratic parties is both real and encouraging. That shift may be seen by some critics as a defeat of nationalistic parties rather than the victory of democratically oriented forces. Still, Bosnia now has its first non-nationalistic government at the State level.

Therefore, today I am in a position to talk about the new political concept of Bosnia and Herzegovina. As was outlined in the program of the new Government, this concept represents a solid basis for substantial structural changes. It aims to promote democracy through: protecting human rights, ethnic tolerance and non-discrimination; consolidating the rule of law, good governance and the fair administration of justice; and introducing radical market-oriented economic reforms, accompanied by responsible social policies. It is a concept of respect and protection for the constitutional rights of all citizens and constituent peoples of Bosnia and Herzegovina. We want to show how reinstating the rule of law and the necessary accompanying reforms can turn the country around and set it on the path towards a modern, democratic state.

Following the result of last November's elections, we went through a rather extensive and difficult period of establishing a new legislative body and new government. Governments exclusively based on the Alliance for Democratic Change have been in place for some time at the

State and Federation level. The results so far have not been spectacular but they have still offered a chance for substantial democratic changes in Bosnia and Herzegovina.

Now in office, we face a tremendous task to speed up democratic reforms and fulfil our strategic goal of joining the mainstream of European integration. With the Alliance for Democratic Change in Bosnia and Herzegovina, the international community now has a new partner who is ready to work with it rather than against it, and one eager to take the country's future into its own hands.

## **So, where do we stand now?**

As I pointed out earlier, the overall situation in Bosnia and Herzegovina requires urgent and substantial measures. On the eve of the elections, we had overwhelming evidence that the situation in the country was critical. We inherited a dismal economy, the number of jobless almost equaled the number of employed, the return of refugees and displaced persons was all too slow, corruption and crime were rising and the dismay and apathy of the population never stopped spreading. It was our assessment that this situation was a clear result of political impasse, created by the major ethnic political parties then in power. The conviction that radical structural changes were needed forged an alliance of 10 political parties. I am convinced that the authorities at all levels in Bosnia and Herzegovina are now ready and determined to tackle the long-overdue problems that exist in our society.

## **What are our priorities?**

The answer to this question is not an easy one, for the challenges are many.

We believe that the desired economic and social development can be achieved only if we succeed in accomplishing the reforms essential to long term, self-sustaining stability. The previous year marked the end of the large-scale, post-war reconstruction period in which BiH has been heavily assisted by the international community. As this assistance will decline significantly over the coming years, the economy faces the challenge of self-sustaining growth. Our common assessment is that this can be done only through direct foreign investment and the opening of new employment opportunities. Therefore, the highest priority for the new administration is the introduction of an attractive and investment friendly business environment. A number of associated measures are closely tied to this issue. The creation of a single economic market and a harmonized approach to taxation, competition, public procurement of financial services, standards and regulations, banking and public utilities. Significant efforts should be devoted to a quick, fair and transparent completion of the privatisation process. A common effort to eliminate corruption and the black market is also needed. These measures will strengthen financial discipline and help remove the barriers to both foreign and domestic investment.

The return of refugees and displaced persons remains a real test of commitment. And though we are encouraged by the significant progress that has been made recently, particularly in rural areas, we are aware that the mere physical return of refugees is not enough. The clear will of citizens to return to their pre-war homes will have to be matched by authorities at all levels and that includes providing the essentials for normal life, such as personal security, job opportunities as well as the provision of schools, health care and utilities.

The fostering and consolidation of common institutions in Bosnia and Herzegovina represent another priority high on our agenda. I will remind you that the Dayton Peace Accords envisaged rather weak common institutions. However, we are encouraged that in the course of its implementation there is growing sense of the need for BiH to function as a modern democratic, pluralistic and open state. In that sense, effectively functioning institutions are a prerequisite for a modern European State and for progress towards BiH's entry into European and Euro-Atlantic structures.

Good governance and transparency are indispensable to economic growth, social justice and equal opportunities for all citizens of Bosnia and Herzegovina. I can assure you that we are prepared to take the necessary measures to bring prosperity to our citizens, however difficult it may be. "Ownership" of the democratisation and stabilisation process is essential. Regardless of how much support will be needed from the international community, it is ultimately up to us whether such support will be put to wise use. In doing so, we intend to fully cooperate with the international community, which, unfortunately, has not always been the case.

The future development of Bosnia and Herzegovina is inseparably linked to the region of South Eastern Europe. It should also be viewed in the broader context of the ongoing European integration process. The desire for integration into the European mainstream is one issue shared by all and represents one of the cornerstones of our foreign policy.

I remind you that the European Union developed its approach to South Eastern Europe back in 1996. The EU's "Regional Approach" defined its objectives as a contribution to the full implementation of the Dayton Agreement and to the stability and economic prosperity of the region. The dynamic of development not only in Bosnia and Herzegovina but also in its immediate neighbourhood prompted the European Union to put additional emphasis on the regional aspect of co-operation in South Eastern Europe. This gave birth to the larger geo-strategic concept embodied in what was named the "Stability Pact" for South Eastern Europe, which represented the political framework for long-term stabilisation in the region. It included all five countries, which succeeded the former Yugoslavia, and Albania.

The most important aspect of this framework for co-operation was the *Stabilisation and Association Process*, outlining precise steps in the process of integration of the countries from the region into the European Union. This process promotes new, clearly defined perspectives of the contractual relationship of those countries with the European Union. While setting out the conditions applicable to all countries, it also calls each country to choose its own dynamic and speed in the process. Thus the *Stabilisation and Association Process* represents a way to a new type of contractual relationship and an extremely important step forward in the integration of those countries into European structures. It includes the areas of:

- democratisation, development of civil society and institution building
- judiciary and internal affairs
- trade and the improvement of autonomous preferential arrangements
- economic and financial assistance
- political dialogue

The initial regional approach was enriched with more elaborate conditions applying to those nations that fulfilled set requirements. Only visible progress in the areas of political and economic reform, and successful building of good neighbourly relations could open the door of European integration. The next phase is the elaboration of the Feasibility Study for negotiation of the *Stabilisation and Association Agreement*.

Bosnia and Herzegovina is currently in the phase of fulfilling the conditions set in the EU Road Map. Those eighteen conditions are divided into three groups: political steps, economic steps and steps in the fields of democracy, human rights and the rule of law. All basically correspond to the overall intention of the new Government in BiH. It is our firm belief that, through coordinated and significant efforts, we will very soon be able to call on the European Union to launch a Feasibility Study for the conclusion of the *Stabilisation and Association Agreement*.

While talking of the approach of the European institutions, we must not forget the importance of establishing closer relations with existing Euro-Atlantic security arrangements. A new philosophy, and consequently new security arrangements are being promoted through Partnership for Peace and NATO.

Another crucial element of security concerns are relations with our immediate neighbours – the Federal Republic of Yugoslavia and the Republic of Croatia. Co-operation with immediate neighbours is an inseparable part of the regional co-operation in a larger sense, and we are encouraged by the recent improvement of relations with both these countries.