



Delegation of
the European
Commission
to BiH

EU Newsletter

DECEMBER | 2007



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SPECIAL COMMEMORATIVE EDITION

INITIALLING OF THE STABILISATION AND ASSOCIATION AGREEMENT

Bosnia and Herzegovina on the Road to Europe





Initialling of Stabilisation and Association Agreement

On 4 December 2007, Olli Rehn, European Commissioner for Enlargement, and Mr. Nikola Spiric, Chairman of the Council of Ministers of Bosnia and Herzegovina, initialled the Stabilisation and Association Agreement, in Sarajevo. This is the first contractual relation between the European Union and Bosnia and Herzegovina, and a key step towards future membership of the Union.

The Members of the Presidency of Bosnia and Herzegovina – Mr. Zeljko Komsic, Mr. Nebojsa Razmanovic and Mr. Haris Silajdzic – along with Mr. Miroslav Lajcak, High Representative and European Union Special Representative, witnessed the initialling ceremony.

Mr. Javier Solana, the European Union's High Representative for Foreign and Security Policy, and Mr. Luis Amado, Minister of Foreign Affairs of Portugal (the country which currently holds the Union's rotating Presidency) were, unfortunately, unable to attend as planned due to adverse weather conditions at the airport. Their messages of support were transmitted by Mr. Lajcak and H. E. A. Boltelho de Sousa, Ambassador of Portugal to Bosnia and Herzegovina.

Government representatives – Ministers, Members of Parliament, Entity Prime Ministers, leaders of political parties, and many others – as well as members of the Diplomatic Corp and International Organisations, gathered for this historic occasion.

Ambassador Dimitris Kourkoulas and a substantial part of his team from the Delegation were also present, along with Mr. Osman Topcagic and members of his staff in the Directorate for European Integration, to see the first fruition of their long-standing efforts in this regard.

The atmosphere was both solemn and convivial, with the assembled guests spontaneously rising to their feet as one and applauding when the first set of initials had been affixed. Commissioner Rehn and Dr. Spiric themselves reflected the general mood: following the formal handshake which marked the end of the initialling, Dr. Spiric gave a celebratory “thumbs-up” sign to the audience and press, while Commissioner Rehn jubilantly waved his pen in the air.

The initialling was followed by speeches and a press conference.

Dr. Spiric said that the citizens of Bosnia and Herzegovina have waited a long time for this wonderful moment and that, as of tomorrow, the country and its people will all embark on a general transformation of Bosnia and Herzegovina's society, for the SAA is a momentous task which requires focus to overcome the challenges ahead. He rejoiced in the fact that the country's leaders replaced

endless discussion with compromise, in the true spirit of Europe. He stressed that Bosnia and Herzegovina must prove with concrete examples that it can assume its responsibilities and carry out the required tasks, including police reform, public broadcasting legislation, public administration reform, full co-operation with the ICTY, economic reforms, etc. He stated that Bosnia and Herzegovina must draw on the example of Europe, so as to build the type of society that it has hitherto been unable to: the country has been given hope for a better future. This historic opportunity must not be wasted.

Commissioner Rehn expressed his pleasure at being back in Sarajevo for such an important day and being able to initial the SAA, which will bring concrete benefits to its citizens, such as increased trade and investments. If properly implemented, the SAA is the gateway to Candidate Country status. He congratulated the citizens of Bosnia and Herzegovina for this achievement and its political leaders for acting in the true European spirit of compromise, so as to overcome the political crisis. He added that it is essential to keep up the momentum, so as to finish the SAA process and prepare for future challenges on the road to Europe. This day has been a great European day for Bosnia and Herzegovina and is concrete proof that Europe wants it to join as soon as it is ready.

H. E. A. Boltelho de Sousa extended congratulations to the citizens of Bosnia and Herzegovina and its political leaders, adding that his country is particularly pleased that the first contractual agreement between the European Union and Bosnia and Herzegovina was achieved under the Portuguese Presidency. He offered continued and full support, so as to carry out the reforms which are necessary for further integration, and welcomed Bosnia and Herzegovina to the European family where it rightfully belongs.

Mr. Lajcak noted the great symbolic importance of this day after months of paralysis. The new agreement reached will ensure a better functioning of the Council of Ministers and Parliament, and the agreement on future police restructuring demonstrate that Bosnia and Herzegovina is able to overcome challenges. It now has a good chance to catch up with its neighbours. The assistance offered by the various branches of the “EU family in Bosnia and Herzegovina” (EUSR, EUFOR, EUPM, the EC Delegation) will continue to change in order to address changing circumstances, but the commitment to Bosnia and Herzegovina and its European future will remain unchanged. He congratulated all on the success of this day, hoping that soon there will be further successes to celebrate, adding that this depends on Bosnia and Herzegovina itself.

Speech by Commissioner Olli Rehn

"I am happy to be back in Sarajevo today on such an important day for the European future of Bosnia and Herzegovina. It is a great pleasure and honour to initial the Stabilisation and Association Agreement (SAA) and the Interim Agreement with your country.

I regret the slight delay of today's ceremony. The delay was not due to political reasons but because of bad weather. Please take it as a sign of the EU's commitment to Bosnia and Herzegovina that both Foreign Minister Luis Amado of the Portuguese EU Presidency and Doctor Javier Solana, High Representative for the EU's Common Foreign and Security Policy, wanted to be here with us today. Unfortunately, they could not land in Sarajevo, and so they are here only in spirit, not in person. Both Luis Amado and Javier Solana have contributed greatly to the initialling of the SAA by their encouragement and support, just like we have received strong encouragement from EU member states.

Why is the Stabilisation and Association Agreement important? For one, it will bring concrete benefits to the citizens of Bosnia and Herzegovina. It means more trade and economic opportunities and it means closer co-operation with other European countries in key areas in the framework of the European Union – for instance in fighting organised crime and solving cross-border environmental problems. The Stabilisation and Association Agreement is also the gateway to candidate status to the European Union, provided that it is properly implemented. The Agreement contributes to the establishment of a stable and predictable legal environment for potential investors. I am confident that it will create a sense of growing stabilisation amongst potential investors, who will see your country as a new, promising, location for their operations. The reforms promoted by the SAA will contribute to the growth of the economy of the country and thereby help create jobs. For these reasons, I want to warmly congratulate the citizens and leaders of Bosnia and Herzegovina on this achievement.

I want to congratulate the leaders of Bosnia and Herzegovina, in particular, for acting in a true European spirit of compromise and paving the way for a normalisation of the political situation and



for the implementation of police reform.

You have, as leaders of your country, proven the "Cassandras" wrong – those who predicted an eternal political crisis or even worse. Instead, Bosnia and Herzegovina has been able to break the political stalemate and take a major step on its road towards European integration. Bosnia and Herzegovina should and will become master of its own destiny in the framework of the European Union and European integration.

I want to thank EU Special Representative Miroslav Lajcak as well for his substantial contribution to this watershed of a political development in Bosnia and Herzegovina.

So, dear friends, it is now essential to keep up the momentum, finish the job for the SAA, and get prepared for future challenges on your European road. But today is a day to celebrate; it is a great European day for Bosnia and Herzegovina. Our presence here today, our work together in the last couple of weeks, is a concrete proof that Europe wants you to join once you are ready to do so."

Address by EUSR Miroslav Lajcak, on behalf of Dr. Javier Solana

"I am very happy to witness real progress on Bosnia and Herzegovina's road to the European Union.

Initialling may sound technical but it is of great symbolic importance after months of political paralysis.

Agreement on a better functioning Council of Ministers, streamlined procedures for the Parliament, and an agreed Action Plan on Police Reform show that Bosnia and Herzegovina is capable of solving its problems and overcoming difficulties.

This bodes well for the future, but there is still much work to be done. It is not the beginning of the end. Rather it is the end of the beginning. Today's event shows however that you are able and ready to tackle the difficulties ahead.

In the same spirit, I am confident that you will implement the Action Plan without delay and will soon fulfil the conditions for conclusion of the Stabilisation and Association Agreement.

Bosnia and Herzegovina therefore has a good chance of catching up with its neighbours.

This is the real priority for Bosnia and Herzegovina. This is your responsibility, your opportunity and our shared objective.

Our presence here in Bosnia and Herzegovina – political,



through the EU Special Representative and High Representative, military through EUFOR ALTHEA, and civilian through EUPM, EUMM and, of course, the European Commission – is gradually transforming according to progress you make. What is not changing is the European Union's strong commitment to stand by Bosnia and Herzegovina and your European future.

Let me conclude by congratulating you for this success today. I hope that you will soon have further successes to celebrate with us. This, however, will depend on you."

Speech by Dr. Nikola Spiric

"Upon initialling the Stabilisation and Association Agreement, allow me first and foremost to extend my warm regards on this joyful occasion, and to welcome our high-ranking foreign guests to Bosnia and Herzegovina.

Bosnia and Herzegovina has waited a long time for this moment and, therefore, our joy is even greater. I would like to share this joy with the citizens of Bosnia and Herzegovina who have been looking forward to this day with great impatience.

Since June 2003, when the Stabilisation and Association Process was confirmed as the European Union policy for the Western Balkan, at the Thessalonica Summit, Bosnia and Herzegovina became a part of the Process and thus confirmed its clear European perspective. Stabilisation and Association Agreement negotiations started in November 2005 and were completed – very successfully, it is generally held – in December of last year.

As of tomorrow, we will embark on a general transformation of Bosnia and Herzegovina's society: this is a precondition for any success. Full application of, and respect for, the spirit of the Stabilisation and Association Agreement will help us significantly in this process.

Today's initialling of the Agreement introduces a period in which our country will take on concrete tasks which were carried out – sometimes faster, sometimes slower – by all the other European countries that are now members of the European Union. The Stabilisation and Association Agreement is, in fact, one vast task for Bosnia and Herzegovina and, if we focus exclusively on it, we will overcome all the difficulties which fate has burdened us with until today. We can succeed only if hard work and co-operation, based on respect and compromise, replace the endless discussions full of disagreements. Furthermore, the true European ideal must govern us. The European ideal is the successful realisation of the best of contemporary human and social values on our continent.

Spreading these ideals is the meaning of Europe and it must be its guiding principle. Only when all countries which geographically belong in Europe become part of a united Europe will it have fulfilled its noble, historic mission. The spreading of Europe in the physical sense is, at the same time, the spreading of peace and stability, democracy, the rule of law, respect for human beings and their dignity. In the coming years, we must prove with concrete examples that we are a part of this world.

We are aware, of course, of all the difficulties and responsibilities which await us. We are conscious, above all, of our first tasks, namely: police reform; reform of the public broadcasting system; administrative reform; co-operation with the Hague Tribunal and economic reforms, for which our



citizens have high expectations. The basis for Bosnia and Herzegovina's future state policy should be based exclusively on the European Partnership and the responsibilities that emanate from it.

In the future, Bosnia and Herzegovina must be inspired exclusively by the best of European ideals. They must be the engine that drives its development and, at the same time, a key motivation to apply these ideals in order to build the type of society that, up till now, we did not know how to construct.

Bosnia and Herzegovina has been granted the opportunity to show its other face: instead of uncertainty, hope for a better future can start to shine through. We cannot let this historic chance go by or we will be stuck in a past that keeps us away from our future.

We are willing to do everything we can to ensure that very soon the European Union approves the signing of the Stabilisation and Association Agreement with Bosnia and Herzegovina, and also so that all countries of the Western Balkan become candidates for membership in the European Union during 2008, as expressed by the Minister of Foreign Affairs of our friend Greece, Ms. Dora Bakoyannis.

The benefits will be multiple: the European Union will have a new region of stability and prosperity in the Balkans, as well as an enlarged free-trade zone. On the other hand, the citizens of the Western Balkan countries will have the security known as European Union and all the advantages enjoyed by the citizens of the united Europe."

Statement by Mr Osman Topcagic for EU Newsletter of the EC Delegation Director of the Directorate for European Integrations of Bosnia and Herzegovina

Initialling of the Stabilisation and Association Agreement opened a door of European Union to Bosnia and Herzegovina, and announced a new phase of process that is going to be demanding and long, but its results promise a better future to our country.

Certainly, this is also an acknowledgement of commitment, professionalism and expertise of institutions of Bosnia and Herzegovina that regardless recent political events and disagreements, have shown as committed to join to the European family – society of stability, prosperity and safety; a society that all citizens of Bosnia and Herzegovina wish to join. In addition, I would like to stress that a commitment of both the citizens and institution of Bosnia and Herzegovina to their future in the European Union is becoming every day more and more visible.

I believe that the initialling of this Agreement should be a motivation for undertaking the further activities, and in the next period, we should make possible our further progress in a process of European Integration.

By signing the Stabilisation and Association Agreement, we have to be aware that we will be in a phase in that we have to fulfil undertaken responsibilities from the Agreement, but also we have to show that we are reliable partner who fulfils agreed responsibilities and has a clear vision about a future in the European Union.

Osman Topcagic
Director

Directorate for European Integrations of BiH

Milestones on BiH's Road to Europe

- **1997: Regional Approach.** The EU establishes political and economic conditionality for the development of bilateral relations.
- **June 1998: the EU-BiH Consultative Task Force (CTF)** is established.
- **1999: The EU proposes the new Stabilisation and Association Process** for five countries of South-eastern Europe, including BiH.
- **June 2000: The European Council states that all the Stabilisation and Association countries are "potential candidates"** for EU membership.
- **November 2000: Zagreb Summit; the SAP is officially endorsed by the EU and the Western Balkan countries** (including BiH).
- **2001: First year of the new CARDS programme,** specifically designed for the Stabilisation and Association countries.
- **June 2003: Thessaloniki Summit; the SAP is confirmed as the EU policy for the Western Balkans.** The EU perspective for these countries is confirmed.
- **November 2003: The EC produces a Feasibility Study assessing BiH's capacity** to implement a future SAA. The study concludes that negotiations should start once BiH has made progress on **sixteen key priorities.**
- **June 2004: the EU adopts the first European Partnership** for BiH (amended in 2006).
- **October 2005: The EC judges that BiH has made sufficient progress in the implementation of the Feasibility Study reforms and recommends starting SAA negotiations.**
- **November 2005: SAA negotiations** between the EU and BiH are officially **launched.**
- **December 2006: SAA Technical negotiations** between the EU and BiH are **successfully completed.** However, the Agreement cannot be initialled and formally concluded due to lack of progress on key reforms.

- **December 2007: Following Commissioner for Enlargement Olli Rehn's assessment that there is sufficient agreement on reforms among BiH political leaders, the Stabilisation and Association Agreement with Bosnia and Herzegovina is initialled in Sarajevo.**

Next Steps

Signature of SAA – The reform process must continue with renewed impetus, so as to receive a green light to sign the initialled SAA.

Opinion – The EC evaluates SAA implementation.

Application for Membership – Once the SAA is signed and implemented, a pre-candidate country must formally apply for Membership of the European Union. The application is submitted to the Council, which adopts its decision unanimously after consulting the European Commission and after receiving the assent of the European Parliament.

The Treaty on European Union lays down the conditions a candidate country must meet to become a Member State: it must be a European state, and must respect the principles of liberty, democracy, respect for human rights and fundamental freedoms, and the rule of law.

CANDIDATE COUNTRY STATUS – Applicant countries are granted candidate country status from the day their application is officially accepted by the European Council.

Accession Negotiations (Membership talks) – During accession negotiations, candidate countries are given the opportunity to prepare themselves for European Union membership in order to be better equipped to handle their obligations as Member States, especially as regards the adoption and implementation of the *Acquis*. Accession negotiations are examined on a chapter basis once a screening of the *Acquis* has been carried out.

Negotiations take place in bilateral intergovernmental conferences between Member States and candidate countries. Accession negotiations also enable the European Union to solve any issues regarding absorption capacity.

Treaty of Accession – The Treaty of Accession is signed once accession negotiations have come to a close.

ACCEDING COUNTRY STATUS – Once the Treaty of Accession is signed, Acceding countries are expected to become full Member States on the date set out in the Treaty.

During the interim period, acceding countries benefit from special arrangements. They are also kept informed of Community legislation via an information and consultation procedure and are given the opportunity to comment on proposals. They hold an active observer status in all the relevant bodies, in which they have the right to speak but not to vote.

Ratification – Accession is not automatic as the Treaty must be ratified by all the Member States and the candidate country. The Treaty enters into force after ratification on a date that has been previously determined, setting out the conditions and arrangements regarding accession, including the rights and obligations of the new Member State as well as adaptations to the EU institutions.

MEMBERSHIP – Following the Ratification, the acceding country becomes a fully-fledged Member State on the date set out in the Treaty.

The initialled SAA contains 10 chapters:

- General Principles
- Political Dialogue
- Regional Co-operation
- Free Movement of Goods
- Movement of Workers, Business Plans, Provision of Services, Capital
- Legal Harmonisation, Implementation and Market Competition Rules
- Justice and Home Affairs
- Forms of Co-operation
- Financial Co-operation
- Institutional, General and Final Provisions



OVERVIEW - THE ACQUIS COMMUNAUTAIRE

THE ACQUIS IS THE BODY OF COMMON RIGHTS AND OBLIGATIONS THAT IS BINDING ON ALL THE MEMBER STATES OF THE EUROPEAN UNION. FOR THE SCREENING AND SUBSEQUENT MEMBERSHIP NEGOTIATIONS, THE ACQUIS IS BROKEN DOWN INTO A NUMBER OF CHAPTERS, EACH COVERING A SPECIFIC POLICY AREA.

Chapter 1: Free movement of goods

The principle of the free movement of goods implies that products must be traded freely from one part of the Union to another. In a number of sectors this general principle is complemented by a harmonised regulatory framework, following the "old approach" (imposing precise product specifications) or the "new approach" (imposing general product requirements). The harmonised European product legislation, which needs to be transposed, represents the largest part of the *Acquis* under this chapter. In addition, sufficient administrative capacity is essential to notify restrictions on trade and to apply horizontal and procedural measures in areas such as standardisation, conformity assessment, accreditation, metrology and market surveillance.

Chapter 2: Freedom of movement for workers

The *Acquis* under this chapter provides that EU citizens of one Member State have the right to work in another Member State. EU migrant workers must be treated in the same way as national workers in relation to working conditions, social and tax advantages. This *Acquis* also includes a mechanism to co-ordinate national social security provisions for insured persons and their family members moving to another Member State.



Chapter 3: Right of establishment and freedom to provide services

Member States must ensure that the right of establishment of EU national and legal persons in any Member State, and the freedom to provide cross-border services, is not hampered by national legislation, subject to the exceptions set out in the Treaty. The *Acquis* also harmonises the rules concerning regulated professions to ensure the mutual recognition of qualifications and diplomas between Member States; for certain regulated professions a common minimum training curriculum must be followed in order to have the qualification automatically

recognised in an EU Member State. As regards postal services, the *Acquis* also aims at opening up the postal services sector to competition in a gradual and controlled way, within a regulatory framework which assures a universal service.

Chapter 4: Free movement of capital

Member States must remove, with some exceptions, all restrictions on movement of capital both within the EU and between Member States and third countries. The *Acquis* also includes rules concerning cross-border payments and the execution of transfer orders concerning securities. The directive on the fight against money laundering and terrorist financing requires banks and other economic operators, particularly when dealing in high-value items and with large cash transactions, to identify customers and report certain transactions. A key requirement to combat financial crime is the creation of effective administrative and enforcement capacity, including co-operation between supervisory, law enforcement and prosecutorial authorities.

Chapter 5: Public procurement

The *Acquis* on public procurement includes general principles of transparency, equal treatment, free competition and non-discrimination. In addition, specific EU rules apply to the co-ordination of the award of public contracts for works, services and supplies, for traditional contracting entities and for special sectors. The *Acquis* also specifies rules on review procedures and the availability of remedies. Specialised implementing bodies are required.

Chapter 6: Company law

The company law *Acquis* includes rules on the formation, registration, merger and division of companies. In the area of financial reporting, the *Acquis* specifies rules for the presentation of annual and consolidated accounts, including simplified rules for small- and medium-sized enterprises (SMEs). The application of International Accounting Standards is mandatory for some public interest entities. In addition, the *Acquis* specifies rules for the approval, professional integrity and independence of statutory audits.

Chapter 7: Intellectual property law

The *Acquis* on intellectual property rights specifies harmonised rules for the legal protection of copyright and related rights. Specific provisions apply to the protection of databases, computer programmes, semiconductor topographies, satellite broadcasting and cable retransmission. In the field of industrial property rights, the *Acquis* sets out harmonised rules for the legal protection of trademarks and designs. Other specific provisions apply for biotechnological inventions, pharmaceuticals

and plant protection products. The *Acquis* also establishes a Community trademark and Community design. Finally, the *Acquis* contains harmonised rules for the enforcement of both copyright and related rights as well as industrial property rights. Adequate implementing mechanisms are required, in particular effective enforcement capacity.

Chapter 8: Competition policy

The competition *Acquis* covers both anti-trust and state aid control policies. It includes rules and procedures to fight anti-competitive behaviour by companies (restrictive agreements between undertakings and abuse of dominant position), to scrutinise mergers between undertakings, and to prevent governments from granting state aid which distorts competition in the internal market. Generally, the competition rules are directly applicable in the whole Union, and Member States must co-operate fully with the Commission in enforcing them.



Chapter 9: Financial services

The *Acquis* in the field of financial services includes rules for the authorisation, operation and supervision of financial institutions in the areas of banking, insurance, supplementary pensions, investment services and securities markets. Financial institutions can operate across the EU in accordance with the "home country control" principle, either by establishing branches or by providing services on a cross-border basis.

Chapter 10: Information society and media

The *Acquis* includes specific rules on electronic communications, on information society services, in particular electronic commerce and conditional access services, and on audio-visual services. In the field of electronic communications, the *Acquis* aims to eliminate obstacles to the effective operation of the internal market in telecommunications services and networks, to promote competition and to safeguard consumer interests in the sector, including universal availability of modern services. As regards audio-visual policy, the *Acquis* requires the legislative alignment with the Television without Frontiers Directive, which creates the conditions for the free movement of television broadcasts within the EU. The *Acquis* aims to the establishment of a transparent, predictable

OVERVIEW - THE ACQUIS COMMUNAUTAIRE

and effective regulatory framework for public and private broadcasting in line with European standards. The *Acquis* also requires the capacity to participate in the community programmes Media Plus and Media Training.



Chapter 11: Agriculture and rural development

The agriculture chapter covers a large number of binding rules, many of which are directly applicable. The proper application of these rules and their effective enforcement and control by an efficient public administration are essential for the functioning of the common agricultural policy (CAP). Running the CAP requires the setting up of management and quality systems such as a paying agency and the integrated administration and control system (IACS), and the capacity to implement rural development measures. Member States must be able to apply the EU legislation on direct farm support schemes and to implement the common market organisations for various agricultural products.

Chapter 12: Food safety, veterinary and phytosanitary policy

This chapter covers detailed rules in the area of food safety. The general foodstuffs policy sets hygiene rules for foodstuff production. Furthermore, the *Acquis* provides detailed rules in the veterinary field, which are essential for safeguarding animal health, animal welfare and safety of food of animal origin in the internal market. In the phytosanitary field, EU rules cover issues such as quality of seed, plant protection material, harmful organisms and animal nutrition.

Chapter 13: Fisheries

The *Acquis* on fisheries consists of regulations, which do not require transposition into national legislation. However, it requires the introduction of measures to prepare the administration and the operators for participation in the common fisheries policy, which covers market policy, resource and fleet management, inspection and control, structural actions and state aid control. In some cases, existing fisheries agreements and conventions with third countries or international organisations need to be adapted.

Chapter 14: Transport policy

EU transport legislation aims at improving the functioning of the internal market by promoting safe, efficient and environmentally sound and user-friendly transport services. The transport *Acquis* covers the sectors of road transport, railways, inland waterways, combined transport, aviation and maritime transport. It relates to technical and safety standards, security, social standards, state aid control and market liberalisation in the context of the internal transport market.

Chapter 15: Energy

EU energy policy objectives include the improvement of competitiveness, security of energy supplies and the protection of the environment. The energy *Acquis* consists of rules and policies, notably regarding competition and state aids (including in the coal sector), the internal energy market (opening up of the electricity and gas markets, promotion of renewable energy sources), energy efficiency, nuclear energy and nuclear safety and radiation protection.



Chapter 16: Taxation

The *Acquis* on taxation covers extensively the area of indirect taxation, namely value-added tax (VAT) and excise duties. It lays down the scope, definitions and principles of VAT. Excise duties on tobacco products, alcoholic beverages and energy products are also subject to EU legislation. As concerns direct taxation, the *Acquis* covers some aspects of taxing income from savings of individuals and of corporate taxes. Furthermore, Member States are committed to complying with the principles of the Code of Conduct for Business Taxation, aimed at the elimination of harmful tax measures. Administrative co-operation and mutual assistance between Member States is aimed at ensuring a smooth functioning of the internal market as concerns taxation and provides tools to prevent intra-Community tax evasion and tax avoidance. Member States must ensure that the necessary implementing and enforcement capacities, including links to the relevant EU computerised taxation systems, are in place.



Chapter 17: Economic and monetary policy

The *Acquis* in the area of economic and monetary policy contains specific rules requiring the independence of central banks in Member States, prohibiting direct financing of the public sector by the central banks and prohibiting privileged access of the public sector to financial institutions. Member States are expected to co-ordinate their economic policies and are subject to the Stability and Growth Pact on fiscal surveillance. New Member States are also committed to complying with the criteria laid down in the Treaty in order to be able to adopt the euro, in due course, after accession. Until then, they will participate in the Economic and Monetary Union as a Member State with a derogation from the use of the euro and shall treat their exchange rates as a matter of common concern.

Chapter 18: Statistics

The *Acquis* in the field of statistics requires the existence of a statistical infrastructure based on principles such as impartiality, reliability, transparency, confidentiality of individual data and dissemination of official statistics. National statistical institutes act as reference and anchor points for the methodology, production and dissemination of statistical information. The *Acquis* covers methodology, classifications and procedures for data collection in various areas such as macro-economic and price statistics, demographic and social statistics, regional statistics, and statistics on business, transport, external trade, agriculture, environment, and science and technology. No transposition into national legislation is needed as the majority of the *Acquis* takes the form of regulations.

Chapter 19: Social policy and employment

The *Acquis* in the social field includes minimum standards in the areas of labour law, equality, health and safety at work and anti-discrimination. The Member States participate in social dialogue at European level and in EU policy processes in the areas of employment policy, social inclusion and social protection. The European Social Fund is the main financial tool through which the EU supports the implementation of its employment strategy and contributes to social inclusion efforts (implementation rules are covered under Chapter 22, which deals with all structural instruments).

Chapter 20: Enterprise and industrial policy

EU industrial policy seeks to promote industrial strategies enhancing competitiveness by speeding up adjustment to structural change, encouraging an environment favourable to business creation and growth throughout the EU, as well as domestic and foreign investments. It also aims to improve the overall business environment in which SMEs operate. It involves privatisation and restructuring (see also Chapter 8 - Competition policy). EU industrial policy mainly consists of policy principles and industrial policy communications. EU consultation forums and Community programmes, as well as communications, recommendations and exchanges of best practices relating to SMEs, aim to improve the formulation and co-ordination of enterprise policy across the internal market on the basis of a common definition of SMEs. The implementation of enterprise and industrial policy requires adequate administrative capacity at the national, regional and local level.

Chapter 21: Trans-European networks

This chapter covers the Trans-European Networks policy in the areas of transport, telecommunications and energy infrastructures, including the Community guidelines on the development of the Trans-European Networks and the support measures for the development of projects of common interest. The establishment and development of Trans-European Networks and the promotion of proper inter-connection and inter-operability of national networks aim to take full advantage of the internal market and to contribute to economic growth and the creation of employment in the European Union.

Chapter 22: Regional policy and co-ordination of structural instruments

The *Acquis* under this chapter consists mostly of framework and implementing regulations, which do not require transposition into national legislation. They define the rules for drawing up, approving and implementing Structural Funds and Cohesion Fund programmes reflecting each country's territorial organisation. These programmes are negotiated and agreed with the Commission, but implementation is the responsibility of the Member States. Member States must respect EU legislation in general, for example in the areas of public procurement, competition and environment, when selecting and implementing projects. Member States must have an institutional framework in place and adequate administrative capacity to ensure programming, implementation, monitoring and evaluation in a sound and cost-effective manner from the point of view of management and financial control.



Chapter 23: Judiciary and fundamental rights

EU policies in the area of judiciary and fundamental rights aim to maintain and further develop the Union as an area of freedom, security and justice. The establishment of an independent and efficient judiciary is of paramount importance. Impartiality, integrity and a high standard of adjudication by the courts are essential for safeguarding the rule of law. This requires a firm commitment to eliminating external influences over the judiciary and to devoting adequate financial resources and training. Legal guarantees for fair trial procedures must be in place. Equally, Member States must fight corruption effectively, as it represents a threat to the stability of democratic institutions and the rule of law. A solid legal framework and reliable institutions are required to underpin a coherent policy of prevention and deterrence of corruption. Member States must ensure respect for fundamental rights and EU citizens' rights, as guaranteed by the *Acquis* and by the Fundamental Rights Charter.

Chapter 24: Justice, freedom and security

EU policies aim to maintain and further develop the Union as an area of freedom, security and justice. On issues such as border control, visas, external migration, asylum, police co-operation, the fight against organised crime and against terrorism, co-operation in the field of drugs, customs co-operation and judicial co-operation in criminal and civil matters, Member States need to be properly equipped to adequately implement the growing framework of common rules. Above all, this requires a strong and well-integrated administrative capacity within the law enforcement agencies and other relevant bodies, which must attain the necessary standards. A professional, reliable and efficient police organisation is of paramount importance. The most detailed part of the EU's policies on justice, freedom and security is the Schengen *Acquis*, which entails the lifting of internal border controls in the EU. However, for the new Member States, substantial parts of the Schengen *Acquis* are implemented following a separate Council Decision, to be taken after accession.

Chapter 25: Science and research

The *Acquis* in the field of science and research does not require transposition of EU rules into the national legal order. Implementation capacity relates to the existence of the necessary conditions for effective participation in the EU's Framework Programmes. In order to ensure full and successful association with the Framework Programmes, Member States need to ensure the necessary implementing capacities in the field of research and technological development, including adequate staffing.

Chapter 26: Education and culture

The areas of education, training, youth and culture are primarily the competence of the Member States. A co-operation framework on education and training policies aims to converge national policies and the attainment of shared objectives through an open method of co-ordination, which led to the "Education and Training 2010" programme, which integrates all actions in the fields of education and training at European level. As regards cultural diversity, Member States need to uphold the principles enshrined in Article 151 of the EC Treaty and ensure that their international commitments allow for preserving and promoting cultural diversity. Member States need to have the legal, administrative and financial framework and necessary implementing capacity in place to ensure sound financial management of the education, training and youth Community programmes.



Chapter 27: Environment

EU environment policy aims to promote sustainable development and protect the environment for present and future generations. It is based on preventive action, the polluter pays principle, fighting environmental damage at source, shared responsibility and the integration of environmental protection into other EU policies. The *Acquis* comprises over 200 major legal acts covering horizontal legislation, water and air quality, waste management, nature protection, industrial pollution control and risk management, chemicals and genetically modified organisms (GMOs), noise and forestry. Compliance with the *Acquis* requires significant investment. A strong and well-equipped administration at national and local level is imperative for the application and enforcement of the environment *Acquis*.

OVERVIEW - THE ACQUIS COMMUNAUTAIRE

Chapter 28: Consumer and health protection

The consumer protection *Acquis* covers the safety of consumer goods as well as the protection of the economic interests of consumers in a number of specific sectors. Member States need to transpose the *Acquis* into national law and to put in place independent administrative structures and enforcement powers which allow for effective market surveillance and enforcement of the *Acquis*. Appropriate judicial and out-of-court dispute resolution mechanisms, as well as consumer information and education and a role for consumer organisations should be ensured as well. In addition, this chapter covers specific binding rules in the area of public health.

**Chapter 29: Customs union**

The customs union *Acquis* consists almost exclusively of legislation which is directly binding on the Member States. It includes the EU Customs Code and its implementing provisions, the combined nomenclature, common customs tariff and provisions on tariff classification, customs duty relief, duty suspensions and certain tariff quotas, and other provisions such as those on customs control of counterfeit and pirated goods, drugs precursors, export of cultural goods as well as on mutual administrative assistance in customs matters and transit. Member States must ensure that the necessary implementing and enforcement capacities, including links to the relevant EU computerised customs systems, are in place. The customs services must also ensure adequate capacities to implement and enforce special rules laid down in related areas of the *Acquis*, such as external trade.

Chapter 30: External relations

The *Acquis* in this field consists mainly of directly binding EU legislation which does not require transposition into national law. This EU legislation results from the EU's multilateral and bilateral commercial commitments, as well as from a number of autonomous preferential trade measures. In the area of humanitarian aid and development policy, Member States need to comply with EU legislation and international commitments and ensure the capacity to participate in the EU's development and humanitarian policies. Applicant countries are required to progressively align policies towards third

countries and positions within international organisations with the policies and positions adopted by the Union and its Member States.

Chapter 31: Foreign, security and defence policy

The Common Foreign and Security Policy (CFSP) and the European Security and Defence Policy (ESDP) are based on legal acts, including legally binding international agreements, and on political documents. The *Acquis* consists of political declarations, actions and agreements. Member States must be able to conduct political dialogue in the framework of the CFSP, to align with EU statements, to take part in EU actions and to apply agreed sanctions and restrictive measures. Applicant countries are required to progressively align with EU statements, and to apply sanctions and restrictive measures when and where required.

Chapter 32: Financial control

The *Acquis* under this chapter relates to the adoption of internationally agreed and EU compliant principles, standards and methods of public internal financial control (PIFC) that should apply to the internal control systems of the entire public sector, including the spending of EU funds. In particular, the *Acquis* requires the existence of effective and transparent financial management and control systems (including adequate *ex-ante*, ongoing and *ex-post* financial control or inspection); functionally independent internal audit systems; the relevant organisational structures (including central co-ordination); an operationally and financially independent external audit organisation to assess, amongst others, the quality of the newly established PIFC systems. This chapter also includes the *Acquis* on the protection of EU financial interests and the fight against fraud involving EU funds.

**Chapter 33: Financial and budgetary provisions**

This chapter covers the rules concerning the financial resources necessary for the funding of the EU budget ('own resources'). These resources are made up mainly from contributions from Member States based on traditional own resources from customs and agricultural duties and sugar levies; a resource based on Value-Added Tax; and a resource based on the

level of gross national income. Member States must have appropriate administrative capacity to adequately co-ordinate and ensure the correct calculation, collection, payment and control of own resources. The *Acquis* in this area is directly binding and does not require transposition into national law.

Chapter 34 - Institutions

This chapter covers the institutional and procedural rules of the EU. When a country joins the EU, adaptations need to be made to these rules to ensure this country's equal representation in EU institutions (European Parliament, Council, Commission, Court of Justice) and other bodies, and the good functioning of decision-making procedures (such as voting rights, official languages and other procedural rules) as well as elections to the European Parliament. EU rules in this chapter do not affect the internal organisation of a Member State, but acceding countries need to ensure that they are able to participate fully in EU decision-making by setting up the necessary bodies and mechanisms at home and by electing or appointing well-prepared representatives to the EU institutions. After concluding the accession negotiations, specific rules for the interim period until accession ensure a smooth integration of the country into EU structures: an information and consultation procedure is put in place and, once the Accession Treaty is signed, the acceding country is granted active observer status in the European Parliament and Council, as well as in Commission committees.

Chapter 35 - Other issues

This chapter includes miscellaneous issues which come up during the negotiations but which are not covered under any other negotiating chapter.

THE CONTENT OF THE ACQUIS

The *Acquis* is the body of common rights and obligations that is binding on all the Member States of the European Union. It is constantly evolving and comprises:

- the content, principles and political objectives of the Treaties;
- legislation adopted pursuant to the Treaties and the case law of the Court of Justice;
- declarations and resolutions adopted by the Union;
- instruments under the Common Foreign and Security Policy;
- instruments under Justice and Home Affairs;
- international agreements concluded by the Community and those entered into by the Member States among themselves within the sphere of the Union's activities.

Ambassador Kourkoulas' New Year Message



*Ambassador Dimitris Kourkoulas
Head of Delegation of the
European Commission to
Bosnia and Herzegovina*

December seems to be a key month for positive developments in Bosnia and Herzegovina's relationship with the European Union!

A year ago the successful completion of the Technical Negotiations for the Stabilisation and Association Agreement gave us reason to look towards 2007 with renewed optimism that the necessary reforms would soon lead to it being initialled. This waned as the year progressed but the political situation did not and, indeed, seemed to be heading towards a deeper crisis.

I am delighted that the leaders of this beautiful country reached a compromise and adopted new Rules of Procedure for the Parliament and consensus on the need to adequately address the outstanding issue of police reform just in time for the Stabilisation and Association Agreement to be initialled on 4 December.

But we must all be aware that 2008 will be no time to rest on laurels. The reform process must continue with renewed vigour and the speed of implementation must not lag behind the adoption of laws.

Bosnia and Herzegovina has already demonstrated the capacity to carry out complex legal and structural reforms. The year 2007 has seen progress in many sectors: the High Judicial and Prosecutorial Council has continued to mature steadily and entirely reformed the Minor Offence Courts; the State and Entity governments established the Public Administration Reform Fund with the help of donors; the Indirect Taxation Authority has grown fruitfully and tax and customs revenue far exceed expectations. It is vital to carry on with this momentum.

The European Union continues to support Bosnia and Herzegovina with assistance in all key sectors, from twinning projects which help State institutions to prepare for future membership to grant funds which support civil society and grassroots efforts. It has provided technical assistance for legal and other reforms as well as state-of-the-art equipment to help modernise the administration and help it to function more efficiently.

Such support has already helped Bosnia and Herzegovina to align certain laws with European practice or to introduce some European standards, but much remains to be done so as to speed the country on its way to future Membership of the Union. However, the determination for further reform can only come from here, not from Brussels.

Europe has given other concrete signs that it is committed to further Enlargement. This year also saw the introduction of IPA – the Instrument of Pre-accession Assistance – which provides funding for both candidate and potential candidate countries. The European Union, the European Commission and the Member States have all expressed their willingness to continue to work with Bosnia and Herzegovina and all hope that the country will attain candidate country status as soon as possible, making it eligible for all the components of IPA funding.

Although precious time was lost during this year, the citizens of Bosnia and Herzegovina can and should celebrate this New Year with special hope, following the major first step towards the brighter, European future they want and deserve. I hope and trust that 2008 will bring many positive changes throughout the year which we will celebrate together.

YSOSEE Concert in the European Parliament

On 7 November 2007, The Youth Symphony Orchestra of Southeast Europe (YSOSEE) performed in the Yehudi Menuhin Hall of the European Parliament in Brussels. As it was dedicated to the memory of all victims of genocide, the choice of venue for the concert was particularly poignant. The event was officially opened by Mr. Hans-Gert Pottering, President of the European Parliament and Mr. Mirsad Kebo, Deputy-President of the Federation of BiH also addressed the gathering.

Twenty-six young musicians from BiH, Croatia, FYROM, Montenegro, Serbia and Slovenia, aged between eighteen and twenty-seven, travelled to Brussels with Conductor Sinisa Markovic to perform Mozart, Shostakovich and Barber in front of some 300 people. The response from the audience and from members of the press was exceptional.

This concert was one of three by YSOSEE financed this year by the Delegation of the European Commission to Bosnia and Herzegovina in the framework of the celebrations to mark the 50th Anniversary of the Treaties of Rome. Two concerts were held on 9 May in Sarajevo; a third was foreseen elsewhere in BiH but encountered organisational problems.

Mrs. Gisela Kellenbach, MEP and member of its Committee for South-east Europe, suggested the concert in Brussels and the Delegation endorsed the idea. OSCE BiH, the BiH Ministry of Civil Affairs, the Federation Ministry of Culture and Sport, the Ministry of Culture of Montenegro, the "Centar" Municipality of Sarajevo, the City of Podgorica and Adria Airways provided additional support for the extra costs this implied, such as transport.

The Orchestra gathers young musicians from major symphony orchestras in the region as well as musicians who are originally from the region but now play in London, Paris, Vienna and Dusseldorf. Its composition varies according to the occasion: to date, some 140 young musicians have performed, around 60 of them in 2007 alone. They are "on loan" from their own orchestras and come together to practice and perform with YSOSEE. The orchestra also enables young talents to acquire valuable experience: since the war, BiH and its neighbouring countries are no longer as musically developed as they once were: for example, BiH currently has three music academies but no school orchestra.

The Youth Symphony Orchestra of Southeast Europe was the brainchild of Maestro Sinisa Markovic, who studied in the school for musical talents (Conservatory equivalent) in Cuprija, Serbia, and first performed with an orchestra at the tender age of fourteen. In late 2002 he launched the idea of a regional youth orchestra (following the same principle as the European Union Youth Orchestra) because music knows no frontiers and it can help renew what once existed. Although headquartered in Sarajevo, it has a truly regional character. Despite multiple problems at the outset, most notably with regard to fund-raising, the first concert was held in January 2003. It has since become well known throughout the region, not only for the quality of its performances but also for the unique atmosphere which reigns in it.

There are still many problems to overcome: the Orchestra does not have its own instruments and those which the musicians do not possess must be borrowed or rented, and fund-raising is a constant challenge. However, judging by Maestro Markovic's commanding stage presence when performing, and his contagious enthusiasm when talking about his hopes and visions for the future, which include twice-yearly regional tours, YSOSEE is bound to flourish.

Yehudi Menuhin was born in New York to Russian Jewish parents. He began playing the violin at age three and held his first solo performance at age seven. He performed for allied soldiers during World War and went with the composer Benjamin Britten to perform for inmates of the Bergen-Belsen concentration camp after its liberation in April 1945. He returned to Germany in 1947 as an act of reconciliation to perform under the baton of conductor W. Furtwangler, becoming the first Jewish musician to do so following the war. Menuhin continued to perform to an advanced age; he died in 1999.



Photo courtesy of European Parliament

The European Parliament

The European Parliament is the only directly-elected body of the European Union. The 785 Members of the European Parliament are there to represent the citizens. They are elected once every five years by voters right across the 27 Member States of the European Union, on behalf of its 492 million citizens.

The Parliament plays an active role in drafting legislation which has an impact on the daily lives of its citizens: for example, on environmental protection, consumer rights, equal opportunities, transport, and the free movement of workers, capital, services and goods. Parliament also has joint power with the Council over the annual budget of the European Union.

Visit the European Parliament's website:

<http://www.europarl.europa.eu/parliament/public.do?language=en>

The 2007 Progress Report

On 6 November 2007, the 2007 Progress Report was formally handed over to Dr. Nikola Spiric, Chairman of the BiH Council of Ministers by Mr. Jan Truszczyński, Deputy Director of DG Enlargement and Ambassador Dimitris Kourkoulas, Head of Delegation of the European Commission to BiH.

The Progress Report was presented in English language; a translation was subsequently prepared and printed by the Directorate for European Integration.

The key findings of the Report are:

Negotiations on a Stabilisation and Association Agreement (SAA) with Bosnia and Herzegovina began in 2005. Discussions on the technical content of the foreseen Agreement were completed in December 2006. The conclusion of the SAA, however, depends on Bosnia and Herzegovina meeting four conditions: achievement of police reform in accordance with the EU's three principles, full co-operation with the International Criminal Tribunal for the former Yugoslavia (ICTY), public broadcasting reform, and public administration reform.

Political criteria

As regards the political criteria, Bosnia and Herzegovina's progress has slowed down. Some progress has been made in the area of public administration, but significant further efforts are needed. Co-operation with the International Criminal Tribunal for the former Yugoslavia (ICTY) has improved and is now at a generally satisfactory level. The country participates actively in regional co-operation and has agreed to the regional free trade agreement (CEFTA).

However, Bosnia and Herzegovina's political leaders failed to achieve police reform. Lack of progress on this and other important issues is seriously delaying the conclusion of the SAA, as well as reforms in general. Full co-operation with the ICTY remains necessary.

Economic criteria

Bosnia and Herzegovina has made little further progress towards establishing a functioning market economy. The persistence of very high unemployment remains a major cause of concern. Major reforms are needed to enable it to cope over the long term with competitive pressure and market forces within the Union.

Economic growth remained high and accelerated. Inflation has been reduced. FDI increased significantly in 2007 and helped finance the external deficit. Price competitiveness was to a large extent preserved.

However, weak domestic consensus on the fundamentals of economic policy led to a slow-down of reforms both at entity and other levels of government. Significant structural rigidities hamper the functioning of the labour market. The public sector remains large.



European Standards

Bosnia and Herzegovina has made limited progress in aligning its legislation and policies with European standards. In areas such as, competition, transport, energy, education, visa management and asylum, some progress has been made.

In other areas, however, such as movement of persons, social policies and employment, little has been achieved.

The handover was followed by a Press Conference, where Mr. Truszczyński explained that the EC adopted the Annual Strategy for Enlargement and the Country Reports for all enlargement countries, including Draft documents on Accession and European Partnerships. The Enlargement Strategy includes the Member States' renewed consensus on enlargement, based on the "3 C" :

- Commitment
- Conditionality
- Communication

Consistent implementation of the renewed Strategy is more important than ever.

The document notes that many achievements in Western Balkan countries need to be consolidated and major challenges need to be decisively addressed. A number of Western Balkan countries have slowed down and BiH is no exception. It must, therefore, focus on the core issues. The reform priorities are:

- State-building
- Better governance
- Socio-economic reforms

The European Commission will further support the reform process

Implementing the Renewed Consensus on Enlargement

On 6 November 2007, the Commission adopted its annual strategy paper for the EU's enlargement policy. It shows how the renewed consensus, agreed by EU leaders at their December 2006 Summit, is implemented. A carefully managed enlargement process continued in 2007. The Commission also reviewed the progress achieved in each candidate and potential candidate country. It concludes that there has been steady though uneven progress in the Western Balkans and the region continues to face major challenges. Turkey's accession process is on track, while there is a need to revitalise the reforms.

Enlargement is one of the EU's most powerful policy tools. It serves the EU's strategic interests in enhancing peace, security, liberty, democracy and conflict prevention. It has helped to increase prosperity and growth opportunities, and to secure vital transport and energy routes.

The renewed consensus on enlargement defined by the December

2006 European Council is based on the principles of consolidation of commitments, fair and rigorous conditionality and better communication with the public, combined with the EU's capacity to integrate new members. The present enlargement agenda covers the Western Balkans and Turkey.

Presenting the reports Commissioner for Enlargement Olli Rehn said: "In 2007 there has been steady but uneven progress in the Western Balkans. We still need to face major challenges, such as the Kosovo status process, Serbia's democratic development and state building in Bosnia and Herzegovina. I expect that in 2008 conditions will be fulfilled and thus we will be able to complete Stabilisation and Association Agreements with all countries in the region."

"In Turkey democracy prevailed over the political crisis. The new momentum should now be used to re-launch the reforms to improve fundamental freedoms, particularly the freedom of



and work on ensuring public support for the European perspective of the Western Balkan countries.

The BiH Progress Report looks at what has been achieved and gives a factual presentation based on data gathered from numerous sources (including Member States, international organisations, NGOs, etc.). It looks at what has been completed, not at plans, and is an objective image of progress since the last assessment. It also notes what needs more attention, political focus or will.

BiH does have several bright points:

- Co-operation with the ICTY has progressed to a satisfactory level
- SAA Negotiations were managed in a professional way
- Constructive participation in regional co-operation
- Rapid expansion of the economy
- Overall, macro-economic stability has been maintained
- On European Standards (the approximation of BiH laws and policies with EU legislation) there has been progress in anti-trust policy, education, transport, visa policy and asylum policy.

Issues requiring stronger action include:

- Overall underperformance on key priorities of the European partnership.
- Significant progress regarding police reform must be achieved.
- Further progress in Public Broadcasting and Public Administration Reform is required.
- Although co-operation with the ICTY is satisfactory, full co-operation has yet to be achieved.

The reform process has slowed down, perhaps due to intensified nationalistic rhetoric, the tense political climate and the lack of co-operation between the State and entity levels.

expression and religious freedom, so that they prevail in all corners of the country and in all walks of life." – added Commissioner Rehn.

The pull of the EU is contributing to stability and encouraging important political and economic reforms. It is crucial to maintain the visibility and credibility of the accession prospects, as well as support for enlargement in the Member States.

Communication therefore is a cornerstone of the EU's enlargement policy. It is important to listen to citizens and to respond to their concerns by providing clear, factual information. Member States are best placed to take the lead in communicating enlargement. The Commission will continue to play its part together with the European Parliament, national, regional and local authorities and civil society.

Accession negotiations with Croatia are advancing well and entering a decisive phase. This demonstrates to the region as a whole that the European perspective is concrete and tangible. The Commission expects substantial progress in the accession negotiations with Croatia in the course of the year ahead, provided that the country maintains the necessary reform momentum and meets the conditions.

Democratic institutions are still ineffective and BiH has not yet managed to take full responsibility for governance. It has been clear for a number of years that BiH needs constitutional reform to achieve an affordable government. There has been no progress on this front.

BiH needs to build a single economic space for the benefit of all its citizens, yet there is a persistent lack of consensus on key economic policies. Areas where more must be done on European Standards include:

- Free movement of goods
- Free movement of people
- Free provision of services
- Support to Small and Medium Enterprises
- Labour Market and Employment Policy
- Social Policy
- Energy
- Environmental Protection
- Statistics.

More administrative efficiency and capacity is needed in the SAA context in:

- Trade policy
- Customs
- Intellectual property
- Public procurement

Mr. Truszczynski added that he had shared his personal experience with Mr. Spiric, where the "cold shower" effect of the 98-99 report for his own country, Poland, was helpful because the Commission's opinion stated what needed to be done to progress quicker and most people drew the necessary conclusions and produced the necessary drive and focus.

Clarity needs to be reached as rapidly as possible on the status of Kosovo. There is a need for a sustainable solution that will ensure a democratic and multi-ethnic Kosovo and contribute to regional stability.

Better governance in the former Yugoslav Republic of Macedonia, Albania and Montenegro, state building with local ownership in Bosnia and Herzegovina, and Serbia's European course are the major challenges for these countries in the coming year. The region as a whole needs to move forward in building modern democracies and further develop a political culture of dialogue and tolerance.

Early in 2008, the Commission will take stock of developments and point the way forward in following up the EU's agenda for the Western Balkans region. Attention will be given to promoting people to people contacts. The Commission will initiate a dialogue on visa liberalisation.

In 2007 Turkey has overcome a political crisis in full respect of democracy. Turkey now needs to renew the momentum of its political reforms, in particular those related to fundamental freedoms as well as its efforts to comply with its international obligations. The Commission expects progress in the accession negotiations with Turkey in the course of the coming year.

New Publications Translated

The Delegation of the European Commission to BiH has published a translation of the recently updated “**Europe in 12 Lessons**” by Pascal Fontaine, Professor at the “*Institut d’Études Politiques*” in Paris and former assistant to Jean Monnet (the first President of the “High Authority”, the independent, supranational body which was the precursor of the EU).

The publication addresses questions such as: What purpose does the EU serve? Why and how was it set up? How does it work? What has it already achieved for its citizens, and what new challenges does it face today? How can citizens get more involved? In an age of globalisation, can the EU compete successfully with other major economies and maintain its social standards? Can Europe continue to play a

leading role on the world stage and help protect against terrorism?

The second new publication in local language is “**50 Ways Forward – Europe’s Best Successes**” which was released in 2007 to mark the 50th anniversary of the signing of the Treaty of Rome. It highlights the importance of the European Union for its citizens, showing how people in Europe, and beyond, have benefited, and will continue to benefit, from European co-operation. It is presented in an attractive and entertaining way which assumes no prior knowledge about each particular subject on the part of the reader.

The new publications in local language are available at the Delegation of the EC, on its website, and in the EU Info Centres.



EUFOR Change of Command



On 28 November 2007, former EUFOR Commander Rear Admiral Hans-Jochen Witthauer paid a farewell visit to Ambassador Dimitris Kourkoulas, Head of Delegation of the European Commission to BiH. They reviewed past and future co-ordination and co-operation between these two branches of the European Union’s presence in BiH.

Ambassador Kourkoulas expressed his appreciation for the valuable contribution of EUFOR in promoting stability in BiH. He also congratulated Admiral Witthauer for his personal contribution to the success of EUFOR’s mandate, as well as for his commitment to promoting European values in BiH.

Rear Admiral Hans-Jochen Witthauer completed his one-year term on 4 December 2007. The change of command ceremony was held at Butmir camp and General de Division (Major General) Ignacio Martin Villalain, of the Spanish Army, officially assumed Command.

During the ceremony, Rear Admiral Hans-Jochen Witthauer thanked the high number

of Ambassadors and representatives of troop-contributing nations, who attended to demonstrate their governments’ commitment and interest in the continued success of Operation ALTHEA. He made a special note of the High Representative and EU Special Representative, Ambassador Miroslav Lajcak, for his impressive grasp of political-military relationships. He also extended his appreciation to Dr. Javier Solana, for his excellent stewardship of the strategic direction of the European Security and Defense Policy. Finally, he thanked numerous friends from NATO, as well as from the Ministry of Defence and the Armed Forces of Bosnia and Herzegovina.

Major General Ignacio Martin Villalain expressed his strong desire to ensure that EUFOR’s work continues in the same manner as the last few years. Much progress has been made in ensuring and maintaining a safe and secure environment, which contributed significantly to the initialling of the Stabilisation and Association Agreement, as a step towards European integration.

Countries contributing troops to EUFOR:

24 EU Member States

Austria
Belgium
Bulgaria
Czech Republic
Estonia
Finland
France
Germany
Greece
Hungary
Ireland
Italy
Latvia
Lithuania
Luxembourg
The Netherlands
Poland
Portugal
Romania
Slovakia
Slovenia
Spain
Sweden
United Kingdom

TOTAL 2,042 troops

7 Non EU Member States

Albania
Chile
FYROM
Morocco
Norway
Switzerland
Turkey

TOTAL 413 troops

OVERALL TOTAL 2,455 troops

Restructuring of Minor Offence Courts

On 13 November 2007, the Final Report of the Minor Court Restructuring Project was presented by Mr. Branko Peric, Director of the High Judicial and Prosecutorial Council of BiH, Ambassador Dimitris Kourkoulas, Head of Delegation of the European Commission to BiH and H.E. Alessandro Fallavollita, Ambassador of Italy to BiH.

The on-going reform of the BiH judiciary is one of the country's success stories and an example for neighbours in the region. The EU provided the majority of the funding for this, and many other projects.

The three-year Restructuring Project successfully saw new procedural laws drafted and adopted that are now in force in the entities. The system for adjudicating minor offence cases was restructured and came into effect in 2006. An appointment process for judges was established and the number of judges dealing with minor offences was halved. An electronic Register of Fines was designed; the database will improve enforcement and increase the collection of fines. Finally, the project provided a series of training sessions on the application of the new laws and use of the Register to over 2,500 officials and end-users.

Mr. Peric expressed his satisfaction for this successful reform carried out by a domestic institution, remembering that many

challenges faced the HJPC when it was created in 2004. He noted the importance of the support received from the BiH Ministry of Justice and the entity Ministries during the project.

Ambassador Kourkoulas praised the commitment of all the local actors, notably the HJPC, and the project's report, which stands as a testament to the hard work and will of individuals and institutions. He added that it demonstrates that, when there is the will, the country can implement reforms even with complex structures.

H.E. Alessandro Fallavollita said that Italy is proud to have contributed to this and other projects to support judicial reform. He stated that a strong and independent judiciary which all citizens can trust is a key element in a democracy, as well as for sound development and full European integration.

Project experts provided an overview on the project's achievements and on the registry database. The backlog of some 387,000 cases is now being addressed and soon the web-based database will allow for direct tracking of fines and outstanding payments, with certain administrative procedures, such as the emission of a driver's license, no longer possible until the individual's debt is paid.



“SDH” Links Law-Enforcement and Courts Electronically

The new Synchronous Digitalised Hierarchy (SDH) was presented by Ambassador Dimitris Kourkoulas, Head of Delegation of the European Commission to BiH, Mr. Sredoje Novic, Minister of Civil Affairs of BiH, and Mr. Sinisa Macan, Director of CIPS, on 22 November 2007.

The SDH is a requirement for effective exchange of data, documents, information and communication between all Police and security-related institutions in the country. The high capacity of the newly-established independent network allows fast and secure communication among the end users, who can exchange data, information, pictures and video, files and transfer voice.

The system was set up in two phases; the first linked the Ministry of Security, SIPA, the State Border Police, as well as Entity, District and Cantonal Police. This second phase expanded the network already created to include the Courts and Prosecutors Offices. In total, the EU provided around 3.9 million Euro.

Minister Novic stated that the system is very valuable for the whole country. Already in the first phase, 15,000 KM were saved on a monthly basis, with a further similar amount to be expected in savings from the second phase. He added that the increased capacity for exchange of information is necessary for the implementation of further projects in the sector.

Ambassador Kourkoulas explained that with this state-of-the-art system, BiH is now among the most advanced European countries which have independent and modern telecommunications systems for one or more State institutions. He noted with satisfaction that hurdles were overcome to put it in place and the competent authorities are now in charge of the system. He stressed that this



indicates that, if there is the political will, BiH can meet the challenges of the twenty-first century and of European integration.

Mr. Macan added that the CIPS Directorate was named the owner of the system by a Decision of the Council of Ministers. He reviewed the way the secure system improves inter-operability through automatic exchange of information, automatic access to central police and CIPS databases and integrated communications, which removes the organisational and operational obstacles for sharing of information. Seventy out of a total of eighty-seven courts have already been linked, with the remaining due to be included before the end of the year. He also highlighted that additional tasks and institutions can be added in the future, as the system can be built upon.

REGIONAL PERSPECTIVES

ERMA Diploma Ceremony



On 29 October 2007, a ceremony was held in the Rectorate of Sarajevo University to award diplomas to the European Regional Master's Degree Programme in Human Rights and Democracy in South-Eastern Europe (ERMA) class of 2006-2007. The course is co-ordinated by the University of Sarajevo and the University of Bologna.

ERMA is supported by the European Commission and the Italian Ministry of Foreign Affairs and each year educates more than thirty young scholars from the region in issues of human rights and democracy. The project falls into the wider category of capacity-building efforts throughout the region.

The class of 2006-2007 consisted of thirty-five students from twelve countries from the wider region, as well as from the USA and Canada. The graduating students were joined by their families, including children, gathered there to congratulate them on this important occasion.

Mr. Samir Arnautovic, Vice-rector of the

University of Sarajevo, congratulated the assembly and stressed that this educational programme would not be possible without the generous help of the EU and the Italian Ministry of Foreign Affairs. He told the graduating students that the only limits they will now face rest within their own souls and their enthusiasm to use the acquired knowledge.

Ambassador Dimitris Kourkoulas, Head of Delegation of the European Commission to BiH, said that the European Initiative for Democracy and Human Rights (EIDHR) has financed this course for some years and it is widely considered that the Sarajevo course – organised in partnership with the University of Bologna – has been a success. He stressed that knowledge of, and respect for, human rights is of vital importance to the internal development of the countries of the region, as well as for their ultimate integration in the European Union. He sees this as an opportunity to improve human rights and democracy in the Western Balkans and as a real obligation on the part of all the stakeholders to work towards this end.

H.E. Alessandro Fallavollita, Ambassador of the Republic of Italy in BiH, also stressed the importance of human rights for the countries of the region, whether they are on their way to becoming full member of the EU or are already a member. He expressed his pleasure with the results achieved by the collaboration between the universities of Sarajevo and Bologna.

Mr. Fabrizio Nava, of the Italian Ministry of Foreign Affairs, said that his Ministry is pleased to be able to help this project. He

believes that the most precious capital is human knowledge, especially when used in the field of human rights.

Mr. Stefano Bianchini, Co-director of the ERMA in Democracy and Human Rights in South East Europe, expressed his joy at being able to celebrate the seventh graduation. Since 2000, when the programme started, over 200 students have graduated. He informed that an Alumni Association has been established and has already given results by linking former students and colleagues that are now active in decision-making positions or in non-governmental organisations in their countries. He gave an overview of the studies and process which enabled the students to write and defend their thesis.

After the diplomas were awarded, Mr. Zdravko Grebo, Co-director of the ERMA in Democracy and Human Rights in South East Europe, announced which had been the six best Master's Degree Theses in the academic year.



Young Journalist Award



The Commission's Directorate-General for Enlargement, in co-operation with the European Youth Press association, launched on 15 November 2007 a pan-European competition for young journalists from all over Europe. The objective of the competition is to encourage young journalists to reflect and express their views on the European Union's enlargement policy.

Young journalists aged 17-27 from all the EU member states as well as from candidate and potential candidate countries (Western Balkans and Turkey) are invited to submit to the competition a recently published article on EU enlargement (publication date between January 2007 and 15 March 2008).

On the occasion of the launch of the competition, which will run from 15 November 2007 to 15 March 2008, Commissioner for Enlargement Olli Rehn said: "I welcome the launch of this competition and look forward to learning more about the views of young journalists on the enlargement policy. They are important opinion-leaders for their

generation. I would like to invite them to share their experiences and visions of our common European future. Their ideas will further nourish the debates that will determine the shape of our continent."

The participants can enter the competition on a special website: www.EUjournalist-award.eu. There, they can also read articles on the EU's enlargement policy and find interesting tips for a career in journalism. At the end of the competition, in April 2008, national juries made up of media representatives will select a winning article for each country and these articles will be published on the competition website. All 35 winners will be invited on a joint trip through Balkan countries and will have the opportunity to participate in a closing conference with media representatives from various countries in June 2008.

For more information, please contact the Delegation of the European Commission to BiH Press Office: (033) 254 700.

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European Union home page: www.europa.eu

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