

The Decision reduces the list of persons (from ten to two) affected by visa restrictions in order to take account of the improvements in the situation of Latin-script schools in some areas of the Transnistrian region.

In February 2004 the Council adopted common position 2004/179/CFSP imposing restrictive measures applying to the leadership of the Transnistrian region, banning the entry into or transit through EU territory of those members of the leadership responsible for preventing progress in arriving at a political settlement of the conflict in Transnistria. Travel restrictions remain in place against 17 members of the leadership in Transnistria in this respect.

In August 2004, the Council expanded the scope of the restrictive measures to persons held responsible for the intimidation campaign and the closure of Latin-script Moldovan schools and established a new list of persons subject to the visa-ban.

Extension of mandate of the special coordinator of the stability pact for south-eastern Europe

The Council adopted a Decision appointing Dr Erhard Busek as special coordinator of the stability pact for south-eastern Europe for 2006 (14952/05). Dr Busek has been special coordinator since 2001.

Western Balkans- European Partnership

The Council gave its political agreement on draft Decisions on the principles, priorities and conditions contained in the European partnership with Albania (15273/1/05), Bosnia and Herzegovina (14719/1/05), the former Yugoslav Republic of Macedonia (15274/1/05) and Serbia and Montenegro including Kosovo (15275/1/05).

Relations with the Middle East and the Mediterranean

The Council approved a six-monthly implementation report on the EU's strategic partnership with the Mediterranean and the Middle East and invited the European Council to take note of it.

The report sets out the progress that has been achieved under the strategic partnership since the June 2005 European Council as well as next steps. It contains two sections: the Mediterranean region and the countries east of Jordan.

Communiqué by the PIC Steering Board

The Political Directors of the Peace Implementation Council Steering Board met in Paris on 14 December, under the chairmanship of the High Representative, Paddy Ashdown, on the tenth anniversary of the signing of the Dayton Paris Accords and for the first time following the launch of Stabilisation and Association Agreement negotiations between Bosnia and Herzegovina and the European Union.

Representatives of the BiH authorities, led by Chairman of the Presidency Ivo Miro Jovic and Prime Minister Adnan Terzic, took part in the meeting.

High Representative

The Steering Board formally appointed Christian Schwarz-Schilling as the next High Representative for Bosnia and Herzegovina. The Steering Board looks forward to working with Dr. Schwarz-Schilling when he takes up his duties as High Representative on 31 January 2006, and to working with him on establishing his priorities for the next phase of BiH's journey.

The Steering Board expressed its thanks to Paddy Ashdown, who, since assuming the post of High Representative on 27 May 2002, has overseen sweeping political, economic and administrative reforms that have helped prepare BiH for EU membership. The Steering Board expressed its particular appreciation for the contribution Paddy Ashdown has made in the fields of police, defence, ICTY cooperation, IDP and refugee return, fiscal and judicial reform, for his work on taking forward the Mostar unification process and for his efforts to get the expanded BiH Council of Ministers to operate as an increasingly effective institution of governance.

Stabilisation and Association Agreement Negotiations

The Steering Board congratulated the BiH authorities, under the leadership of Prime Minister Terzic, on meeting the conditions that allowed the opening, on 25 November, of negotiations with the EU on a Stabilisation and Association Agreement. The Steering

Board emphasised that the speed of BiH's progress in the negotiations will depend on the commitment and hard work of BiH's political representatives and the effectiveness of its Institutions. They urged politicians to work together so as to secure for the people of BiH the benefits that a closer relationship with the EU will bring. The Steering Board noted that the EU General Affairs Council has called in particular for concrete progress on developing BiH's legislative framework and administrative capacity, the implementation of police reform in compliance with the Political Agreement on Police Restructuring of October 2005, the adoption and implementation of all necessary public broadcasting legislation and full cooperation with the ICTY. The PIC urged BiH to make progress on all reform areas in line with the European Partnership.

Constitutional Reform

Following a briefing by the US Institute for Peace, the Steering Board welcomed the recent Commitment to Pursue Constitutional Reform, signed by leaders and representatives of eight political parties, in which they agreed progressively to develop the constitution of BiH in order to produce a more economical and effective government. The Steering Board urged the parties to meet the March 2006 deadline for the first phase of reform, as they agreed on 21 November in Washington. Steering Board members offered to provide whatever support is required to facilitate this process.

Security Sector Reform

Defence Reform

As the Defence Reform Commission (DRC) concludes its mandate on 31 December, the Steering Board expressed its thanks to all those involved in this remarkably successful reform, and in particular to DRC co-chairs BiH Defence Minister Nikola Radovanovic and Dr Raffi Gregorian.

The Steering Board noted that BiH is now in a favourable position to create a NATO-compatible single military force – though it stressed that those institutions that have assumed functions from the former Entity defence institutions must now be made to function in an efficient and effective manner, without any ethnic parallelism. The

Steering Board welcomed the intention of BiH Defence Minister Radovanovic to establish a Defence Reform Coordination Group. This Group can serve as a mechanism for coordinating the actions of the BiH defence institutions with members of the International Community involved in defence-related matters.

The Steering Board thanked NATO for its continuing engagement and support as the implementation of the defence reforms commences in 2006.

Intelligence Reform

The Steering Board welcomed the continued progress on Intelligence Reform, noting with satisfaction the major contribution of the BiH security agencies to the recent arrests of terrorist suspects in Sarajevo. The Steering Board congratulated Ambassador Kalman Kocsis on the successful completion of his mandate as the Supervisor for Intelligence Reform, and welcomed the High Representative's intention to continue to oversee the final consolidation of Intelligence Reform into 2006.

Police Reform

The Steering Board welcomed the establishment of the Directorate on Police Restructuring in line with the Political Agreement of October 2005 and the EC's three principles:

- No political interference with operational policing
- All legislative and budgetary competencies for all police matters must be vested at the State level.
- Functional local police areas must be determined by technical policing criteria, where operational command is exercised at the local level.

The Steering Board urged the Council of Ministers and the appropriate authorities in BiH to ensure that the Directorate is fully staffed by the deadline in the Political Agreement of 31 December, and ready to hold meetings from the start of 2006. Police reform is an essential component of BiH's efforts to work alongside the EU, PIC Member States and other organisations in the fight against terrorism, organised crime and corruption. The PIC will monitor progress on police reform very closely.

ICTY

The Steering Board expressed its dissatisfaction that, 10 years after the end of the war in BiH, the two most wanted war crimes indictees, Radovan Karadzic and Ratko Mladic, remain at large. Their transfer must take place if BiH is to move decisively along the road to Euro-Atlantic integration. The Steering Board therefore calls on the authorities – especially the RS authorities – to pursue this process energetically until all remaining indictees are transferred to The Hague. This remains a fundamental requirement for further Euro-Atlantic integration. The PIC will remain vigilant on this issue. The PIC notes that the recent detention of Ante Gotovina, based on the cooperation of the Government of Croatia, represents the kind of approach that must be forthcoming from the BiH authorities.

Building Functional Government

Efficiency and Obstruction

The Steering Board noted that the political environment in Bosnia and Herzegovina, like the business environment, is still far from optimal. The Council of Ministers, for example, has met only five times in the past three months and adopted only four laws, while two of its nine ministers, as a direct result of party political maneuvering, have functioned for an extended period only in an acting capacity.

The Steering Board also noted with concern the number of items on the reform agenda which are being held up by obstructionism in the RS Government, the effect of which has been to delay the enactment and implementation of laws that will improve the security and quality of life of the people of BiH.

Civil Society

Senior Deputy High Representative Martin Ney briefed the Steering Board on efforts undertaken in the course of 2005 to develop and strengthen political dialogue and civil society in BiH, including efforts to make young voters more articulate and more engaged, efforts to foster a constructive sense of BiH identity among citizens, and efforts to

harness the collective energy and enterprise of NGOs and forward-looking government officials.

The Steering Board noted with regret the departure in due course of Ambassador Ney, and thanked him for the dynamic and constructive contribution he has made during his time in BiH.

Education

The Steering Board welcomed the progress made on drafting an agreed Higher Education Law, and called on all responsible BiH authorities to fulfill existing education commitments. The education system as a whole must be a bulwark against ethnic, religious, cultural and any other kind of prejudice or segregation. Efforts to reform education cannot be said to have succeeded as long as children from different ethnic backgrounds go to school at different times in different classrooms, to be taught a different history by different teachers and do not learn that they are all citizens of Bosnia and Herzegovina.

Fiscal Reform

VAT introduction

The Steering Board noted that the introduction of VAT on 1 January represents a major step forward in BiH's efforts to assimilate its economy with the rest of Europe; it also represents an important move to bolster fiscal sustainability.

The Steering Board urged the authorities to complete the remaining administrative and legislative preparations for the 1 January introduction and ensure that the earliest possible steps are taken to diminish any impact on the poorest citizens, including taking appropriate steps to prevent opportunistic price rises.

The next meeting of the Steering Board will be in mid-March on a date to be announced.

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Brussels, 31 January 2006

S033/06

Javier Solana welcomes appointment of Christian Schwarz-Schilling as EU Special Representative for Bosnia and Herzegovina

Javier SOLANA, EU High Representative for the Common Foreign and Security Policy (CFSP), welcomes the decision of the Council on 30 January to appoint Christian Schwarz-Schilling as the European Union Special Representative for Bosnia and Herzegovina.

High Representative Solana will give EUSR Schwarz-Schilling his full support and looks forward to working with him.

Since March 2002, the EU has appointed the person serving as High Representative for BiH under the Dayton/Paris agreement as EU Special Representative. This reflects the leading position assumed by the EU in the international engagement in BiH. In addition to reconstruction and assistance projects, it has opened a European perspective with the Stabilisation and Association Process and is conducting a military operation - Operation Althea - as well as a police mission - EUPM. This is part of a coherent EU approach. Under the authority and operational direction of the EU High Representative for CFSP, the EU Special Representative will play a central role in promoting overall EU political co-ordination in BiH.

High Representative Solana wants to pay particular tribute to the extraordinary achievements of Paddy Ashdown as High Representative for BiH and as EUSR and to commend him on his work and his commitment for Bosnia and for Europe.

Dr. Christian Schwarz-Schilling is a former federal Minister for Post and Telecommunication of Germany (1982-1992). As a member of the German Parliament (1976-2002), he served in various capacities, including Chairman of the Subcommittee on Human Rights and Humanitarian Aid (1995-1998) and a member of the Committees on Foreign Relations (1995-2002) and Economy (1993-1998). Dr. Schwarz-Schilling has vast experience in the business sector.

In 1995 Dr. Schwarz-Schilling was appointed the International Mediator in Bosnia and Herzegovina. He has travelled extensively throughout the Balkans working with leaders at the local level on mediation and conflict resolution. After leaving the German Parliament he has focused on furthering Integrative Mediation in South Eastern Europe.

More info on: www.eusrbih.org

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Background: mandate of the EUSR for Bosnia and Herzegovina

The mandate of the EUSR is based on the policy objectives of the EU in BiH. These centre around continued progress in the implementation of the General Framework Agreement for Peace (GFAP) in Bosnia and Herzegovina, in accordance with the Office of the High Representative's Mission Implementation Plan, and in the Stabilisation and Association Process, with the aim of a stable, viable, peaceful and multiethnic BiH, cooperating peacefully with its neighbours and irreversibly on track towards EU membership.

In order to achieve the policy objectives of the EU in BiH, the mandate of the EUSR includes the following elements:

- *offer the EU's advice and facilitation in the political process;*
 - *promote overall EU political coordination in BiH;*
 - *promote overall EU coordination of, and give local political direction to, EU efforts in tackling organised crime;*
 - *provide the EU Force Commander with local political advice;*
 - *provide the Head of Mission of the EU Police Mission (EUPM) with local political guidance as part of his wider responsibilities and his role in the chain of command for EUPM;*
 - *support the preparation and implementation of police restructuring;*
 - *provide support for a reinforced and more effective BiH criminal justice/police interface, in close liaison with EUPM;*
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Brussels, 9 March 2006

S072/06

**Javier SOLANA,
EU High Representative for the CFSP,
met Sulejman TIHIC,
Chairman of the Presidency of Bosnia-Herzegovina
on 9 March 2006**

Javier Solana, EU High Representative for the Common Foreign and Security Policy (CFSP), met Mr Sulejman Tihic, Chairman of the Presidency of Bosnia and Herzegovina, in Brussels on 9 March 2006.

Dr Solana and President Tihic discussed the situation in Bosnia and Herzegovina, constitutional reform, progress in the Stabilisation and Association process, and the economy.

Dr Solana welcomed progress in the ongoing talks about constitutional reform in Bosnia and Herzegovina.

"This is an important step towards a better functioning State and towards Europe," Dr Solana said. He encouraged BiH political parties to reach an agreement on the package that is currently being discussed in time for the changes to be in place for the elections later this year.

Dr Solana congratulated the BiH authorities on having started the negotiations on an SAA. He stressed the need for Bosnia and Herzegovina to continue to make progress across all the reform areas required for the SAA, including the implementation of police reform in compliance with the Agreement on Police Restructuring of October 2005, and co-operation with the ICTY.

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RELATIONS WITH THE WESTERN BALKANS - Council conclusions

The Council adopted the following conclusions:

- "1. The Council welcomed the fruitful deliberations at the informal EU-Western Balkans Foreign Ministers meeting in Salzburg on 11 March 2006 as reflected in the Joint Press Statement.
2. The Council underlined its determination to fully implement the commitments given in the Thessaloniki agenda in order to master the challenges the region faces in 2006 and beyond.
3. It welcomed the Commission's Communication "The Western Balkans on the road to the EU: consolidating stability and raising prosperity" and expressed its intention to take forward its implementation.
4. The EU will continue to assist the Western Balkan countries on their way towards the EU through practical measures to make the European perspective more tangible. In this context, the Council encouraged regional cooperation, notably the creation of a regional free trade area based on CEFTA and is looking forward to the results of the high level meeting on 6 April in Bucharest. It also looks forward to the Commission's proposals on fostering people to people contacts, including through visa facilitation in line with the common approach, as well as on adequate financial assistance.
5. The Council welcomed the decision of the European Commission to prolong the European Charter for Small Enterprises for the Western Balkans. The Council also invited other Council formations to take work forward in the fields set out in the Communication.

BOSNIA AND HERZEGOVINA

1. The Council welcomed the political agreement reached on 18 March 2006 on constitutional reform. The agreement constitutes a significant step forward towards making Bosnia and Herzegovina's state institutions more functional and better able to meet European standards. The Council urged Bosnia and Herzegovina to ensure that the necessary legislative steps are taken in time for the agreement to take effect for the October 2006 elections.

2. The Council welcomed the progress made on the negotiations for a Stabilisation and Association Agreement with Bosnia and Herzegovina since the opening of negotiations in November 2005. It encouraged the relevant authorities in Bosnia and Herzegovina, including the newly formed government of Republika Srpska, to ensure that the country is in a position to make swift progress in the negotiations. In this context, the Council recalled that the pace and conclusion of negotiations would depend in particular on Bosnia and Herzegovina's progress in developing its legislative framework and administrative capacity, in implementing police reform in compliance with the Agreement on Police Restructuring of October 2005, in adopting and implementing all necessary Public Broadcasting legislation, and in achieving full co-operation with the ICTY.

SERBIA AND MONTENEGRO

1. The Council expressed its strong support for the Serbian people in their quest to come to terms with the legacy of the Milosevic regime. This will help them in moving forward towards the family of European nations, where they belong.
2. The Council recalled its conclusions of 27 February 2006 that full cooperation with the ICTY must be achieved to ensure that the SAA negotiations are not disrupted, and reiterated the urgent need for Serbia and Montenegro to take decisive action to ensure that all remaining fugitive ICTY indictees, notably Radovan Karadzic and Ratko Mladic, are brought to justice. Full cooperation with the ICTY is necessary to achieve lasting reconciliation in the region as well as an international legal obligation and a requirement to move closer toward the European Union. "