



European
Commission
Delegation
to BiH

EU Newsletter



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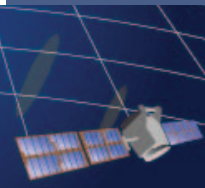
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European Commission President Jose Manuel Barroso and Commissioner Olli Rehn Visit BiH



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The purpose of this tour was to reinforce the European perspective of Western Balkans countries and promote the implementation of the reform processes undertaken in each, so as to achieve faster progress along the road towards European integration.

During his visit, President Barroso and Commissioner Rehn met with the members of the BiH Presidency, Mr. Ivo Miro Jovic, Mr. Borislav Paravac and Mr. Sulejman Tihic, along with the two Entity Presidents, Mr. Niko Lozancic and Mr. Dragan Cavic, to discuss integrating the BiH economy and society into the European mainstream, and progress on visa facilitation.

During the meeting with the Prime Minister, Adnan Terzic, Minister of Foreign Affairs, Mladen Ivanic, Minister of Security, Barisa Colak, Director of the Directorate of European

Integration, Osman Topcagic and Igor Davidovic, BiH Chief Negotiator for the SAA Negotiations, they discussed the regional Free Trade Agreement, which the EU considers an important step to stimulate trade and economy in the region and improve its European perspective.

At the Press Conference following this meeting, President Barroso's message on behalf of the EC and the EU was one of hope, confidence and encouragement. He said that BiH is making progress in its ambition to come closer to the EU, with the opening of SAA negotiations marking a new era. On this subject, he noted the encouraging professional preparation of the first round of negotiations.

He stressed that the start of the negotiations does not mean that the reform process can be relaxed. On the contrary, the negotiation process and the reform process should go hand in hand. BiH must ensure full co-operation with the ICTY; agree on and implement police restructuring; adopt and implement all necessary public broadcasting legislation; and be able to guarantee that the future SAA will be properly implemented. Lack of progress in any of these areas will adversely affect the pace of negotiations. He estimated that SAA negotiations could be completed by the end of the year, in the best-case scenario, if the country is able to forge common positions.





President Barroso also spoke about the reform of the Constitution, which he sees as a Constitutional evolution rather than a Constitutional revolution, whose guiding principles should be efficiency, functionality and the protection of human rights. He noted that such a reform is not a condition for signing the SAA but that the EC supports the efforts, which should be aimed at a democratic, functional and affordable multi-ethnic state which is able to serve all its citizens.

Answering a question on visa liberalisation, President Barroso referred to the recent Commission Communication and the measures therein regarding visa facilitation for students and researchers. He noted that steps towards visa facilitation are necessarily progressive: one country at a time, depending on the capacities to bring the process forward. Currently, their focus is on visa facilitation as a first step.

President Barroso then received a guided tour of downtown Sarajevo, hosted by Mr. Denis Zvizdic, Sarajevo Canton Prime Minister, and Mr. Josip Jurisic, Deputy Mayor of Sarajevo.

He then met privately with Mr. Christian Schwartz-Schilling, High Representative and EU Special Representative for BiH, and held a joint meeting with the Heads of EU Missions and EU Member State Embassies.



Profile

Jose Manuel Barroso

European Commission President

Jose Manuel Barroso was born in Lisbon, where he studied law, followed by a Masters in Political Science at the University of Geneva. Since then, his career has moved between academic and political life.

Mr. Barroso joined the Social Democratic Party of Portugal in 1980, aged 24. At the time, he was teaching at the University of Geneva, lecturing in Political Science and specialising in European Affairs. Five years later he won his first seat in the Portuguese Parliament - the same year that Portugal signed the accession Treaty to join the European Union. Once elected, Jose Manuel Barroso rose quickly through the Government ranks. He was promoted first as State Secretary for Home Affairs and subsequently State Secretary for Foreign Affairs and Minister for Foreign Affairs, a position which he held until 1995.

The PSD party lost the general election in 1995 but Mr. Barroso was nevertheless elected as a Member of Parliament. During his time in opposition, he renewed his involvement in academic life, as a visiting professor at Georgetown University, Washington D.C and as Head of the International Relations Department of Lusiada University.

Mr. Barroso was appointed President of his Party in 1999. He successfully led his Party to a general election victory in 2002 and, at the age of 46, took up office as Prime Minister of Portugal, where he introduced a far reaching programme of financial and structural reforms for the Portuguese economy.

In 2004, Jose Manuel Barroso was approached as a candidate for President of the European Commission. He was confirmed as European Commission President in November 2004.

The Western Balkans on the Road to Europe: Consolidating Stability and Raising Prosperity

With the January 27 "Communication on the Western Balkans" the Commission proposes to foster trade, economic development, movement of persons, education and research, regional co-operation and civil society dialogue in the Western Balkans, as part of the strategy to integrate the people of the region into the European mainstream. It sets out concrete measures to reinforce EU policy and instruments to help these countries to realise their European perspective.

Commissioner for Enlargement Olli Rehn said that "...we need to encourage the people of the Western Balkans to look forward to their European future, not back to the nationalism of the past. The best way to do that is to focus on practical measures which will integrate their economies and societies into the European mainstream."

The Communication proposes concrete measures, including initiatives for visa facilitation, scholarships for undergraduate and graduate students and researchers from the region, as well as a new regional School for Higher Education in Public Administration.

For full details see: http://europa.eu.int/comm/enlargement/index_en.html

What is the SAP?

The Stabilisation and Association Process (SAP) is the EU's policy framework for the countries of the Western Balkans. The main elements of this long-term commitment to the region were proposed in a Commission Communication in May 1999 and the Zagreb Summit set the seal on the SAP in 2000, by gaining the region's agreement to a clear set of objectives and conditions in a Final Declaration.

The SAP supports the Western Balkan countries' development and preparations for future EU membership by combining three main instruments:

- the Stabilisation and Association Agreements,
- autonomous trade measures and
- substantial financial assistance.

Regional co-operation constitutes a cornerstone of the SAP.

I N T E R V I E W

Mr. Igor Davidovic, BiH Chief Negotiator for SAA Negotiations



You were confirmed as BiH's Chief Negotiator for SAA Negotiations in late 2005. Which factors led you to take up this challenging position?

Over the last ten years, this country has reached a high degree of stability and understanding, with political disagreements resolved through compromise. But citizens do not need political stability only; people need jobs and economic stability. We need intensive economic reform and social development. A better economic environment is the best framework for a better political environment.

BiH geographically belongs to Europe and we must intensify our economic ties with the EU. This is the best way forward for BiH as the process, and especially membership, will have important social consequences. That is why there is such a

high public interest and great faith in the process.

I consider it is the task of my generation to initiate this integration process and I think that I have an obligation to offer my political and diplomatic experience, to try to contribute personally, as a diplomat and as a citizen.

Could you tell us about the dynamics, and your experiences, during the first round of negotiations?

I can say, not only for myself but also for the entire negotiating team, that we feel we established a good chemistry and we are much more relaxed now that the first round is behind us.

A lot of analysis and preparatory work was done before this meeting so the next round will be easier in this respect as we already know each other, even though the subject of the next meeting, free trade, will be much more complex.

The first round brought the teams together in a professional context and I was very glad to see that we can discuss openly; I think the EU team understood that we are ready and willing to negotiate. We began the process, we know each other much better and the teams are now in contact in between rounds. We established good communication from the start of the process and we have continued to exchange messages, documents and views so from round to round we will be more and more prepared.

What were your impressions of the EC team members?

I had met Mr. Priebe and all of his team earlier in Sarajevo and Brussels, notably on November 25 when the opening of negotiations was announced, so I already had a perception of his personality. This was the first official meeting in a negotiation round and I was very glad that my perceptions were right, that we speak the same language and accept each



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This first round served as an introductory meeting to explore subjects such as political dialogue, regional co-operation, political co-operation and financial co-operation. The second round,

scheduled for March 17, will focus specifically on trade.

There is no fixed time limit for the negotiation process - the speed of progress is determined by the aspirant country's willingness and capacity to make progress on required reforms. Once negotiations are completed - which in the case of BiH could even be by the end of this year, if there is political consensus to push forward the reform agenda - the negotiated agreement will enter into force.

other's views, ideas and intentions. We can fully understand and respect each other.

The next round of negotiations is scheduled for March - what are your expectations for this, and future, meetings?

The second round will address free trade, which is a crucial part of the SAA. Both sides must start with a profound analysis and the BiH team is currently working on the criteria and statistical data - we must know what we need, what we can expect and how to get there. We must know what is acceptable for us and also meets the expectations and demands of the other side; we cannot create SAA obligations which we are unable to apply. We must therefore think carefully about the methods and instruments of implementation for all the obligations we are going to take on.

Free trade is a sensitive subject as it affects the BiH economy and market. For example, agriculture and industry must take care about the quality of their products to be competitive in the EU market. This can have consequences - companies will be forced to reform or restructure to adapt to European standards. There are over one thousand legal acts that we must incorporate in our legal system and apply pragmatically!

How was your negotiating team formed and what were the criteria for deciding its composition?

The team is divided into eight negotiating groups. My idea, and that of the Council of Ministers, was that these groups should be headed by civil servants, to ensure continuity after the upcoming elections. They were chosen on the basis of their professionalism, familiarity with the topic they are working on and ability to lead groups.

The negotiating groups include representatives of various State institutions but also of Entity ministries and NGOs or representatives of civil society, such as academics.

I am very proud of the significant number of young people with degrees in European Studies in the team. I am very impressed

with their aptitudes; they are extremely capable and committed.

The number of members in a negotiating group is never fixed - The work of each group intensifies as their round comes closer. At any point we can realize that a certain person or institution, for example a chamber of commerce, should be brought in, to contribute their own analysis. Individual citizens or associations - anyone who is affected by the final results of the negotiation - are invited to participate by contributing their suggestions and ideas.

Overall, the negotiating team is very dynamic - a living thing; everybody is enthusiastic.

What do you consider to be the key qualities of a good negotiator?

The theory of negotiation has already described these qualities, but I would say that the main ones are to be ready to listen, and not only to what the other side says: in this particular case I like to joke that I will also have to negotiate with the BiH institutions!

A good negotiator must be a good listener, able to take initiatives and to foresee problems that might occur and estimate how things might then develop.

It is extremely important to be well informed of the interests of the other party. A well-prepared and professional team is vital for a good negotiator, who must build up the capacities for teamwork and stimulate people to deliver the best they can. Nobody can foresee everything that will happen during negotiations but it is important to predict and have the capacity for multi-analysis.

It is important to demonstrate full respect for the other side and mutual trust. This is why I am so satisfied with the outcome of the first round of negotiations, because we started with these principles.

A Fresh Start for Europe - the Austrian Presidency of the Council of the European Union



On the first of January 2006, Austria assumed the role of Presidency of the Council of the European Union. For six months, members of Austria's Federal Government will chair the meetings of the European Council in a number of policy areas, working in nine Council configurations in which the competent ministers from the Member States regularly meet.

Austrian Federal Chancellor Wolfgang Schüssel stated that the Presidency will have to address a number of major issues which are crucial to the future of the EU: "The Financial Perspective 2007-2013 adopted by the 25 Heads of State and Government in December 2005 must now also gain the consent of the European Parliament and the Commission. Furthermore, the period of reflection on the future of Europe is to be evaluated during these six months, in order to find a way forward on the European Constitutional Treaty. Measures to promote growth, jobs, research and technological development as well as questions of enhanced security cooperation also make for a busy agenda."

Above all, Austria wishes to use its Presidency to bring Europe closer to its people and to boost confidence in the European project. For Federal Chancellor Schüssel, this "... is why it is particularly important to me that we keep the idea of a shared, multi-faceted European Continent alive and support it in practical ways. Let us give Europe a fresh start!"

Perspective on the Western Balkans

Austrian Foreign Minister Ursula Plassnik and Commissioner for Enlargement Olli Rehn have been working together closely for many months: their aim is to adopt practical measures at the informal meeting of EU Foreign Ministers and the five Western Balkan countries, to make the European perspective for the region more tangible. The meeting will be held in Salzburg in March.

Austrian Co-ordination Office in BiH

Austria has been an active donor in the post-war reconstruction effort and considers the support of institutional reforms a priority. In concert with the international donor community, the Austrian Cooperation with Eastern Europe focuses on the following sectors:

- environment, in particular water
- education and young people, especially in the context of the Stability Pact
- employment and social services, with focus on the promotion of small and medium-sized enterprises.

In addition, support is provided for measures in the fields of public administration as well as democracy and human rights.

The Rotating Presidency

The Presidency of the Council of the European Union, is held by the Member States, in turn, for a period of six months. The Council unanimously determines the order of rotation.

In the first half of 2006, Austria will hold the Presidency for the second time since accession to the EU in 1995: it first held the Presidency in 1998.

Austria will be followed by Finland on 1 July 2006, then Germany and Portugal. Slovenia will take over the Presidency in the first half of 2008 as the first of the new Member States which joined the EU in May 2004.



The "Sound of Europe" Conference

On January 27 and 28, 250 years after Mozart's birth, the congress centre in his hometown of Salzburg hosted a conference on the future of Europe entitled "The Sound of Europe".

Conference participants discussed fundamental questions regarding the future of Europe, European values, identity and culture. More than 300 personalities from the world of politics, science, arts and the media deliberated on prospects and proposals for making progress on the European project in view of global challenges. The unease and scepticism people express about Europe was also addressed and its underlying causes analysed.

Opening of Karakaj Border Crossing

On February 7, Ambassador Michael B. Humphreys, Head of the European Commission Delegation to BiH and Mr. Kemal Causevic, Director of the BiH Indirect Tax Administration, officially opened the Karakaj border crossing.

Karakaj is the first border crossing in BiH which was fully financed by the European Union, with an investment of € 3.9 million. A highly successful cooperation was established with the Indirect Tax Administration, which secured the construction permits as well as connection to the power and

water and telephone networks. The RS Government also contributed to this project by covering the cost of land expropriation.

The construction of this new border crossing is a part of the assistance package provided by the EU for integrated border management - with a total value of € 34,5 million - which is aimed at ensuring the efficient, uninterrupted, legal movement of people and goods as well as strengthening cross-border co-operation in the region.

GRASSROOTS PARTNERS



Promoting the Cultural and Natural Heritage of Lukomir Village

The association "Pomoc za samopomoc - Felix" ("Help for Self-help - Felix") is the local spin-off of the German NGO HELP, which has been active in BiH since 1995. Hence Felix's members have long-term, first-hand experience in the implementation of a wide range of development projects. The association was established in 2003 and registered in 2004.

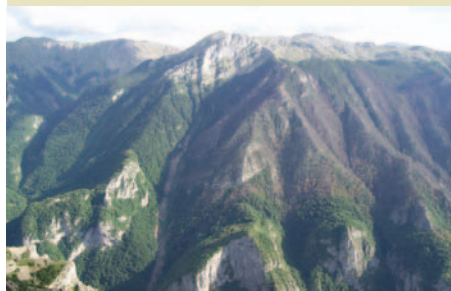
In autumn 2004 the EC Delegation to BiH launched a call for proposals addressing the development of tourism, in the framework of the Regional Economic Development (RED) Fund. The RED Fund supports economic development through a range of regional efforts and improvements to the business environment; this particular call was the first to have targeted a specific sector, with a country-wide allocation of 600,000 Euro and no ear-marking of funds per economic region. Felix submitted a project proposal to develop and promote the cultural and natural heritage of Lukomir village in the municipality of Konjic, which belongs to the Herzegovina Economic Region.

Lukomir is located 1,472 m. above sea level, on the edge of the Bjelasnica plateau, and provides breath-taking views of the surrounding peaks and the Rakitnica canyon. The inhabitants

are shepherds who live in a traditional, unspoilt environment and knit and weave wool using ancestral techniques. It has much to offer in the increasingly popular niche market of eco- and ethno-tourism.

The project improved the living conditions of the domicile population by establishing a sewage system and addressing the problem of unauthorised garbage dumps, providing sustainable solutions for future waste management. This created the technical preconditions for tourism. The project then promoted the potential of Lukomir and the surrounding region as a tourist attraction and strengthened the capacities of the population through activities which included: sign-posting access roads; organising seminars to provide the population with information on environmental protection and the potential for tourism; producing brochures and other promotional material.

The EC provided € 89,000 for this project, which was 10% co-funded by the Foundation for Sustainable Development OdRaz. The project was implemented between January and September 2005, and successfully put this untouched gem on the tourist maps.



Photos courtesy of FELIX

Support to the Directorate for Police Restructuring



The European Institute for Public Administration, a Dutch non-profit association, will provide technical assistance for the Directorate for Police Restructuring through a new CARDS 2005 contract worth €1.23 million.

Ambassador Michael B. Humphreys, Head of the European Commission Delegation to BiH, highlighted the

importance of police reform and progress in the work of the Directorate to keep the process of negotiations for a Stabilisation and Association Agreement moving forward.

He welcomed the recent appointment of Mr. Sead Lisak as Chairman of the Steering Board of the Directorate for Police Restructuring, expressing his

hope that the time has now come for fast and concrete action.

Mr. Barisa Colak, Minister of Security, welcomed the new contract and stressed that the Directorate must serve all of the people of BiH, striving for efficiency and the defence of human rights, to bring BiH up to European Union standards.

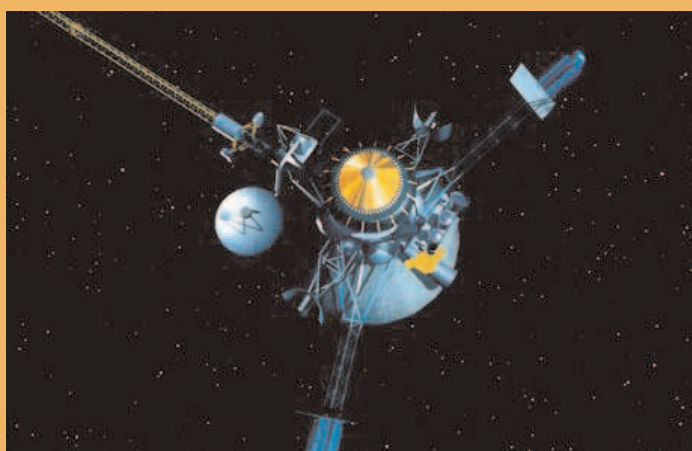
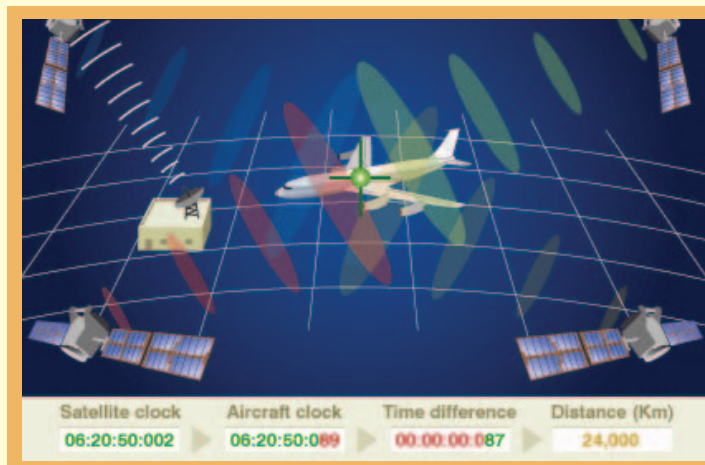
Europe Launches the Galileo Satellite

Galileo, the biggest space project ever undertaken in Europe, is a European Commission and European Space Agency project through which thirty satellites will be launched in batches by 2010. A satellite navigation system (SNS) will provide precise timing and location information to users on the ground and in the air, determining their position by measuring the distances to at least three known locations, i.e. Galileo satellites. The system is costing some € 3.4 billion of public and private investment.

Galileo's first demonstrator spacecraft, weighing 600 kg., was launched into orbit in late December 2005, with a second platform

following in 2006. They will perform trials of the in-orbit technologies needed to run the system, including the atomic clocks which are the heart of any global positioning system.

The SNS will work alongside existing US and Russian systems and will assert its European identity, giving EU countries guaranteed access to a service that is currently provided from outside. The USA's military-run GPS programme can be degraded or switched off, making it unreliable; Galileo will be a civil system, run by a private consortium and offering guaranteed levels of service.



Support for Competition and State Aid Control

An important new project to develop the BiH government's capacity to regulate competition and devise, monitor and control a State Aid system - so as to improve the functioning of a single market which is in line with EU law and policy - began in early 2006. The new project will run for two years and has a total budget of € 1.36 million.

The project will build on the achievements of earlier support to competition, which resulted in the new BiH Law on Competition and the appointment of a Competition Council. The focus will now be on increasing the Council's operational capacity and effectiveness, and on a new field related to the process of EU Integration: the process of WTO accession and the development of a modern approach to building up the economy (known in the EU as State Aid Control).

State Aid refers to the impact of subsidies, tax breaks and other forms of government concessions on competition and trade. They benefit some firms and can have a negative impact on others. Every state gives assistance to business firms; the control of State Aids concerns the more extreme cases with major negative effects, which tend to infringe EU law and/or WTO agreements.

The project will work with authorities at State, Entity and Cantonal levels and will assist in the development of State Aid legislation and a system of monitoring, control and international reporting on present and future State Aids. This type of regulatory and reporting system is vital for trade and the country's future international economic relations.

Conference on the Role of the Ministry of Finance

The final conference on the role of the Ministry of Finance in European integration was held on 9 February, in the framework of a twinning project from CARDS 2004 assistance in which eight twinning light projects with different state institutions were launched. The aim was to provide assistance from EU Member States to these institutions, to assist them in assuming their respective roles in the European integration process. The value of the 8-month project was € 250,000.

The overall objective was to provide focused advice to the Ministry of Finance in two key functions related to the EU integration process: the introduction of multi-annual budgeting and the financial and contractual management of

EU assistance to BiH.

The project also clarified the understanding of the responsibilities of the Ministry in relation to the SAP and European Integration process; developed a methodology to introduce multi-annual budgeting in relation to the implementation of the mid-term priorities listed in the European Partnership; drew up a detailed concept for the role of the Ministry in the decentralised management of EU Assistance, focusing on procurement and financial management; and provided initial training to relevant Ministry departments. It also resulted in a set of recommendations on the institutional set-up required within the Ministry for it to respond to its EU Integration responsibilities.