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The Road Ahead - 3A Prospect

Ladies and Gentlemen,

Thank you for inviting me here and giving me the opportunity to discuss with you the topic of Bosnia-Herzegovina. Contrary to what one would expect from a Bosnian politician, I will not speak of war, devastation, Dayton agreement, or its advantages and benefits.

On November 25, 2005, I was planning to address you from this very spot, but I was unable to come. The reason for my not being able to make it is that it was on this day that Bosnia-Herzegovina had finally stopped breathing inside the tight and claustrophobic Dayton framework, and started its "Brussels phase", irreversibly.

For us, the "New Age" started in 2003, during the vital Greek presidency over the EU. Back then, thanks to the Thessaloniki summit, Bosnia-Herzegovina and the rest of the region have received a clear signal indicating our perspective in the future, as well as the future of the EU as a whole. Never before, and never afterwards, did the EU signal as strong to us as it did back then, that the enlargement process would not be over until it encompasses the region of Western Balkans. Since that moment, a lot has changed for better in Bosnia-Herzegovina, and in the EU.

The improvement is obvious. Croatia and Macedonia have become candidate countries, and Bosnia-Herzegovina and Serbia-Montenegro have started the SAA negotiations. Less than 3 years after the Thessaloniki summit, the entire region is enrolled in the process of European integrations, in one way or another.

I have to admit that I was lucky to be appointed to office just 5 months before the summit, which makes this year the incredible 4<sup>th</sup> year of my Government's mandate. In Bosnian terms, this is an extraordinary achievement. The Thessaloniki summit has helped me and my cabinet to strengthen and reintegrate the state to a great extent over the past 3 years. We managed to create and maintain a few vital leverages for the state, and to generally achieve in 3 years more than others have managed to do in 7 years before us. By leading the reforming processes in the country, the Council of Ministers has enabled both our citizens and the IC to mark the year of 2005 as something other than the anniversary of the greatest massacre on European soil ever since the WWII (the Srebrenica massacre), and the 10<sup>th</sup> anniversary of the signing of Dayton agreement that brought peace to the country.

Last year will be remembered as the turning point, as the year of success, and as the year of increased expectations and optimism. Encouragement and conditions that were sent to us from Brussels, together with the commitment to reforms that was demonstrated on part of Bosnian authorities have brought us all to our common

goal - the launch of contractual type of defining of relations between Bosnia-Herzegovina and the EU.

So what has changed?

The key change that we can observe when it comes to the reforms that have been implemented so far is that all of them were executed as the result of political agreement between the stakeholders, instead of being imposed by means of international pressure or direct imposing on part of the High Representative. The conditions listed in the Feasibility Study, grouped under 16 areas, were met in shortened time frames, upon our own initiative as well. We finished the job in 6 months instead of dragging it along for 2 years, as was requested by the Commission.

What is most important for the citizens is the establishment of single economic space in the country, the unification of 2 Customs Departments into one, the initiative of entity governments to adopt the sales tax law on state level (instead of keeping it under the jurisdiction of entities), the unification of entity intelligence services and putting them under democratic parliamentary supervision as one single institution, and the list goes on.

Establishing of the Ministry of Defense on state-level and making it fully operational was a crucial step towards meeting the conditions required for joining the NATO's program of Partnership for Peace. Today, all stakeholders agree on the fact that we have met the necessary technical conditions for joining the PFP, and that political decision on such is pending. The defense reform continues, even though our achievements up to date have not yet been rewarded by the "green light" for PFP, as was envisaged. Our final goal remains to have the defense sector organized according to NATO standards and to secure membership in NATO by 2008.

As of January 1, 2006, Bosnia-Herzegovina has a single VAT rate. Among its other benefits, this contributes to the consolidation of business climate that will be attractive for foreign investment. Over the past 2 years, we mark constant growth of FDI, and our GDP growth was almost 6% in 2004. This is the absolute record in the region, and a trend that we managed to maintain during 2005. We managed to shift a whole series of institutions from entity jurisdictions to the state level, which is especially important when it comes to phyto-sanitary agencies, as this was an important prerogative for full establishment of regional free trade area.

The reform of judiciary resulted in the establishment of the Court of BiH, Prosecutor's Office of BiH, and the High Judicial and Prosecutorial Council of BiH that is in charge of introducing of rule of law on the entire territory of BiH, in accordance with the best of European practices. We are the first country in the region to satisfy the standards required for processing of war crimes on domestic courts. The State Council for War Crimes respects and applies European standards and has the best possible technical support. This is just of one the areas where we managed to receive the AAA grade.

Being the biggest exporter of energy in the region, we undertook a reform of energy sector that lead to the execution of one of the most important regional (and European) initiatives - creation of Energy Community of South-East Europe (ECSEE).

This was the first formal connection of our region with the EU, and it will help us achieve stable economic development and full harmonization of our energy sectors.

There was also a significant change in the form of foreign military presence in Bosnia-Herzegovina. The recently launched "Operation Althea" features 10 times less manpower than back in 1996, and it sends out a clear message of an all-inclusive presence of the EU in the country. The mandate of this mission can be understood from their motto: "from stabilization towards integration".

Today, political representatives of all nations and political options in the country agree on one thing: the key to long-term stabilization is the integration into the European family. These are not just decisions made by few people in power, this is a broadly embraced public opinion: the surveys reveal that 80% of our citizens supports the EU prospects of the country.

Even though we still do not have "euro-scepticism" as such, the visa regime that affects us is a widely unpopular thing. It is a burden, both for practical and economic reasons, it is an obstacle to free movement of people, ideas, and a barrier to the exchange of experiences and economic cooperation and development. Having in mind the obvious progress that we demonstrated in all the relevant areas, we expect that the dialogue in this sense be intensified, and that we are given a clear list of the remaining conditions to be met, if any.

The European Bosnia-Herzegovina will have a single economic space, Schengen-like borders, independent judiciary, efficient police, internationally recognized school diplomas, credible healthcare and social security system, professional media, and finally, fully functional democratic institutions that will guarantee full equality and equal treatment to all its citizens.

A state based on such premises is the vision of Bosnia-Herzegovina that will be fit for all its citizens. Readiness to compromise and to pass political decisions on important reforms that will lead to faster accession to the EU, was clearly demonstrated just recently, when we agreed on a whole set of constitutional changes to make. Once incorporated in the legislation and implemented, these changes will help us face the next challenge that lies ahead: the October general elections. I hope to see the electoral campaigns speak of Euro-Atlantic integrations as the main thing that will attract voters to support one or the other political subject.

Ladies and Gentlemen,

As I said in the beginning, a lot has changed in Bosnia-Herzegovina after the Thessaloniki summit. Even though we were strongly focused on the domestic field and the necessary reforms, we couldn't help noticing various debates that were taking place within the EU. "No" was said two times, and it opened a whole series of debates on the future. On my part, I wish to send a message to all skeptics, to all who doubt the successful future of Balkans, please do look back and recall Europe some 60 years ago. Europe needed a vision, it needed leadership, will and commitment to making EU what it is today. It is crucial that Europe does not forget and let go of its victorious course. Europe is a winner when it comes to reconciliation, stability, development, growth and prosperity. And the enlargement

policy is a powerful instrument serving the purposes of such victorious course. It is an instrument of stability, permanent democratization and single free market.

Encouraging and supporting the integration-oriented processes in Bosnia-Herzegovina will also signal to the region that democratization and adoption of European standards are progress per se, and that they serve to the benefit of citizens as such. They are also a powerful means of being recognized in a positive sense, worldwide, and they offer an indispensable method for reaching the goal of common European future.

Excellencies, Ladies and Gentlemen,

It is from this same place that Commissioner Rehn spoke of so-called "3C Plan" (consolidation, conditionality, communication). There is now another initiative coming from the region and featuring three letters D (3D). As for Bosnia-Herzegovina, and based on our own experience, I choose to support the Triple A: (AAA - Action, Achievement, Accountability). We are ready for action, we thrive on results, and we welcome the accountability. We long for an open dialogue with member states, we are ready to be held responsible for whatever goes on in Bosnia-Herzegovina, and we want to see the leadership of member states and the Commission at their best. We want to achieve our common goal.

I thank you all once again for the attention and the time, and I stand ready to answer your questions, if you have any.