



Centar za
sigurnosne studije - BiH
Centre for
Security Studies - BH

***ROUND-TABLE ON ELEMENTS OF THE SECURITY
POLICY***

- FOREIGN AND ECONOMIC POLICY -

Sarajevo, 13 September 2001

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FIRST SESSION

- Foreign Policy as an Element of the Security Policy -

Dr. Bisera Turkovic (Centre for Security Studies)

Mr. Milovan Blagojevic (Ministry of Foreign Affairs)

Ambassador Hansjorg Kretschmer (Delegation of the European
Commission in BiH)

Ambassador Istvan Gyarmati (East-West Institute)

Dr. Bisera Turkovic, Executive Director
Centre for Security Studies

Today's round-table is a continuation of the work on the project of a state-level security policy for Bosnia and Herzegovina.

The Centre for Security Studies wishes to give its own contribution to the development of this important theme, considering that there exists no country that can afford to be without a security policy.

In considering that the time has come for Bosnia and Herzegovina when there needs to be an open discussion, the Centre for Security Studies has decided, through a seminar and a couple of round-tables, to initiate an open and structured discussion, which would contribute through an exchange of views, to approach and discover responses to the security threats that we and the world in which we live is currently faced with.

The day before yesterday, we were witness to one of the security problems that has arisen and from which nobody is safe, and that is terrorism. Unfortunately, terrorism is not somewhere very far away from us; it is a threat to us in this country as well. We naturally condemn it and express our sincere sympathies and condolences to the families of those who were killed.

During the previous seminar, we spoke about the concept of security policy what is expected from such a document. What are the interests on which the security policy of Bosnia and Herzegovina needs to be based? What are the interests we wish to defend or promote? What are the priorities? What are the objectives that need to be created in the short and long term?

The security policy of Bosnia and Herzegovina needs to protect the citizens, peoples and state from foreign and internal threats of any kind, taking into consideration the level of security and level of guarantees that the global Euro-Atlantic and European security system can provide.

During our last seminar, among other items we spoke about the aims of Bosnian integration into the Euro-Atlantic and European security environment, taking into account the risk factors that current jeopardise the security of this country.

Considering that only mutual arrangements of the citizens and peoples of this country can achieve lasting results, to point to their real interests, the Centre for Security Studies decided to hold a round-table in September, October and November – to endeavour to discuss the founding elements of the security policy about which we have agreed.

Consequently, these are external economic and financial policy, then internal domestic security policy, intelligence policy, the return of the displaced population, the protection of human rights, the environment, and social health-care policy. The Defence Policy has been adopted and as such needs no further discussion here.

Today's round-table in the morning session will be dealing with foreign policy as an element of the security policy, and in the afternoon session, with economic and financial policy.

Foreign policy is an important element of external security, especially today when much more significance is attached to political, diplomatic and economic means in relation to the military. Foreign policy should answer the questions as to what are the foreign political objectives of Bosnia and Herzegovina, with which would improve the security of the state, its citizens and peoples. What are the main priorities of our foreign policy? How do we achieve them, and what commitments arise from them for this country?

Bosnian foreign policy is a reflection of the Bosnian society. The fact is that today we are a country with two entities, with different loyalties, sometimes ideological, as is reflected in our foreign policy. Then it is completely understandable that for whichever type of common position much more efforts are necessary rather than would be needed in other circumstances. The blocking and fragmentation that is institutionalised probably was not possible to foresee in the provisions of the constitution; consequently, we do not have the mechanisms to resolve such problems. However, we also must take into account that these problems are not only specific to Bosnia and Herzegovina. There is no country in the world that is spared from the problems of the polarisation of the interests of different viewpoints.

The successful integration of Bosnia and Herzegovina into the Euro-Atlantic and European security system requires this country to have a proactive foreign policy, which needs to have as one of its main objectives the guarantee of peace in the region. Taking a more active role in regional initiatives that promote mutual trust in political and military fields would ensure that Bosnia and Herzegovina contributes to the improvement of overall security and stability in the region.

In our afternoon session, we shall speak about economic and financial policy, considering that perhaps this is the most important area of security. Economic and financial development is a manner in which is able to achieve internal security and stability, through the fulfilment of the needs of peoples and citizens.

I would like to mention an additional factor concerning the format of this round-table. At our previous seminar one of the conclusions was that more time is needed to be dedicated to discussion and less for presentations. In appreciation of that suggestion, this round-table is organised on that manner, so that after the introduction of the speakers, we invite all those present to participate in construction discussion, wishing that at the end of the day the presentation of the conclusions would enable us to define these two components of the security policy. I wish that we all endeavour to, if not resolve, at least indicate the outline of the solution to these essential issues that we are faced with.

When we speak concerning foreign policy as an element of the security policy then we can refer to the following:

- Strengthening the international position and approach to collective systems of security and defence;

- The inclusion and active role in international organisations based in the region;
- Prevention of crisis and conflict.

The main reference points of economic and financial policy are:

- Development of the market economy and reform of the existing system;
- Foreign economic relations and the attraction of foreign investment;
- Increase of trust in the economic and financial system.

Today we have distinguished guest speakers who will be able to give us an introduction to more details of their views – as to what the overall development of foreign policy for Bosnia and Herzegovina should entail; what are the problems that they see; and how they see the corresponding solutions.

Please allow me to introduce our three speakers in this morning's session. Mr. Milan Blagojevic is the Deputy Foreign Minister of Bosnia and Herzegovina; Ambassador Hansjorg Kretschmer is somebody we all know very well – there is no need to explain any further the role of the European Union Delegation; and we have Ambassador Istvan Gyarmati, who was one of the instrumental people for the conclusions reached in our previous seminar. Ambassador Gyarmati is the Vice President of the East-West Institute from New York.

I would now like to ask Mr. Blagojevic to make his presentation.

Mr. Milan Blagojevic, Deputy Minister of Foreign Affairs
Ministry of Foreign Affairs, Bosnia and Herzegovina

Your Excellencies, Dr. Turkovic, Ladies and Gentleman.

It is a great honour to participate at such an impressive gathering, dealing with a topic of such importance for Bosnia and Herzegovina, its peoples, and its citizens. More so since we expect that the conclusions, opinions, questions, and even dilemmas from this and similar events organised by the Centre for Security Studies will help the working group of the Council of Ministers – of which I am a member – to finally produce a good document, the draft security policy of Bosnia and Herzegovina. This document would represent a factor in the organisation of internal, social relationships, as well as the relationships that Bosnia and Herzegovina is developing with other countries. Consequently, allow me to give a brief introduction in that context.

At the very beginning, I would like to emphasise that I am very happy to see that there is a level of willingness of such a large number of people to take part in an open joint project within civil society, as well as the readiness of the civil and government sector in a field as important as the security policy. It is quite clear that this is the way for us to reach a full understanding on the different aspects of this problem, and different approaches to the group of problems.

It would seem that there is a better awareness of the importance of the principles of globalisation. The huge flow of information, capital and people leads us to a different understanding of global international relations and international policies, sovereignty, of the established state subjectivity in international relations, and even a different understanding of diplomatic exclusivity.

What has not changed is the significance of foreign policy in the overall state policy, irrespective of how foreign policy is understood:

- **As a concept** the group of adopted positions in relations towards the world (the most narrow basic understanding)
- **As the practice** of the area of government that is specialised for the conduct of foreign policy in accordance with a set concept (wide understanding) or as the entire international relations that state institutions enter into.

It seems even more that with the increased interdependence of the world there is a growing need to intensify international relations on one hand, but also for the permanent rapid determination of rules and recommendations for entering such relations.

In such conditions Bosnia and Herzegovina, and many other newly created sovereign states on the contemporary world political scene, equally as well as states in transition, have the delicate task of simultaneously formulating elements of foreign policy, developing institutions, and of the mutual coordination and training of personnel.

Just as the need is to organise mutual contacts among elected representatives characterised by differentiated societal communities from their own emergence, it seems that there is the same specific sense of threat to the values adopted in those communities or threat of their interests towards other communities. The acceptance of that kind of manner of thinking necessarily comes to the conclusion that it is required

to protect the known or accepted values and interests, equally a long time present in the history of the human race. It is important to emphasise that ‘protection’ frequently through history in reality implies ‘imposition’ as an active approach.

Defence, a policy of defence, and the Defence Policy are all expressions that have for a few centuries, and also today, point to the protection of values and interests, primarily with the application of military, police and/or military police forces, through deterrence or direct opposition to the forces and processes that present a threat against them.

Security as a condition of the protection of values and interests in the democratic world is understood as one the most important functions of state institutions.

In consideration that in totalitarian systems the maintenance of protection, consequently security, was absolute and closely connected with specialised and privileged organisations, there exists a certain level of reluctance or misunderstanding in the general public. It is often pointed to the fact that in transition states the public prefers the expression “**stability**” to “**security**”.

The security policy just like foreign policy can be understood on three general levels; consequently, as a set concept, as a practice of government, or as a practice of all institutions and citizens, but always recognising values, interests and the forms of threats.

The process of globalisation imposes a new wider approach to the security policy. It seems that this in turn generates new forms of threats (unfortunately, we were able to see the confirmation of this in the United States two days ago). Threats are becoming frequently more unconventional and global (climate, migration, threats against information systems). This type of change inevitably leads to co-operation, recognition of mutual interests and their harmonisation on a wider plane.

In the proposed title of my discussion, it is suggested that foreign policy can be understood as a part of the security policy. This type of approach is possible, it is well known there exists states that have institutionalised that kind of relationship and I am sure that our future work shall provide the answers to the dilemma connected to this hypothesis.

It is also well known that there exist solutions on the basis of the relations of state policy, foreign policy, internal policy, security policy, and economic policy, etc. My thoughts and dilemma are focused in a number of directions, and these are:

- It would seem that a security policy with precisely defined strategic areas, with known and accepted values, interests and forms of threats, and pronounced established elements of state policy, which are in synergy with the security policy, arriving to the stability of BiH, would be an acceptable concept for all;
- I think that is it not inconsequential that some successful transition countries held the security policy on a level with other aspects of state policy. The same situation is

also with the EU. In both cases, this is spoken about concerning the Common Foreign and Security Policy and it emphasises the synergetic approach.

It seems that it is more important to emphasise that in accordance with the accompanying foreign and security policies, it is necessary and possible:

- To protect mutually defined and accepted values, basic interests, independence and integrity;
- To strengthen the entire security;
- To secure peace and strengthen international stability in the region – on the basis of the UN Charter, Helsinki Charter, and the General Framework Agreement for Peace;
- To improve and develop international co-operation;
- To develop democracy and the rule of law.

This is also an opportunity to indicate that in accordance with the conclusions of the Presidency of Bosnia and Herzegovina, the Council of Ministers began the procedure of drafting and developing the plan of the security policy of BiH. The working group of the Council of Ministers accepted three days ago the action plan for the development of the security policy of BiH.

The development of the security policy will be divided into three phases, and will be simultaneously progress in a number of thematic areas, which are:

1. The security environment
2. Foreign policy of BiH
3. Economic and financial policy of BiH
4. Internal security policy
5. Protection of the environment, social and healthcare protection, return of displaced persons, reconciliation and human rights
6. Intelligence policy.

The models and pace of development of this policy will be determined with the expert team established for this purpose.

We expect that this document, titled “Security Policy of Bosnia and Herzegovina” will be finished by March 2002.

Consequently, the adoption of the security policy of BiH needs to consider, in the context of general efforts on an institutional and functional level, the establishment of the most important societal relations based on the Constitution of BiH and General Framework Agreement for Peace.

Naturally, the institutional and functional organisation of the key functions and competencies of BiH should be taken into account. For that reason, I believe that it is necessary to point-out the need for the active participation of entity institutions

throughout the entire process of the development of the draft of the defence policy of Bosnia and Herzegovina.

The European orientation of Bosnia and Herzegovina and its more active position in regional processes in Southeast Europe will bear an impact on the contents, objectives and range of the security policy of BiH. In that context, it is needed in a functional sense to expect and anticipate a high level of interdependency and co-ordination of the foreign policy of Bosnia and Herzegovina and its security policy.

Insofar as foreign policy is considered as a component of the defence policy of BiH, then that implies a body of activities and procedures by authorised representatives in the world, who will be obliged to competently present, affirm and promote the common needs, interests, possibilities and challenges of both entities, all three constituent peoples and all citizens of Bosnia and Herzegovina, including our Diaspora.

During the preparation of the new document of foreign policy of Bosnia and Herzegovina, the Ministry of Foreign Affairs organised several debates covering a number of themes in towns around the country. On that occasion, a high level of interdependence and need to co-ordinate the policy of internal development, reforms and foreign policy of BiH was confirmed.

Public debate has demonstrated, as well as the Presidency of Bosnia and Herzegovina through their decision that one of the foreign political objectives of BiH is inclusion in the Euro-Atlantic processes of collective security. On that manner, the foreign policy of this country was affirmed as a component of the security policy.

The specific features that shall follow the drafting of the security policy of Bosnia and Herzegovina, as well as its realisation are: the strong presence of political and military components of the international community in BiH, which actively participate in the process of the implementation of the Dayton Peace Agreement. This fact once again confirms the importance of foreign policy in the process of defining and implementing the security policy.

With confirmation of the defence policy of Bosnia and Herzegovina by the declaration concerning the beginning of the process of the joining of BiH to NATO's programme, the Partnership for Peace, the Presidency of Bosnia and Herzegovina demonstrated the vital importance of the inclusion of BiH in the process of European integration. This process should consolidate the international position of Bosnia and Herzegovina, and enable its constituent peoples and citizens the right to stable development and satisfaction of legitimate interests and needs.

The Ministry of Foreign Affairs of Bosnia and Herzegovina in all these processes recognises its own obligations and responsibilities, and I am convinced that the Ministry shall be in the situation, with the intervention of the diplomatic-consular network, to affirm and improve the international position of BiH. The reported needs, interests and possibilities of the peoples and citizens accommodate general aspirations for strengthening the confidence of peace and stability in the region and Europe.

Adherence to the principles on which the concept of an open civil society is based, such as dialogue, transparency, tolerance, appreciation and interdependence, I am convinced shall to contribute to the best definition of the security policy, which shall be a presupposition for active inclusion in the processes of collective security.

The Centre for Security Studies, which is the host and organiser of this round-table, in this sense deserves special gratitude. I honestly hope that our joint work shall be successful, and the exchange of ideas and experiences shall help us to produce the best document concerning the security policy of Bosnia and Herzegovina. Thank you.

Dr. Hansjorg Kretschmer, Ambassador
European Commission Delegation

Security in every dimension, be it military, political or economic, is very much the result of international cooperation and coordination. If it has ever been possible in the past that a country assured its internal and external security on its own, such an autarchic scenario is no longer realistic today. The catastrophic events of Tuesday have in a very dramatic way made all of us again aware of this fact.

Securing the territorial integrity and sovereignty of a country obviously requires today the participation of a country in relevant international organisations, the establishment of good

neighborly relations with other countries and the deployment where necessary of preventive diplomacy. This is obvious.

If we look at the economic dimension that is of highest priority for BiH, especially in the light of the truly gloomy economic outlook presented most recently by the World Bank in its creditworthiness assessment, we come to similar conclusions. The flow of vital supplies, the provision of international financial resources including concessional assistance, or the opening of export opportunities, in other words the provision of economic security, is not thinkable without a country having established external relations, be they bilateral or multilateral, which are propitious to such developments. The ability to compete on the world markets on a level playing field makes the membership of a country in the WTO virtually indispensable. Long-term preparation for integration into the European Union, which in itself is probably the biggest foreign policy challenge for this country, will make the negotiation of free trade agreements with neighboring countries a necessity.

In the particular situation of BiH with its several constituent peoples the internal stability and security require a foreign policy that through the establishment of positive relations with its neighbors contributes to the creation of an affirmative attitude of its citizens towards BiH as a State.

In this context, bilateral relations are increasingly embedded into regional or global systems, initiatives or organisations, which have created an interlocking network of relations which is the best guarantee for softening the impact of potentially disruptive economic, political or military crises. These structures range from rather informal initiatives such as the South East European Economic Cooperation, the Stability Pact with its three Working Tables, to the OSCE, the Council of Europe and finally the European Union, just to mention a few examples, moving from informal to more formal international and finally a supra-national organisation which is the EU.

Being part of these organisations and networks is not enough however. Any country has interests which it must defend, international relations are based on the common defense of certain values or the do ut des (give and take) between countries balancing their often conflicting or competing interests to the optimal mutual benefit, and in the end BiH must emerge from its pronounced economic and political aid dependency and formulate and present in the best possible way its interests. Only active and sustained participation by BiH will make its voice heard and its interests being given the appropriate weight.

I in particular underline the aspect of the dependency of successful foreign policy from substantive internal policy formulation because (i) such internal policy formulation is particularly complex in BiH due to its specific deconcentrated constitutional structure, and (ii) policy formulation and administrative capacity are of key importance when pursuing the objective of integration into the EU.

As I said, I assume that integration into European structures and especially the EU is among the, if not the top foreign policy objective of Bosnia and Herzegovina. And here we have the perhaps most striking example that foreign policy is an element of security policy, covering political, economic and military security.

Full integration into the European Union of BiH and its neighbors is seen by the international community as the ultimate pillar in an edifice guaranteeing stability, peace and prosperity in this part of the European continent. After all the EU is the most successful project in history of peace and stability building. 50 years of continued economic and political integration have replaced centuries of difficult relations among today's Member States which had five years prior to this process been engaged in the most devastating war in history.

The success of the EU is based on the development of institutions and mechanisms guaranteeing the formulation and coordination of individual Members interests. Over time the integration process has led to a changing assessment of each members interests to an extent that now even foreign and security policy are perceived as issues of common interest. The initial European political cooperation, a purely intergovernmental exercise, has been followed by the CFSP and the ESDP and possibly one day will be followed by European defense. Meanwhile the single market in the EU has been completed and we have a common currency, the Euro, which will as from January next year be in each EU citizen's purse. But first and foremost the success of the EU is probably attributable to a community of shared values subscribed by all Member States. Values that are firmly based on the internal system and practice of each Member and projected to the outside world via foreign policy. Values, which each accession candidate country must have firmly embedded into its structures and minds.

As the saga of BiH's accession process to the Council of Europe shows, a foreign policy objective cannot be achieved for free. Much more so will this be the case in relation to EU integration. A long and work intensive process is ahead of this country if it wishes to fulfill the three criteria for accession to the EU, namely:

- that BiH has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities;
- the existence of a functioning market economy, as well as the capacity to cope with the competitive pressure and market forces within the Union;
- the ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union.

And as you probably know, these criteria as well as the adoption of the entire *acquis* of the European Union, i.e. of the totality of rules and legislation adopted by the Union prior to accession, are not negotiable. In other words the candidate country must comply prior to accession.

Where does BiH stand in this process?

The road to the EU is signposted by the EU's Stabilization and Association Process that includes many elements and culminates in the conclusion of a Stabilisation and Association Agreement (SAA) which is intended to regulate comprehensively the relations between the Union and the respective country, usually providing for a transitional period of 10 years. Going by the example of the agreement with FYROM, the first country to sign such an agreement with the EU, the agreement will include the creation of a free trade area with the Union, the conclusion of regional conventions

with other signatories of such SAAs, and wide ranging cooperation in many fields, including movement of workers, capital and services, the approximation of legislation and JHA.

This agreement will not be the final stage of EU-BiH relations, but it will be their foundation until such time that BiH can join the EU as a full member. There is no time limit as far as accession is concerned. BiH will remain associated until it can comply with accession requirements. Progress lies therefore in the hands of BiH itself, supported of course by the EU within the framework of the CARDS regulation through financial and technical assistance. The only thing which can be said with certainty today is, that BiH as all the other 4 non-associated countries of the Western Balkans is in principle eligible to become one day a full member.

Before a SAA will be negotiated, the EC will have to conduct a feasibility study assessing the maturity of BiH to enter into such negotiations, for example whether BiH is capable to engage in meaningful cooperation activities. That this is not a foregone conclusion is illustrated by the fact that BiH is currently unable to make full use of the generous unilateral trade preferences offered by the EU in the agricultural sector because of institutional and regulatory deficiencies. In order to increase the likelihood of a positive outcome of this study, the EU adopted in spring 2000 the well-known EU-road map, listing 18 conditions which should be fulfilled before the EC will commence the study. By today only 6 or 7 of these conditions have been fulfilled, the others are still in progress.

The signature of a SAA is an important step ahead on BiH's path to European integration, but in itself not a solution to the country's internal problems. As the example of FYROM shows, neither the membership in the Council of Europe, nor the establishment of contractual relations with the EU will automatically prevent a country from internal destabilisation. This can only be avoided by bringing its own house in order, by doing its homework. Only by solving its internal political, constitutional and interethnic difficulties will BiH be able to fully benefit of the potential offered by an SAA.

In the same vein, BiH should never leave out of sight the ultimate goal of EU membership which, as experience has shown, will offer vast political and economic advantages to the new member States. But before arriving at that stage, the country must be fundamentally reformed. The feasibility study and even the conclusion of an SAA are only first steps on this path. I understand of course the interest of governments to take these steps quickly, but this should not deflect the fullest attention from the real substantive work which has to be done before accession. All capacities should be mobilized on this substance, visible achievements will follow.

Dr. Istvan Gyarmati, Vice-President
East-West Institute, New York

Thank you very much Ambassador Turkovic. I would like to offer a few comments on the role of foreign policy within the security policy of Bosnia and Herzegovina, and what kind of foreign policy would in my view best serve the interests of this country.

I think foreign policy is the best guarantee for security. If you have a good foreign policy, a successful foreign policy, then you keep other parts of the security policy like defense just very low key, because all the rest is nothing but an insurance in case foreign policy fails. There would be no need, ever, to resort to the instruments of defense for instance if your foreign policy is successful. So I think the first priority of every security policy is to have a foreign policy that can insure as much a stable security for the country and its peoples as is possible.

It is of course not easy in this part of the world with the legacy of not only hundreds of years of occupation and wars but also with the legacy of recent wars in this region. It is not easy with that psychology which still lives in the history of the past. It is not easy with a policy or the perspective of many politicians, and unfortunately much of the political elite, which still uses history, the tragic events of history, and not the positive events of history, as guidelines for the future. It is not easy also to change this psychology, because you have to have a lot of innovative thinking and a lot of courage

to break from the past, or to choose from your past the positive elements and to break with the negative ones. Nevertheless, I think many countries have been able to do this and I see no reason why this country cannot.

What are the elements of foreign policy that can be successful? I again think it is a very important lesson for politicians that you have to start foreign policy with the groundwork, with not very demonstrative, spectacular moves. It is extremely tempting to meet the President of the United States or the President of Russia, and to discuss over political issues with those presidents; it is much less tempting to meet politicians of a neighboring country and discuss day-to-day issues with them. However, what has more bearing on the real life in Bosnia and Herzegovina? If I were a politician of a country, which I am not, not even in my country, I would definitely concentrate on not making headlines by visits to the White House, but trying to work to find solutions with my neighbors in the first instance.

Therefore, my advice to politicians, which they usually do not take, is that you should start with your neighbors. This is especially true with countries like Bosnia and Herzegovina, where most of the problems you do have with your neighbors or you did have with your neighbors; and is especially true for Bosnia and Herzegovina where the state and the nation, or the nations, do not coincide; where you have to find an arrangement for a nation which lives in two countries here, part of it here and part of it in a neighboring country. It is especially important for a country that must find solutions to overcome this without the obvious and with the most easy, I mean in propaganda terms, a solution of trying to create a big whatever, Albania, Serbia, Hungary, Russia, in order to make the nation state, and one mono-ethnic state.

I, as a Hungarian, understand this pretty well, since we have jokingly and very bitterly stated that Hungary is the only country that is surrounded by Hungarians, which is surrounded by its own nations, which is to a large extent true. Nevertheless, realities will hunt us for the decades to come and there is no way we can get away from realities. Therefore, I think it is better to base our foreign policy on realities, like it or not, and try to make realities likeable, and there are ways of doing this. I am sorry for quoting this example in presence of a German but there is no necessity to go to the extreme process like the Germans and the French went through, world wars in a hundred and fifty years, before they started to be friends and before they became the driving engine of European integration. We could learn from what the Germans and the French do now and not from their history, as we should learn from our own history's positive things and not only the histories of war.

So start with neighbors, with special relations with neighbors, bilateral relations, not even regional but bilateral relations with neighbors, on the basis of a long term conviction that you will be neighbors for a long time to come, that the borders will not be changed. However, borders can be eliminated de facto, if you work towards very good relations with neighbors. You do not even have to become a member of the European Union to create co-operation with your neighbors. If you look at Scandinavia or the Benelux countries they have had this borderless arrangement with each other for decades, without the European Union, before the European Union was even conceptualized, because they saw that there were more things that tied them

together than things that divided them. So, do not wait for European membership or for the European Union to solve all the problems. There are many problems that you can solve in advance, which have an added advantage of making your road to the European Union faster and shorter.

The second priority should be, I think, Europe. I am not talking about the European Union yet; I am talking about bilateral relations. It should be Europe because the future of Europe is in Europe. Americans are extremely important for security considerations, and have been very important for the Balkans in the past few years. However, the first priority, the first countries that have responsibility, long-term interests and responsibility in this region, is the European Community. And again start with the countries close to you, do not start with the UK, start with Austria, Hungary, Czech Republic, Italy, Greece, Turkey, these are the countries who have immanent interests here; do not go to Germany, France, UK, and others, put a lot of emphasis on these other countries. There is also a lot to be seen in the transition countries, that what you cannot learn in countries which have been enjoying freedom and welfare for sixty years or most now fifty years.

So Europe is, I think, priority number two, after neighbors. Then of course you have to deal with the most important players, and these most important players vary from region to region, country to country; though of course you have to deal with countries like the United States, Russia and China. However, you have to understand that while the United States is an extremely important country for us, we are not an extremely important country for the United States. Bosnia is a special case where the US is probably paying a little more attention than to the other countries, but do not expect to be in the focus of attention of America; actually it is not very good to be in the focus of attention of America, because it means there is trouble here. You will have to understand, America will pay attention to countries like Hungary or Bosnia, only if there is trouble otherwise it is a minor country.

So, do not expect to be a major partner for the Americans, or for that matter the Russians or Chinese, but you have to be of course on good terms with them, but that should not be the place where you expect to be the priority. Of course, pay attention to the rest of the world, but in a limited manner. Foreign Policy should be driven by interests, and not by illusions. Wherever you have interests, financial, political or other, go for it, but do not go for illusions. Illusions are very costly, mostly in terms of maintaining Embassies in every country where you could have an Ambassador who will enjoy himself; however, what is the added value?

Then comes regional co-operation, and I think we, both the international community and the players in the region, do not have a real concept of regional co-operation yet. What we have conceptually as regional co-operation does not work, enjoying the freedom of not directly working for a government, I think I can tell, that all the beautiful frameworks which we have set up for regional co-operation do not work. And I see two major reasons for that, most people would tell you that the major reason is that there is no money behind that, I do not think this is the major reason. The major reason is that firstly, we could not find ways to convince the countries concerned that there is a need for regional co-operation. Most of these countries, if

not all, enter into regional co-operation because they know the European Community expects them to regionally co-operate, not because they see the values of regional co-operation. Secondly, even more importantly, I think the reasons why regional co-operation are not really real is that regional co-operation is a top down based co-operation – it is a politically driven co-operation. They decide that it is politically important, which is true, but we were not able to find the real substance of regional co-operation, and therefore regional co-operation has also been discredited to some extent. In addition, this is driven by the perception that every kind of regional co-operation is a kind of a conspiracy trying to re-install former Yugoslavia, which is of course not true.

So regional co-operation should be based on real needs, and I think the international community and the countries concerned would be very well advised to stop these high-level meetings of regional co-operation, issuing political declarations which are sealed and forgotten. Rather than looking for concrete areas, there are a few good examples actually, but not too many of regional co-operation.

Not everything is ready for regional co-operation. A problem which is present all over the region, does not mean that it is ready for regional co-operation, but there are a few which cannot be solved without regional co-operation, so let us try to find real areas of interests of regional co-operation, just like the Western Europeans did, if you look back fifty-five years from now, the European Union did not start with a political union, it started with a coal and steel union, because they saw after 1945 the most important areas which were ready to co-operate were coal and steel. Then came the Schumann plan and then came the European Community, then came the Common Market, the European Community and now the European Union.

What is the coal and steel of today's South Eastern Europe? Just find it, try to base your original co-operation on this and then you will end up, I think, in the European Union sooner, than by declarations and summit meetings and huge political frameworks, which bring more disappointment than results. Then of course comes European integration, and European integration is not only membership in the European Union. Of course, the most important part probably is membership in the European Union. However, European integration is much more than that, European integration is at the same time a process.

Bosnia and Herzegovina is a member of the OSCE, fine; it wants to be a member of the Council of Europe, but do you really think about what are the consequences of being a member of the Council of Europe? And I give you an example for this. If you are a member of the Council of Europe, then each and every citizen of this country will be eligible to appeal court decisions to the European Court of Human Rights, and the country will be obliged to implement the decisions of the European Court of Human Rights. This means indirectly that you will have to have laws, legislation, and implementation of this legislation at an European level, otherwise your citizens will go to Strasbourg, the country will lose its court cases and will have to pay. Is Bosnia and Herzegovina ready to do this? Is the legislation ready to do this? More importantly, is the justice system ready to swallow this? I do not think so. Now the advantage is that any court appeal in Strasbourg takes years to reach its final stage, so you have a few

years after the accession to do so, but be ready for this. Most countries, very highly developed Western European countries, lose most of their cases in the European Court of Justice, if it comes to it, because the European Court of Human Rights is a very human rights oriented court.

I assume that if Bosnia and Herzegovina became a member of the Council of Europe, and if the citizens of the country would be aware of the possibility to appeal, Bosnia and Herzegovina would be up to lose thousands of appeals in Strasbourg every year if not more – this is just one example.

PfP, it is also easy to join PfP, but do not think that PfP countries or NATO countries would be ready to deal with a country in a civilized manner where you always have to keep into consideration or pay attention to the balance between entities, they will not invite one battalion from Republika Srpska and one from the Croatian forces and one from the Bosnian forces to any exercise to be politically correct for Bosnia and Herzegovina. They will not send out three invitations or two invitations to any one event; they will not accept conflicting information from different entities on whatever is going on here. So you have to be ready for the PfP, it is not only a decision to join and sign an agreement which is also not easy, but in the implementation process you can be marginalized very quickly and be left out of the whole thing if you are not up to the requirements, and you better do it before joining than after.

If it is difficult to join PfP and difficult to join the Council of Europe in substance, they are nothing compared to the European Union. Even a country like mine, Hungary, which is considered to be a front-runner, is facing tremendous difficulties. I am afraid that most Hungarian politicians do not know what it really will mean when we join, and what the implications for these commitments will mean for Hungary, maybe its better that they do not know, but it is a tremendous effort.

It is not the paradise that you join and the next day everything is fine - that you have the GDP of Germany and human rights situation of Sweden. It is an extremely long road even with the support you can expect, which is less and less from the European Union. I am sorry to say that, but whenever you get a promise from the European Union for support, then half it immediately and that is what you will get over five years or less; which is significant already but still you have to be prepared for that. The same goes for NATO, if you join NATO that is also much more difficult to fulfill the commitments.

I also want to tell you something which is probably not very popular in this country, but you have to be aware of the international community's decreasing interest in being involved long-term in any one of these conflicts, and it is extremely difficult to keep the international community involved and interested, especially since conflicts proliferate and it is always the newest conflict which is the most interesting of course, and politically the most important. You cannot expect, even if you feel it is unjust, the international community to be guided by the interests of Bosnia and Herzegovina only. As much as your politicians pay attention to public opinion here, western politicians have to pay attention to public opinion at home. And they have increasingly difficult times with a declining economy to explain why billions of dollars have to be poured in

countries like this, from tax payers money in Germany, UK, France, Sweden and the United States. It is increasingly difficult that they are not able to show results.

What is the convincing argument for the French voter to pay money for the recovery of Bosnia, other than visible, clear, achievements, results and progress, which are not here? The lack of war in the sixth year after Dayton is not enough; so the international community is not obliged to do it, it is in its interest, but its interests are limited; and the more this country complies with its own commitments, the more this country does for its own citizens, the more the international community will feel interested. Otherwise, you will face a situation that is starting now, that the international community will lose interest.

Of course, just to be fair and even handed, the international community, in my view, also has to change its policy. I think that time has come to leave the policy of a protectorate, because it has a devastating effect. If you impose too many things on a country or peoples then they get used to it, and do not do things on their own even if they are expected. So I do not think we can expect people to expect everything we impose and at the same time take the initiative and do very positive things. So I think the imposing policy must be replaced by a co-operative policy very soon. The other side of the coin is if the co-operative policy does not work, then there is a perspective that we leave and do not come back to the positive policy of imposition.

The way the international community is involved must change in Bosnia and Herzegovina six years after Dayton, not only with much more co-operation but also with much more of a concept. Where do we want to go? Where do we want to be 1 year, 5 years from now, and 10 years from now? The EU membership decades from now is an excellent perspective but it must include also a road map of what happens ten years from now, what happens next year, what happens five years from now. What is the road map and what are the achievements of the road?

We also, I think, have to have a fresh look at what we call conditionally, it is an extremely difficult concept, if conditions are not really implemented then what will happen is what will happen in Macedonia. If a country is admitted to the Council of Europe, and is allowed to sign a SAA agreement, and I apologize for this to the European Union representative, without truly meeting the criteria; for political reasons you have a summit meeting and you have to show results at the summit meeting, and the only result is signing agreements. That perspective, that a result of a summit is only signing an agreement; then of course you sign an agreement with the best available candidate, which is not good enough still as we see. Macedonia clearly has not met the requirements of treating minorities for signing an agreement; it was not a stable country half a year ago or when the agreement was signed or when it was admitted to the Council of Europe.

On the other hand, conditionality is also an extremely difficult weapon because sometimes if you put conditions on several things you prevent those same things from happening. Access to markets being conditioned on something can be devastating for the economy, and therefore you will not be able to meet the conditions because you do not have access to markets and you have no possibility to grow in economic terms;

and I do not have the solution for this problem, I think it must be a case by case decision, but again I think any deviation from a very coherent application of conditionality, which is necessary but it is a tricky issue, has devastating effects as we see in many cases.

So, I think in conclusion, the foreign policy of Bosnia faces real challenges; but I think if you map out what these challenges are and if you prioritize, if you do not want to solve all the problems, if you do not want to crack all nuts at the same time, if you really concentrate on priorities, which is I think neighbors in the first instance, then regional co-operation on a real basis, on a battle map basis, then international organizations; of course with these three processes in parallel, and of course building good relations with your neighbors, will help the two others and building good regional co-operation and relations with neighbors.

Nevertheless, unless you can have clear objectives, you can have clear priorities, it will be very difficult to make real progress, and I know it is extremely difficult in this country, especially difficult; but I think this is what you need to do. And I think is what the international community should also set as a priority to help you to do, because otherwise we will face the choice to sit here for another decade or two without clear, real progress, or the other option is living with all the consequences. Thank you very much.

FIRST SESSION – DISCUSSION PERIOD

Session Chairman Dr. Istvan Gyarmati

“...It is our intention to organise similar round-tables concerning other elements of the security policy, as well as on the theme of the development of the security policy of BiH document itself, in fact towards its final outcome. This concerns a specific opportunity to influence the development of such a document within the framework of the institutions of Bosnia and Herzegovina. Therefore, I appreciate that it is extremely good that in this country you have a process of creating an internal governmental document in co-operation with civil society. That is an extremely healthy and useful process, so I wish to congratulate Mrs. Turkovic for leading that activity...”

Mr. Senad Sarganovic, Deputy Parliament Assembly BiH

“...Today we are witnesses of a horrific event and I consider that we have to condemn the terrorist attack that occurred in the USA. I would suggest that we strongly condemn this criminal act in which was attacked American and international security, freedom and everything else of a civilised character. I would also suggest that we pledge our support and condolences to the American people, Congress and American Embassy here in Sarajevo, and to American SFOR troops. I consider that all of us involved in the process of the implementation and adoption of the security policy document and in a position to contribute to such process, should direct all our efforts towards that goal...”

Dr. Istvan Gyarmati, East West Institute

“...Therefore, I consider that any kind of security policy needs to be placed in a regional context...”

Mr. Miroslav Nikolic, retired General

“...In my opinion, the security policy would need to define a methodology of adoption. In the first part, national values and interests would need to be defined, maybe also the

values and interests of BiH, as well as the principles, priorities and aims of the security policy, then to work towards the elaboration of those elements. The role of the institutions and the competencies of the internal security system within the security policy is also an important segment. I am referring to the competency of the Presidency, BiH Parliament, as well as lower level institutions. This only means that if the essential criteria are not fulfilled and all of the internal contradictions are not resolved, the constitutional problems of the internal state, the formal administrative approach to such organisations would not be of much significance. The adoption of a security policy for us on one side is very important, because that is one step forward towards European integration, but if there would not follow essential change within society itself this would not mean much. I think that it is especially important to lead an account about the priorities of foreign policy, with an accent upon regional co-operation but with concrete results..."

Mr. Ismet Avdic, Member of the FBiH Parliament Defence and Security Commission

"...Listening to the presentations here today I thought where to place Bosnia regarding the statements we have heard and requests to be fulfilled in order to truly ensure that we would be able to talk of a security policy within Bosnia itself. In my opinion I think we could start with the fact that people are secure if they are free. People in BiH have no freedom of movement, so they are not free in that segment and similarly this poses the question as to whether they are secure. Consequently, this also poses the question that is it not time after six years from the signing of the Peace Agreement that BiH has the chance to enter into European integration and all other obligations to be fulfilled along the way. Would that not be the best contribution to security in BiH?"

Dr. Istvan Gyarmati, Vice President of East West Institute, New York

"...If you start fulfilling those conditions do not do it for the EU do it for your own sake. The other side of this coin would be that you should not blame the international community for setting up those requests, rather take those requests as a list of things to do simply necessary for BiH to become a free and prospective country, with or without the European Union. If you wish to join that club than you have to fulfil the criteria..."

Dr. Hansjorg Kretschmer, Ambassador of European Commission Delegation

"...Opinions are divided on would it be better to fulfil these conditions before you enter the Council of Europe or it would be better to join the Council and then fulfil the conditions. It is obvious that the BiH Government opinion is that entry should happen now because it is considered to be a political success. The question is would it be sustainable? Referring to the arrest of Karadzic and Mladic, one of the conditions to join the Council of Europe is that the rule of law and human rights and countries that do not co-operate with the International Tribunal for War Crimes does not deserve to be a member of the Council of Europe. The above-mentioned is the reason why someone would punish the whole state, because someone within the state does not want to co-operate. Let us say that the Republika Srpska does not want to co-operate with the tribunal in Hague, and the BiH Federation atones for that. I think that this is a

mistaken view, because the Republika Srpska is a part of BiH, and in fact that clearly shows what is the problem in this country, which is the non-existence of political consensus in some key areas. What would be taken as an indication is the way that BiH conducts itself as a common state; and that has to be taken into consideration when adopting important decisions. These conditions ought to be fulfilled because it is in the interests of the country, and not because someone asked you to do it..."

Dr. Istvan Gyarmati, Vice President of East West Institute, New York

"...Different nations exist in Bosnia that are part of nations living in other countries, but what I suggest is to look at this situation not as a problem but as an advantage. How to use this situation to build up better relations with the other two countries? The strategic goal needs to be to gain such a situation. Even duel citizenship is not a problem, because this would not be the only country where people have duel citizenship. You can be loyal to your state and promote the cultural inheritance of own nation at the same time even if the nation does not coincide with the state you live in. The way forward is not to continue to envisage that this problem shall last another hundred years, rather the question is how to deal with this problem and how to transform this problem into an advantage. This problem cannot be solved with a top-down approach, with the signing of one or two agreements; rather you need many small projects that would explain to people the use in resolving this problem. This is precisely the situation where I criticise the international community because it needs to finance projects that clearly deserve these intentions..."

Mr. Hamdo Tinjak, Ministry of Civil Affairs and Communications

"... How do you view the special relationship between the Republika Srpska and Yugoslavia in the field of defence policy?"

Dr. Istvan Gyarmati, Vice President of East West Institute, New York

"...When the laws and institutions of civil control are established I would be 100% sure that policy of the Yugoslav leadership in co-operation with the RS would not be of any harm towards BiH. It will take some time, but the best way to promote this would be to do the same thing on your side regarding the BiH army."

Mr. Senad Sarganovic, Parliamentary Assembly BiH

"...In the compatibility of the economy, communication and others we have quality relations with neighbours in all fields of activities. I think that this already is shown in private areas of activities where problems of a political nature are not looked at. The next factor is the language, which is common..."

Mr. Armin Krzalic, Student at the University of Criminal Science

“...Decisions adopted by the state parliament as well as the entity assemblies have to be in the interests of the citizens of BiH, and not only to join some of the European associations. One of the sources of threats to security is also a weak social picture of a society. The security of one society measures also with its economic power and level of social protection of citizens. Therefore, I appeal to authorities to adopt decisions that would be in the interests of the citizens of BiH and with that the conditions for entry into the Council of Europe shall be fulfilled...”

Mr. Muhamed Kupusovic, Ministry for European Integration

“...Stability and security are closely connected themes. Insofar as you have the stability of a state or a system, that implies that that shall have a certain security. If you develop security that does not mean that you have also developed stability. Therefore, I would rather speak about stability as an element of security rather than just security itself. With reference to foreign policy as an element of security, this cannot be something extraneous, something outside of the base of internal policy and internal situation of a country. We cannot build foreign policy, to develop systems of co-operation with the local environment if we did not arrange internal relations the way a modern society ought to. We need to firstly build a consistent internal system and further on spread this to foreign policy. It is of great importance to develop the moral values of people, as well as a specific system of education and control. When terrorism is in question, we need to search for reasons as to why terrorism appears. What would be the consequence of unresolved relations, sometimes even global or the product of someone's crazy ideas? Concerning BiH and its foreign policy that is directed towards security, all of our structures are officially committed for the entry to European and world associations. Is this is only a verbal or truthful determination? If that is a true determination then the affairs that stand before us are clearly defined. Entry into the Council of Europe would mean above all new obligations. It is necessary to build a modern civil society in a very short period. All of our citizens, regardless of which entity they come from, have to be clearly determined to accept the standards of the Council, in the first place standards on human rights. Concerning entry into the European Union, this is a very long and difficult road. In this entire story, even concerning the security policy the most important factor is to inform the citizens, their education as also a clear determination that we truthfully wish to enter into European integration. The creation of a stable BiH would be a guarantee for a secure BiH. Co-operation with neighbouring countries would be the most important...”

Dr. Istvan Gyarmati, Vice President of East West Institute, New York

“...Insofar as you hear threats that democracy would collapse if a society does not enter a certain organisation, then that democracy and society is very weak. Therefore, it cannot be said that society in BiH shall collapse if entry to European associations did not happen. People have large illusions about some organisations. What could be done here would be to prepare for the Council of Europe; they need to be told that membership shall give them specific possibilities. Membership allows the right to submit applications to the Court of Human Rights in Strasbourg, which could influence the state legal system. This would be due to the fact that if the state loses two hundred cases in that court in half a year, it would certainly have to consider its

legal system because the state does not want to lose subjects in front of the court. You should not expect much from the international community, and then criticise them. To expect the international community to do something you have not done yourself but could have is all right. However, if you discredit the international community with criticism that everything they do, they do wrongly, then you cannot expect that citizens shall be happy to become a member of that community. It is necessary to establish a balance. Only several governments have managed to establish that balance. In many cases stability does not security. The situation in China is stable, though in my opinion does not seem so secure. International community made a few mistakes because it pledged more stability. For example, due to stability it wanted to secure the Warsaw Pact; the same is also with China but I do not agree with that policy. Earlier someone mentioned that freedom would be most important for security. However, the attacks on New York and Washington have opened new questions, what kind of relationship exists between security and freedom? There is no doubt that a higher level of security means less freedom in many aspects. However, if you do not have security you cannot enjoy freedom. I wish that you could all understand that one without the other is not possible..."

General Bosko Gvozden, Assistant to the Minister of Defence of RS

"...I wish to say that I pledged to finally start the elaboration of the BiH Security Policy. I think it is an important issue and I am strongly against the Defence Policy going so far ahead the Security Policy due to the fact it is a common framework, therefore it needs a common solution. In my opinion there are two ways to elaborate such a document on the entire Security Policy. One would be to create such relations and use force to gain the elaboration of that document. The other would be to use the most democratic way, which would be present in all segments of society in BiH, and would be a reflection of all those segments. This second manner is normal but is much harder. I believe that everyone shall be grateful to Mrs. Turkovic and her Centre for Security Studies as a non-governmental organisation for the contribution that it offers, but state institutions need to perform their own part. I consider that one of the conditions in order to generally achieve something would be a correct approach to this problem. Any other approach that gives the domination of one nation over another, alongside the assistance or without the assistance of the international community would have the completely opposite effect..."

Dr. Istvan Gyarmati, Vice President of East West Institute, New York

"...The difference is in the situation of society, in the progress that society has achieved in the last 120 years. To ensure, for example, that the Germans and Italians survived as a nation in the nineteenth and early twentieth century, the only manner was the creation of a national state. Democracy was not sufficiently developed to do something else. Today, in my opinion we live in different world, we have democratic structures that can ensure the preservation of national identity, even if nations live in more than one state, because we have practice and experience and we know how to make the issue of borders unimportant. This is because sooner or later borders will become insignificant for all European countries. The problem in this region is that almost everyone applies double standards. With all respect, as I said I have worked with

President Kostunica and no-one could accuse that I am against Serbia in any sense. However, some Serbs are supporters of a Great Serbia and ask why the Republika Srpska cannot use its right of self-determination and join with Serbia. The question then would be why not to allow Kosovo to join with Albania? I think that the time has come that everyone sits down and considers where all accept double standards and come up with a common system. How can we create an equal standard that minorities and larger minorities in countries have to be accepted as constituent peoples in that country, and then to apply to all of us? Somebody a couple of days ago mentioned a regional approach to the problems in the Balkans. Somebody has to commence with that idea in order to it to be implemented later. I believe in the regional approach in this context. I think it is time to think about this and you are definitely right. Unfortunately no one has an answer. My position is that we should sit down and consider not continuing that which we did in the past but to do something different. I think it is the only way out of this situation..."

Mr. Damir Masic, BiH Parliamentary Representative

"...As long as people in this country carry on dividing by one criteria, which would be Bosniacs, Serbs and Croats and not on the grounds of their expertise, capability and functionality as well as other qualities, this country will not function towards prosperity and European associations..."

Ms. Sanja Ljubicic, Faculty of Criminalistic Science, University of Sarajevo

"...I think we in BiH consider we are of much importance for the world..."

Dr. Istvan Gyarmati, Vice President of East West Institute, New York

"...If you have war at your borders then it is better to have some security in order that it does not expand to your country. NATO today is not a defence organisation in the old sense because there are no enemies in the manner in which we understand that term. NATO today is something that we could term as the 'prediction of security'. The best manner to predict security in the region is that NATO would be involved in one manner or another. The largest level of participation is to offer a country membership. If a country like Bosnia tasks itself to join NATO, the process of entry to NATO in itself is more meaningful than membership alone, this is due to the fact that by the time you achieve this you have become a stable country. This is also important for investment. For example, if somebody now wishes to invest in Hungary, nobody poses a question regarding the issue of political instability, because you can simply say that it is a member of NATO. This means that there are various implications connected to membership other than defending the country from attack. The Partnership for Peace is a waiting hall for NATO membership. That is not an absolute obligation but it is a possibility..."

Mr. Radoje Badnjak, Ministry of Civil Affairs and Communication BiH

"...It seems to me that man is most insecure when he is hungry. It is evident that in this moment with have lots of that kind of people and more extremely wealthy people, so

they are in their own manner again insecure. The objective situation in BiH is the kind that everyone that has the power to change the situation is responsible for it not changing. Dayton is a compromise and it is necessary to implement it. Europe will have to a bit more patient for BiH to become a member of the Council of Europe; however, not like this, with a large state apparatus of 187 ministers with a population of 3,7 million. If this model were applied in Germany, they would need to have 4600 ministers. This means we would have to come up with an adequate model of state functioning. Above all, the international community shall have to offer assistance to us in order for us to free ourselves from all policies that break-up Bosnia or create a unitary Bosnia. This is obvious to all of us. The security policy in that sense shall have to consume elements of Dayton. And that is a compromise and consequently BiH shall function according to a model of compromise...”

Dr. Bisera Turkovic, Centre for Security Studies

(Summation of the first session)

Diplomacy is the most significant instrument for the establishment of an adequate international environment for the prevention of crisis and conflict. Consequently, diplomacy as a mechanism of foreign policy needs to endeavour to solve all problems in a peaceful manner, and to safeguard possible co-operation with neighbours, partners and international organisations. That which Ambassador Gyarmati mentioned and that which surely has the support of all of us is the development of good relations with our neighbours, built on an equal basis. Naturally, BiH needs to play an active role in regional initiatives, contributing to the development of peace, democracy and economic prosperity. Furthermore, membership in international organisations – the Council of Europe, OSCE, EU, and PfP – represents the military-political disposition of BiH, considering it as guaranteeing basic elements of peace and security, not only of our country but also the whole of Southeast Europe. BiH considers that one of the most important priorities is the development of relations with the European Union and the phase in which we are passing through now. We must meet the requirements set ahead of us in order to sign the Stabilisation and Association Agreement. On the end, the inclusion of our country in regional European and transatlantic structures represents a basic direction and strategic element for the security and defence of our state interest, therefore, entity interests and the interests of all the nations and citizens of BiH. The success of this policy depends upon the establishment of internal stability and progress as an important contribution to regional security...”

CONCLUSIONS OF THE FIRST SESSION

- FOREIGN POLICY AS AN ELEMENT OF THE SECURITY POLICY -

- Diplomacy is the most significant instrument for the establishment of an appropriate international environment to prevent crisis and conflicts, to solve them by peaceful means and makes possible for cooperation with neighbours, partners and international institutions.
- The integration of our country within regional, European and Trans-Atlantic structures constitutes the fundamental objective and the strategic solution for security and defence of our national interests. The success of this policy depends on achieving internal stability and the progress, as an important element of regional security.
- Development of good relationships on an equal basis with our neighbours is a priority of the foreign policy of Bosnia and Herzegovina.
- Bosnia and Herzegovina will give its contribution through participation in regional initiatives, contributing towards the development of peace, democracy and economic prosperity.
- Membership in international organizations as EC, OSCE, EU, PfP is a foreign policy objective of Bosnia and Herzegovina, considering it as a guarantee and the basic element for the peace and stability of South-East Europe.
- Bosnia and Herzegovina considers development of relationships with European Union through signing the Association and Stabilization Agreement as an important priority.

SECOND SESSION

- Economic and Financial Policy as Elements of the Security Policy -

Mr. Zeljko Bilbija (Parliamentary Assembly BiH)

Mr. Mijo Anic (Ministry of Defence of the Federation of BiH)

Dr. Jadranko Prlic (Ministry of Foreign Trade and Economic Relations BiH)

Mr. Zeljko Bilbija, Delegate
Parliamentary Assembly BiH

In the next session we will talk about economic and financial policy as an element of the security policy. Considering the overall situation in BiH, the very difficult situation that the economy is in, I think this will be a very interesting theme, and that is normal in these kinds of conditions that parts of the economic and financial policy are very important for the security policy.

Mr. Mijo Anic, Minister
Ministry of Defence of the Federation of Bosnia and Herzegovina

Ladies and Gentleman.

I am pleased to be present at today's round-table and I hope that my presentation shall continue in the direction as was anticipated. I believe that it shall be also useful for me to return to the information from your discussions, which would be led or shall be led after these few words that I consider would be good to present to this type of group.

Large parts of you are familiar with the area in which I work, in the military, and with the issues that are present there. For some that shall be possibly also repetition, but for others it would be a good opportunity to express their own specific opinions.

Certainly, the military is one of the most important factors in the country, and a factor that can stabilize or destabilize a country. Allow me to express the current situation in the army of the Federation and the problems with which we are faced. At the same time, I would like when this would be pointed out in the debate. Your eventual review would be welcome in the sense that it would help in that segment – that the factor of stability would be better and stronger. I hope that I shall not divulge any secrets, because we do not have any kind of secrets; all is known in the Federation and Republika Srpska, especially in Bosnia and Herzegovina when the military factor is in question.

We are now in a large process of reform, at least when the army of the Federation is in question and certainly all of this is connected to financial resources, and how to make that reform. We are in a situation now that we are making new laws concerning defence; I have to say 'new' because here there are parliamentary delegates who shall perhaps be surprised, due to the fact that there was talk concerning the modification and amendment of the law. It is obvious that alongside those necessary changes there shall be also new laws. Alongside this we shall have to work on essential reforms because it is obvious that this state is not in the situation to support as large as military as it has.

Now the question is posed that if we already are working towards the reduction of the military potential, which our economic situation requires, shall we have eventually after those reforms a security situation that is better or worse? That is the dilemma that I have these days, because as Minister I am required to give specific suggestions as to how we can resolve the situation in which we find ourselves.

Certainly, we have thought and consulted with people from professional departments as to how we can endeavour to resolve this problem, but in this moment the budget is limited. If we stay with this budget and with the kind of military that we have, then I am afraid that in the coming period we would experience that in the military remains only social cases – only the people who are unable to find useful employment would remain – which would certainly destabilize the country. Above all, this would compromise the institution of the Army of the Federation of Bosnia and Herzegovina.

However, this is not merely restricted to this, as well this situation would certainly cause also a source of insecurity in the country.

A question is now raised, if reduction were to occur now, and if an economic solution for the dismissal of soldiers and their social welfare was not found, would this again return as a boomerang in the sphere of security? I think that it would be needed to co-ordinate the reduction of the military potential, as well as to find an adequate solution for the surplus, towards our evaluation of 9,000 soldiers. Certainly, we have to find a solution for that surplus of the military potential that we have, in order that for this security aspect and all else that I have just mentioned would be satisfactory.

This is one of the problems that face countries that have more fully developed standards than BiH, and this is an enigma that we shall have to resolve in the coming two / three months. I would like to say that we have somewhere around 24,000 soldiers in the Federation, and only a budget of 290 million KM for the Ministry of Defence. If we know that the price per soldier is a total of 12,500 KM a year, and they are really modest in all segments, then you shall really see that we are not in a situation to overcome our problems with that budget. We shall finally end up with a military resting on a beggar-like walking stick, and I am afraid that this will jeopardize the security element about which we are talking here today.

Consequently, we can see that we are standing before a dilemma, because if we were to commence with the reduction that is necessary due to financial reasons, would this be able to improve the security situation? I personally think that it can, due to the fact that we really have to have a type of minimal guarantee for people in the army, that which would be able to maintain the security situation. Naturally, we have to resolve also the issue of this surplus that I have mentioned here today.

Until now, there were restrictions where the World Bank could be included, but we maintain that inclusion in this domain until now was unsatisfactory, and that if we do not find some other solution this could really come to a very bad situation that would also disturb the security situation.

This is what I had to say. On the beginning it was stated that we should provide only specific themes and that we leave more opportunity to you for discussion. I would certainly like to participate in further debate.

Thank you.

Dr. Jadranko Prlic, Deputy Minister
Ministry of Foreign Trade and Economic Relations BiH

I shall say a few words concerning the specific economic aspects of security in Bosnia and Herzegovina; I am conscious of the fact that whatever I say shall not be sufficient to illustrate the whole situation.

The entire situation of the economy is the most fundamental element of security. All traditional elements of internal and foreign security, about which theory speaks, are not measures that are as important as economic. In other words, the external elements of security are of less importance. We shall say that is very difficult to suppose that now Croatia or Serbia would attack Bosnia and Herzegovina. There are many more internal problems than any we have that are external. However, terrorism presents a large threat, especially its most dangerous variant – global terrorism – which is an issue that belongs with other themes in the framework of the development of a security strategy for Bosnia and Herzegovina.

Consequently, it is important to point-out that the economy is the most important element of security. I have written about economic aspects in the collapse of Yugoslavia, about the economic aspects because of which was not found a peaceful solution and outcome. Having in mind also the reported arrangements of the International Monetary Fund and the entire anti-inflation programme, the final result was very painful: half a million people remained without employment and a million and a half were connected to firms with large difficulties in securing solvency, as those of you that are as old as me, or older, probably very well recall.

In this moment, trust in the political system is very important also for the economy and for security. Exactly how much trust is present at this moment in Bosnia and Herzegovina? At the beginning of 2001, that trust somewhat improved, after a really drastic fall that came in the last six months of the previous year. This at least is shown by research, but that trend shall not hold without the creation of obvious results. In fact, the defeatism and depression of citizens on the whole are of the kind that in this moment makes very difficult to initiate any type of positive process, without which, again, the economic situation cannot be improved.

The existing structures of authority have a chance, but each new report of corruption, scandal and similar, in a time when also partnership with the international community becomes more questionable, brings many matters into question. In this moment, a debate is being led as to where to locate the co-ordination of economic activity, whether that would be in the Office of the High Representative or somewhere else, while at the same time, on the whole, nobody from local institutions engages in the economy of BiH.

Still we are in a preliminary phase in the consideration of some of the very important economic issues in BiH. Authorities are confronted with, in a short period, incalculable difficulties. In this moment, the portion of public expenditure in production has large social consequences, which are the following direction of possible consequences, the entire state superstructure coming into question.

Security is an element if the police do not receive their salaries. Deeply, it is a more significant element if the military do not receive their salaries or if people employed in

the judiciary do not receive their salaries. I shall not mention all others factors that influence the feeling of the population – if doctors do not receive their salaries, if teaching does not start because teachers are not working, etc.

We still engage in the founding elements of security. Our people are unsure and that is the most widespread feeling. They are unsure when they go into a field to cultivate the land, whether they shall find a mine or not. You are unsure as to whether a policeman in some far away country, or even in their own home-land, will treat you in the right manner or not. They do not believe in the judiciary because they are not sure whether they shall have the correct treatment. They are not sure as to whether they are equal when searching for employment, etc. The majority of them, according to relevant research, consider that for these purposes it is the most important to have some connection, and not on specific capabilities, which is as I, sincerely speaking, in this moment think.

Social protection is very undeveloped and based on very low principles. Funds for pensioners are on minimal amounts, which is illustrated by the fact that the average pension in the amount of 180 KM. The relation of the employed to retired persons is 1:0,8%. It is considered that 60% of the population in Bosnia and Herzegovina live on the poverty level. The poverty level is if a family has an income of less than two thirds of the average salary, which is, by the way, a tolerant definition. We can say that more than 15% of families in the Republika Srpska have an average monthly income of less than 100 KM. Alternatively, in the whole of BiH, one quarter of families have a monthly income of under 200 KM. And these are security issues. Furthermore, three quarters of the population in the Republika Srpska are not, according to statistical data, in the possibility to obtain all consumer articles, those that constitute the essential needs for feeding the family and for paying the most needed family expenses. In the Federation of Bosnia and Herzegovina, that indicator is an amount of 46%.

The existing social balance also is further maintained by external factors, donations, credit, etc. Mostly, all economic indicators are negative; neither has there come close that which was foreseen in 1995. Now, I would like to say that it is not a good calculated start, respectively social production did not really fall that much in the final period, as much as has been concluded.

Although it is very difficult to depend upon whichever data, it is entirely clear that last year's single-figure growth from only 5% is the most negative indicator of trends in BiH. Alongside some better rate of growth, let us say 6% – which is realistic – we shall need for survival for more than 10 years, even after that period it is not sure as to whether we shall achieve the level of national production from 1990. Consequently, we can speak about twelve lost years.

That is a very important security issue, much more important than the military, which can more turn one against another and not to improve security in BiH. Privatisation shall also extend the level of the unemployed. That is currently 37%, but that figure shall increase if it is added the 7% of those of are waiting for employment in the Federation of BiH and 12% of those in the Republika Srpska.

Privatisation is definitely late, and it has just begun to pay the price in populism in the last few years, which the international community, possibly from that period's evaluation of the situation, nevertheless uncritically tolerated. It is difficult now to have some evidence but we shall all agree that from 1997 there were more than a thousand strikes.

Autumn 2001 shall be exceptionally torrid, if it is kept in mind that BiH did not overtake the daily economic crises. When that shall happen is very difficult to say in this moment. However, there needs also measures against those who strike: against district, cantonal and federal structures of power, against the Council of Ministers, OHR, the World Bank, or against some others. Simply, there does not exist the type of system which is known, how it is usually phrased, "Who is in the driving seat". Who is responsible for this in Bosnia and Herzegovina? Who above them has the competence and it is possible to measure someone's work?

Basically, everything is so diffused. Consequently, everyone who speaks is in the right, even also I when I say all of this, but simply it is not even known what is my responsibility in all of this as Deputy Minister of Foreign Trade. We really do not have not one state function on the level of Bosnia and Herzegovina, except foreign and areas of monetary policy, which is not some large policy in the conditions of the functioning of a 'currency board' arrangement.

What are the remaining security elements? Naturally, in a situation when news concerning strikes every day comes one after another, it is real to expect the blockade of roads, production, the limiting of important functions in public services (health, education, traffic and others). Does there exist a general mechanism that can correspond to these needs? The reply is negative: in this moment there is not one system that could guarantee quality-imported goods, including also food.

Consequently, due to undeveloped veterinary and hygiene control on a state level, on the domestic market there is produce of risk contents, including also threats from the most dangerous of contemporary diseases that have spread over the produce of livestock. A debate is being led as to whether it is firstly needed to develop an office for that kind of supervision or to adopt laws concerning this. When the decision about these issues would be left to officials and those who think of themselves as representatives of entities and alike, then that system would not be made for the next two years. It has to be known who on the border controls and guarantees that some goods of animal produce are to be used or not. Thanks to some luck that came after the war, or, really due to the work of some natural balance, we still have not been subject to any disease, or at least until now none have been reported. However, that does not mean that some of those diseases are not in a phase of incubation, and that they shall not surface after a period of latency. Nevertheless, it appears that the situation, according to all indicators, is not of concern in our country.

All is in the sphere of a policy based on a historical fallacy and the biased interpretation of the Dayton constitution in which everybody is right. I have a custom to say that 90% of available time we spend in the interpretation of that document – although for that exists authorised parliamentary, legal and international bodies. If that much energy

were spent for the resolution of concrete problems, the situation would now be completely different, better even also the economy. Consequently, we have directed the most creative potential to the interpretation of one legal act, which is in principle inconsistent and which with great difficulty can respond to the issue of the machinery of a normal state. With two entities, with the Brcko district and their interference really everybody cheats everyone else.

The most constant element of BiH social policy is the act of assignment of our people from abroad that left the country or are refugees outside. Contrary to this, all of 2% of the population receive from the state social aid and all of 4% of children are included in the supplement for child allowance.

There does not even exist a system for cases of humanitarian catastrophe. What would happen and who would react if a mass catastrophe were to occur, such as the terrorist attack on New York or Washington? How is civil protection organised and how are their organisation and their unitary and collective acts regulated? Would the army of the Republika Srpska be able to cross over and assist if a catastrophe occurred in the space of the Federation of BiH, and the same in the case of catastrophe in the RS? Similar questions are of course numerous.

Due to our poverty, it is very real to expect that the major part of our population are marginalized and to be engaged in activities that are illegal, of which the extremities are the trade of human beings and prostitution, etc. All are low and worried, especially the sensitive categories of the population, for example war invalids and the civilian casualties of war.

Due to the difficult economic situation, a large part of those who were soldiers on all sides of BiH feel additional dissatisfaction – a situation that can very easily radicalise. It needs to be held in mind that out of the total number unemployed, 45% are demobilised soldiers, which is in some situations very easy to manipulate.

In the development of the security policy, which is made on the basis of the existing legal construction, it shall be very difficult to make a serious step forward in the sphere of the social dimension of security. I do not want to say how it should be, but I do want to say that we have to aim for all possible solutions. In my conversations with soldiers and generals, I said that we are searching for some solutions that are normal, and those that we can accept. Consequently, we must talk about wishes that have sense.

I consider that a precondition for the execution of the security policy shall be the development of a normal economic system. Without that, truthfully, we can lead this type of debate, to express different opinions, but this will not contribute to ensure that the situation quickly improves.

SECOND SESSION – DISCUSSION PERIOD

Dr. Jadranko Prlic, Ministry of Foreign Trade and Economic Relations BiH

“...Three threats are over us that no one really takes care about. The first one would be that nobody knows how the Euro looks. It has only just been promoted a week ago. The second possibility is in consideration of the fact that all counterfeit notes end up here. The third threat is that we could see BiH as a centre for the world’s money laundering. In principle the Euro is not a problem it is the lack of the Euro in BiH...”

Mr. Osman Brka, BiH Parliamentary Representative

“...Mr. Anic and Mr. Prlic clearly stated that the situation we are in is difficult. We are aware that you are the representatives of Alliance government. Tell us what have you got to offer so it would not be that unclear. The essence of the problem is in political will, which unfortunately there is not enough of and therefore we become a launderer of the world’s money. The problem is attention to the borders...”

Mr. Mijo Anic, Ministry of Defence of the Federation of BiH

“...I am really trying hard at the Ministry to find the best possible solutions. One of those solutions was decreasing military period down to 4,5 months...”

Dr. Jadranko Prlic, Ministry of Foreign Trade and Economic Relations BiH

“...Mr. Brka if for example there was only one nation living in Bosnia, there were no entities, and there did not exist these three missing elements that are unbridgeable in BiH, which are: lack of political will, lack of institutions, lack of knowledge; considering these three elements it is even harder. Talking about the government concept, I am as an expert in the Alliance. In my opinion, this is a necessary transition phase for BiH. I consider the government concept of which I was a part as well faded, this transition phase has to pass and this is not a final solution. Through this, new quality should be created that would lead us to an adequate concept that would be supported by the majority of the population in BiH, within all three major groups.”

Mr. Muhamed Kupusovic, Ministry of European Integration BiH

“...The conclusion is that we are in some kind of magic circle, someone is keeping us in that magic circle and we cannot get out. We are keeping ourselves in that magic circle. How to find the way out? On the first place is political will. In order for the economy to be competitive and eventually produce and export outside we have to have specific institutions, which shall follow quality goods and have specific legal regulations. A company shall either be competitive or not, and that is our future. Our people should be prepared for that. When security is in question, there is no security without economic stability. One cannot work without another. In order to gain foreign capital this state has to be secure and stable, this will happen when the economy would be developed. That needs to be well balanced. What we can do is to work on relations towards economic security, through legal regulations that shall shield foreign investment. That is very hard. The Road Map has very clearly outlined the obligations; however, we have worked very little on that because there is no good will and co-operation on a state level and entities that they fulfil these conditions. Our citizens should be informed that the united approach to the nations of BiH has to be consistent; that really we wish to enter into European associations. There is got to be responsibility in work...”

Mr. Muhamed Kupusovic, Ministry of European Integration BiH

“...We have to find a model on how to live and work until that moment when we achieve membership in the European Union. That road is very long and we have to do something to improve the situation. One possible solution is the economic integration of the region, above all the Balkans...”

Mr. Armin Krzalic, Student, Faculty Criminalistic Science Sarajevo

“...Talking on behalf of young people, we lost the most in this state and every good suggestion to resolve this situation would be saving the youth. On the end allow young people to create our own future, if you are not in the position to offer the creativity and quality in the organisation of our state...”

Mr. Miroslav Nikolic, retired General

“...It seems to me that we should try to form a vision of what we are discussing here; that would be the development of a market organisation and economy, foreign trade, foreign investments, confidence in the political system. Is there any chance of creating a vision that would be realistic and truthful?”

Dr. Jadranko Prlic, Ministry of Foreign Trade and Economic Relations BiH

“...The support of stability is one of the main tasks of economic and financial policy. The security policy needs to give responses to the issues of globalisation in BiH. The consistent implementation of domestic economic reforms is necessary and the strengthening of regional economic co-operation. However, these shall not be sufficient for the stabilisation of the situation if a clear perspective of European integration would not follow. The concept of BiH as a small and open country would be based on this. It would be especially necessary to address issues regarding the fight against poverty in BiH. When there is no domestic saving or investment, in order to prevent bankruptcy in BiH it is necessary to arrange donations from abroad – to create possibilities to improve foreign investment. In these conclusions we have to emphasise the issue of safe-guarding the security of the financial system...”

Dr. Bisera Turkovic, Centre for Security Studies

“...Recently the World Bank issued a report analysing why some countries are more attractive for foreign investments than others. The analysis is focused on Southeast Europe and the countries of the CIS. Three basic elements were mentioned, which were: the development of system of responsibility, the development of civil society and the development of support of the market economy. How to achieve these three elements and how close are we from that?”

Dr. Jadranko Prlic, Ministry of Foreign Trade and Economic Relations BiH

“...One of the most important elements we had is the FIA study concerning obstacles to foreign investment in BiH. Now structures are being made that should remove those barriers, in the fields of the registration of companies and also the disposal of land. There are two strategies of multinational investment companies. These are those that conquer the market and the other that wants elements of production to be located in some of those countries. Market expansion strategy is not so important for us because we are a market of only a 3-4 million population, 1000\$ per capita, which still is divided. Representatives of multinational companies opened their own offices in Budapest and Zagreb, moving more towards Belgrade. Sarajevo becomes unattractive due to our lack of transport connections. The most important factor would be the creation of a responsible leadership, which would be able to gather people who know to complete the economic recovery of BiH. We have to strengthen civil society and also through this Centre, that would clarify the meaning of a security policy and the significance for this country...”

Mr. Damir Masic, Representative at the BiH Parliament

“...One element of security policy is the armed forces. Do officials at the Ministries of Defence of both entities see the creation of a common army or a view of a common army in the future?”

General Bosko Gvozden, Ministry of Defence of the Republika Srpska

“...The main problem is that the people accountable in BiH do not want to realise that by the Dayton Agreement BiH is arranged as a special state. An evaluation of the Republika Srpska at this moment would be that there is no talk concerning any kind form of a common army. To us problem is not the external threat. The problem would be conflict within BiH. How then to create a common army? This has to result as a consequence of many other processes that are materialising. Firstly, an economic policy should be adopted and the military shall arrive as a normal consequence of that. Conclusion of the RS leadership, and my personal opinion, would be that there is nothing concerning a common army at this moment...”

Dr. Jadranko Prlic, Ministry of Foreign Trade and Economic Relations BiH

“...I suggested that army or armies should be financed from the same place. If we want civilian control over the military then that is the way it ought to be. If the State Border Service is financed from one place then why cannot be the case with the armies? That would be a completely normal approach to the military potential that would not lead to conflict situations...”

Mr. Ismet Avdic, Parliamentary Assembly BiH

“...Our legal system is the most complicated in the world, with 4 levels of government and a complex and inefficient administration. All this affects the economy. We are

strongly pledging for no changes in Dayton by any means. Dayton was the necessary solution at the time and was a compromise agreement and not reality. In 7 years normal constitutions suffer changes. We need to follow up the direction of keeping the good things and changing the bad. The key would be in good will and setting the goals and sticking to it, and asking for assistance from the international community...”

Mr. Miroslav Nikolic, retired General

“...On the one side there is the publicly declared will of all of us in BiH to join European associations as well as to the PfP, and on the other side the requirements set up ahead of us. For one there exists eighteen and the other requires two conditions to be fulfilled; and they are: civil control over the armed forces and one common body, in fact contact point, from the PfP towards the point that controls the armed forces in BiH. We have advocated the concept of armed forces in BiH that would consist of one Ministry of Defence and common command, which would consist of three components, not limiting the right that somebody chooses the component in which they shall serve. These components would have a common military doctrine, the same standards of equipment and training. I think this is how we should prepare for our public proclaimed goals. In today's Defence Policy, the situation is somewhat different and the Presidency has its own authority of civilian control...”

Ms. Emina Ganic, Political Advisor from the Council of Europe

“...All conditions for entry to the European Union have a political and economic nature. I consider that in BiH we cannot speak about the economy and not to talk about politics and vice versa. One of the fundamental problems is refugees. If we do not respect basic rights of ownership how can we speak about intellectual ownership? Is the partition of the RS and FBiH army a problem or is it a manifestation of the basic problem in BiH?”

Mr. Radoje Badnjak, Ministry of Civil Affairs and Communication BiH

“...Here in Bosnia we still have the environment where Dayton is looked on from different aspects. At this moment we do not have a suitable model on how to establish the state...”

Dr. Bisera Turkovic, Centre for Security Studies

“...I think that today's discussion is going and should not go towards the direction where we disagree. Let us talk about the themes we do not disagree in, the themes that we can talk about. In Europe there were wars lead for 150 years between states, who are now friends. They may not be in love but they do co-operate. I do not see the reason why somebody in BiH should love somebody else. Those are illusions. The reality dictates that people should appreciate the opinions of others, to understand what the other wishes to say. Our objective today is to see what are the solutions and where are the problems when speaking about segments of the security policy; and what do we see as elements of the security policy in the domain of the economy. I am

sure that there are many points on which we could very easily agree upon. Let us see how we can find common starting points..."

General Bosko Gvozden, Ministry of Defence of the Republic Srpska

"...All of the discussions we have heard in the field of the economy and financial relations come down to political framework. I suggest that that one of the conclusions should be that the political framework is not good. We could conduct the democratic control of the armed forces through parliament and a commission in parliament, without there being a joint army..."

Mr. Hamza Visca, Chief of Mission with the Army of the RS

"...Europe today became what it is through an association for coal and steel. This means that they started with the economy. We have to find our association for coal and steel that would be in the interest of all three nations. For security to be in the interest of all three nations it must be represented in all elements to the nations and citizens of BiH. Unfortunately at the moment it is not..."

Dr. Jadranko Prlic, Ministry of Foreign Trade and Economic Relations BiH

"...I consider that the political framework objectively is not a guarantee of economic prosperity in BiH. The important elements of the security policy have to be the creation of a common economic space, which is a task also in the framework of the Road Map. It is important to accelerate the implementation of the process of privatisation in BiH; in fact, the creation of all necessary market institutions that would need to safe-guard the equal economic chance for all and to prevent all kinds of discrimination. We have concluded that it is of great importance to ensure the kind of strategy of economic development that would guarantee a high rate of growth of income in BiH. The priority firstly must be to overcome poverty and to increase employment in BiH. Furthermore, to envisage the creation of a network of social protection in BiH, which is a security issue. It is also important to mention the prevention of all negative consequences of transition, which are many and range from criminal to corruption, human trafficking, antisocial behaviour, etc. We also have to take care about protecting the environment in order for us not to pay the price they we did earlier. In former Yugoslavia, BiH took part of 32% on bad air, water and land quality, with a total of 20% of the population..."

CONCLUSIONS OF THE SECOND SESSION

- ECONOMIC AND FINANCIAL POLICY AS ELEMENTS OF THE SECURITY POLICY -

- The support of stability would be necessary and should represent one of the main objectives of the economic and financial policy
- A new vision of cooperation and coexistence between the countries of South East Europe shall move the region away from the past and to assist its revitalization on the basis of democratic principles.
- Economic and financial development is a manner in which shall exist internal security and stability, as well as to fulfill the needs of peoples and citizens.
- The economic factor is of exceptional significance for state stability. Only through stabilization can we come to the recovery and growth of the Bosnian economy, and to the protection of the interests of the peoples and citizens of Bosnia and Herzegovina.
- The positive influence of economic factors on state security shall grow with the participation of Bosnia and Herzegovina in global, economic, European and regional cooperation, and with integration into a common European economic space.
- The importance of the Bosnian economy for state security and stable development shall depend upon the possibility of the development of the state infrastructure.
- Transition towards a market economy was followed by economic crisis, which quickly came to the decrease of efficiency and the growth of crime. The crisis resulted in the following consequences: uncontrolled demographic movement, mass emigration, unemployment, the loss of position in the international economic market, inflation and similar.
- The development of free trade, technical development, quick and effective economic reforms as well the development of the country's infrastructure so that the geo-strategic position of Bosnia and Herzegovina as a connection of the East and West are elements that shall have a direct influence on the country.
- The rational use of natural resources for the foundation and development of security instruments in accordance with democratic standards, the capabilities and the needs of Bosnia and Herzegovina.

- Bosnia and Herzegovina is a small country with a difficult economic and social situation, with critical internal problems that shall affect stability in an unstable region with the presence of possible conflict.
- The fight against corruption shall improve the effectiveness of economic reforms as well as confidence in our economic and financial system.

APPENDIX A

AGENDA

ROUND-TABLE ON ELEMENTS OF THE SECURITY POLICY - FOREIGN AND ECONOMIC POLICY -

*SARAJEVO, 13 SEPTEMBER 2001
HOLIDAY INN*

Thursday 13th of September, 2001

08.30 REGISTRATION

09.00 "FOREIGN POLICY AS AN ELEMENT OF SECURITY POLICY"

Chairperson: Dr. Bisera Turkovic
Centre for Security Studies

Speakers: Mr. Milovan Blagojevic
Deputy Minister of Foreign Affairs, BiH

Ambassador Dr Hansjorg Kretschmer
Head of Delegation of the European Commission

Ambassador Dr Istvan Gyarmati
East West Institute, Washington

10.00 COFFEE BREAK

10.30 DISCUSSION

Chairperson: Ambassador Dr Istvan Gyarmati
East West Institute, Washington

12.30 CONCLUSION OF FIRST SESSION

13.00 LUNCH BREAK

14.30 **"ECONOMIC AND FINANCIAL POLICY AS ELEMENTS OF THE SECURITY POLICY"**

Chairperson: **Mr. Željko Bilbija**
Bosnia and Herzegovina Parliamentary Delegate

Speakers: **Mr. Mijo Anic**
Minister of Defence of the Federation of BiH

Prof. Dr. Jadranko Prlić
Deputy Minister of Foreign Trade and Economic Relations BiH

15.30 COFFEE BREAK

16.00 p.m. DISCUSSION

Chairperson: **Prof. Dr Jadranko Prlić**
Deputy Minister of Foreign Trade and Economic Relations BiH

18.00 CONCLUSION OF SECOND SESSION

APPENDIX B

LIST OF PARTICIPANTS

Aussadat Bernard, Brigadier General – Verification Coordinator
OSCE, Arms Control, Article IV and V, Austria

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Parliamentary Assembly of BiH

Ajanović Jasmina, Legal Department Manager
Ministry of European Integration

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Committee for Defence, House of Peoples, Parliamentary Assembly of the Federation of BiH

Brigić Ivan, Delegate
Parliamentary Assembly of the Federation of BiH

Bosscher Robert, Ambassador
Embassy of the Kingdom of Holland, Sarajevo

Brka Osman, Delegate
Parliamentary Assembly BiH

Blagojević Milovan, Deputy Minister
Ministry of Foreign Affairs BiH

Bilbija Željko, Delegate
Parliamentary Assembly BiH

Badnjak Radoje, Advisor
Ministry of Civil Affairs and Communication BiH

Bećirbašić Enes,
Presidential Military Advisor

Čaušević Munevera, Advisor
Ministry of the Treasury BiH

Čkonjević Rajko,
Ministry of Defence of the Republika Srpska

Erthner Ivona,
Embassy of Switzerland, Sarajevo

Ebner Christian
Embassy of Switzerland, Sarajevo

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Gvozden Boško, Assistant for International Military Cooperation
Ministry of Defence of the Republika Srpska

Gavran Dušan, Lieutenant
Secretariat of the Standing Committee on Military Matters BiH

Ganić, Emina
Council of Europe

Geclik Serkan, Third Secretary
Embassy of the Republic of Turkey, Sarajevo

Gyarmati Istvan, Vicepresident
East-West Institute, USA

Hadžović Denis, General Secretary
Centre for Security Studies BiH

Hornstein Caroline, Director
Konrad Adenauer Stiftung

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Delegation of the European Commission to BiH

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Parliamentary Assembly BiH

Marić Tihomir, Director
Optima Mostar

Marković Zoran, Delegate
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Mašić Damir, Delegate
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Ministry for Human Rights and Refugees BiH

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Viereck Johannes, Political Advisor
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Višća Hamza
Army of the Federation of Bosnia and Herzegovina