

DEFENDING EURO-ATLANTIC VALUES

*Capacity Building and Resilience Enhancement
through Strengthening Research and Debating
Capacities of Young Professionals in Bosnia and
Herzegovina*

*Bosnia and Herzegovina
Building Friendships - Who is
and who should be our BFF?*



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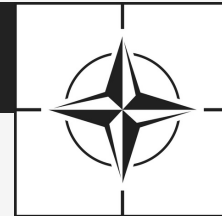
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BOSNIA AND HERZEGOVINA BUILDING FRIENDSHIPS - WHO ARE AND WHO SHOULD BE OUR BEST FRIENDS?

BiH in the international arena (analyzing strategic influence - investment, cultural ties, political ties and pressure points)

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INTRODUCTION

Peace is the basis for every progress. Peace and State-building in Bosnia-Herzegovina (BiH) started in early 1996 with the implementation of the Dayton Peace Accords (DPA). With its civil and military & peacekeeping forces, the international community established the institution of the High Representative. It thus started the transition of Bosnia-Herzegovina from the political reality of the Dayton Agreement to politics based on Euro-Atlantic integration. With the reforms the country needs to adopt within the process, BiH completes the state-building process and continues to function in the international arena as an independent and sovereign state. Therefore, the country is committed to joining NATO and the European Union, which is confirmed in article 84 of the Law on Defense (1) from 2005, and the official application for full membership in the EU filed in February 2016 (2).

However, it is fair to say that there is no internal consensus about the country's future between three dominant ethno-national groups (Bosniaks, Serbs, Croats), which opens a door for the influence of big powers.

1. Član 84, Zakon o odbrani BiH / Article 84, Law on Defense (opened on 13.12.2021.)
<https://docs.google.com/viewer?url=http%3A%2F%2Fwww.mod.gov.ba%2Ffiles%2Ffile%2Fzakoni%2FZakon-o-odbrani-bs.pdf>

2. Key moments on BiH's EU path (accessed on 13.12.2021.)
<https://www.parlament.ba/Content/Read/126?title=Klju%C4%8Dni-doga%C4%91aji-u-odnosima-EU-i-Bosne-i-Hercegovine>



The Balkans was always a training field for the superpowers who wanted to extend their influence in the region.

Nevertheless, thanks to the US and its allies' active engagement and their military forces, the country was introduced to a security framework. Since Bosnia-Herzegovina is currently faced with the most significant political crisis in a post-war era, the Bosnian question has again come into focus. The future is uncertain. In the present turbulent time, we will analyze who is and who should be the best friends of the country and why.

STATUS AND CURRENT DEVELOPMENTS

As mentioned before, there is no joint decision on the future of Bosnia-Herzegovina. The tensions escalated after Valentin Inzko, a former High Representative of the international community (OHR), as a final decision in his mandate in Bosnia-Herzegovina, used (his) Bonn powers and imposed the *Law against genocide denial* (3). However, the political representatives of Bosnian Serbs led by Serb member of the BiH Presidency, Milorad Dodik, not only rejected the Law but also went a step further, announcing that they would revoke all the powers "transferred" from Republika Srpska Entity Parliament to the Parliamentary Assembly of Bosnia-Herzegovina, ban state security and police agencies from the territory of Republika Srpska and form a separate army. If Dodik realizes his plan, this would be a severe violation of the constitution. These developments are backed-up by Russia and supported by China and among some rightist circles in Europe, including the PM of Hungary, Viktor Orbán, and the PM of Slovenia, Janez Janša.

The entity's secession or any change of the internationally recognized borders will bring the country to the brink of another war. Therefore, OHR needs to react. However, the EUFOR mission, which is in charge of the military aspect of the DPA, has a small number of staff and is incapable of ensuring peace across the country, thus undermining the role of the High Representative. That is why it is essential to seek help from the allies, USA and NATO. State institutions need to find a way to protect the country's sovereignty, territorial integrity and maintain peace.

3. Bosnian Serbs will shut down government over genocide denial law
<https://www.euronews.com/2021/07/27/bosnian-serbs-will-shut-down-government-over-genocide-denial-law>



SECURITY

Membership in NATO is considered a guarantee of peace since the member countries are parts of the security system based on joint security policy. Here we would like to emphasize the importance of good relations with the US, EU, Turkey, and the region's countries - Montenegro, North Macedonia, Albania, and Kosovo.

The collective defence stated in Article 5 of NATO's founding charter, the Washington Treaty, sets out the Alliance's collective defence commitment. In addition, NATO has several standing forces on active duty that permanently contribute to the Alliance's collective defence. These include NATO's standing maritime group fleets, ready to act when called upon. With membership in NATO, BiH could rely on the co-members' airspace control and military capabilities. In addition, BiH could only benefit from democracy, the rule of law and substantial economic growth secured under the NATO umbrella. The latter is also a part of the OSCE Mission to BiH, devoted to supporting the country's Euro-Atlantic integration process.

NATO is prevailing in the Balkans. However, Russia is also seeking to extend its influence. Many things indicate that Moscow tends to establish new international order rules or endanger the current order. That is why NATO and Western allies must continue supporting Bosnia-Herzegovina in its Euro-Atlantic integrations. Otherwise, we could expect a potential Balkan scenario of dependent self-proclaimed puppet-states such as South Ossetia or the region of Donbas in Ukraine. Helping Bosnia-Herzegovina defend its territorial integrity and sovereignty is the way of defending Euro-Atlantic values.

RECOMMENDATIONS

- 1** NATO/EUFOR - increase in the number of troops in Bosnia-Herzegovina: It is vital to maintain peace in the country. EUFOR has to obtain and be able to hold crucial strategic points in BiH, hence the insufficient capacity of BiH Armed Forces, and support decisions of the OHR.
- 2** Increase military cooperation with Turkey: Technology and personnel exchange, initiate joint military exercises in BiH. Turkish drones proved to be effective in modern warfare, and bilateral relations between the two countries are at a high level.



- 3 Open talks with Montenegro, North Macedonia, and Albania about capacity building and preparation for the NATO membership and collective security agreement/framework together with Kosovo.
- 4 Adopt reforms, prepare the country for defence expenditure, and invest in developing the domestic military industry (1% of country's GDP goes to the common-funded NATO budget).

ECONOMY

Bosnia-Herzegovina is considered an upper-middle-income country, achieving very good results since 1995. Unfortunately, Bosnia-Herzegovina's economy still lacks competitiveness, and the government launched a structural reforms program for 2019-2021 to boost private investments and exports. Due to the COVID-19 pandemic in 2020, the country's economy declined, reporting a negative growth balance of 5.5%. According to the IMF's April forecast, growth is expected to stabilize in 2022 at 3.3%.

Speaking of the virus, the pandemic of COVID-19 affected Bosnia-Herzegovina's foreign trade with an 8.5% decline in December 2020, compared to December in the year before - primarily due to lower exports (4).

The current political crisis in Bosnia-Herzegovina caused by secessionist tendencies and the consequences of the COVID-19 pandemic are not in favor of its economic stability. The unstable political situation had a negative impact on the functioning of state institutions and their image in the world, while the pandemic harmed the economy, especially its external sphere, exports. In such situations, in addition to stable public institutions, it is very important to have and recognize true friends, countries that support and encourage positive economic ambitions of Bosnia-Herzegovina.

Speaking of economy and friendship, one name has always stood out in Bosnia-Herzegovina, and that is the European Union (EU).

4. Source: <https://international.groupecreditagricole.com/en/international-support/bosnia-and-herzegovina/economic-overview?>



By signing the Stabilization and Association Agreement (SAA) in 2008 and its entry into force in 2015, BiH has expressed its desire and commitment to align its economic goals with those of the EU. Meeting these goals would help improve BiH from its current position as a potential EU candidate country and contribute greatly to its economy. However, despite BiH's slow progress towards European integration, Bosnia-Herzegovina's largest single donor, the financial and economic partner, is the European Union. After the end of the war until today, the European Union has invested more than 3.2 billion euros (5) in various sectors in Bosnia-Herzegovina.

The current and most comprehensive EU assistance program to Bosnia and Herzegovina is the Instrument for Pre-Accession Program (IPA). IPA is a specific financial program of the European Union that was established in 2006 and is a flexible instrument to support a candidate and potential candidate countries on their path to EU membership. Economic reforms are just one of the aspects that IPA focuses on, in addition to strengthening democratic institutions and the rule of law, public administration reform, promoting respect for human rights, minority rights and gender equality, etc. Under the first IPA program covering the period 2007-2013, financial assistance received by Bosnia-Herzegovina from the EU amounted to EUR 594 million, and during the second IPA program covering the period of 2014-2020, financial assistance amounted to EUR 552 million (6).

In the field of economic cooperation of Bosnia-Herzegovina, IPA has made a significant contribution in the area of free movement of goods. The IPA program has supported capacity building for bi- and multilateral negotiations within the framework of negotiations with the World Trade Organization, the SAA and the Central European Free Trade Agreement (CEFTA).

Various EU assistance programs to the BiH's economy, as well as the commitments and standards it has undertaken in the Stabilization and Association Agreement, have positioned the European Union countries as Bosnia-Herzegovina's most important foreign trade partners. According to the data (7) of the Agency for Statistics of BiH regarding the geographical distribution of BiH foreign trade during 2020, the following is noticeable:

5. Delegation of the EU to BiH. (n.d.). EU Projects in BiH. https://europa.ba/?page_id=562

6. Delegation of the EU to BiH. (n.d.). EU Financing in BiH. <http://projects.europa.ba/About>

7. Agencija za statistiku BiH. (2021). Robna razmjena BiH sa inostranstvom.

<http://projects.europa.ba/About>



Observed by regional groups, in 2020, most exports were made to the EU, of 7 billion 620 million BAM, which is a percentage of 72.4% of total exports. On the other hand, exports to CEFTA countries amounted to 1 billion 685 million BAM, a portion of 16% of total exports. On the other hand, exports to CEFTA countries amounted to 1 billion 685 million BAM, a portion of 16% of total exports.

Observed by regional groups in 2020 as well, most imports were from the EU, in the amount of 10 billion 265 million BAM, which is a percentage of 60.8% of total imports. Imports from CEFTA countries amounted to 2 billion 145 million BAM, which is a percentage of 12.7% of total imports. (EUR to BAM: 1 EUR = 1.96 BAM)

Furthermore, significant European Union economic assistance was not lacking during the Covid 19 pandemic period. To deal with the economic consequences of the pandemic, the EU distributed 125 million euros (8) in macro-financial assistance to Bosnia-Herzegovina. Macro-financial assistance (MFA) is a crisis instrument used for EU engagement with non-government and enlargement partners that are experiencing balance-of-payment problems. This type of assistance represents loans at very favorable rates. In addition to this, the second part of the MFA in equal amounts would follow after Bosnia and Herzegovina fulfills special policy measures that would aim to improve economic governance, financial sector stability, transparency and fight corruption.

For the past 26 years, the European Union has undoubtedly been one of the main contributors to the economy of Bosnia-Herzegovina. Its contribution helped Bosnia and Herzegovina's involvement in the processes of regionalization and globalization and openness to the world market. All this unequivocally indicates that the priority of Bosnia-Herzegovina's economic relations must be membership in the European Union. By focusing on this, Bosnia-Herzegovina would have to go through transitions that involve establishing an efficient market economy and, finally, joining a stable economic environment.

8. European Union. (2021). EU disburses €125 million in Macro-Financial Assistance to Bosnia and Herzegovina. https://ec.europa.eu/commission/presscorner/detail/en/IP_21_5104



RECOMMENDATIONS

- 1** Focus on the 14 priorities set by the EU to continue further negotiations for EU membership;
- 2** Continue to liberalize foreign trade with EU countries and support exports;
- 3** Improve the business environment as well as the efficiency and transparency of the public sector, in particular of public enterprises;
- 4** Pay special attention to education and its insufficient orientation towards labour market needs.

CONCLUSION

Peace is the basis for every progress. However, peace itself is not a guarantee of security and progress. Peace must be strengthened through the functionality of the state and its relationship with relevant partners. The Dayton Peace Agreement has established peace in Bosnia-Herzegovina, but the peace must be ensured for its unhindered progress. The work on the integration of Bosnia and Herzegovina into Euro-Atlantic institutions (NATO & EU) provides the basis for the stability of peace and progress of the state.

In terms of security, NATO membership is the most important integration process and primary goal of Bosnia-Herzegovina's foreign policy. Followed by the development of domestic military industry, modernization of Armed Forces, enhanced cooperation with proven allies - USA and Turkey. The government should also work on a joint security framework with NATO member countries from the region.

When it comes to the economy, we can see that the EU has so far been the most important economic partner of Bosnia and Herzegovina and a very important factor for its progress. That is why the process of integration of BiH must gain new dynamics that would accelerate this path and ensure security for the unobstructed development of the state.



Thanks to the USA and its allies, the state-building process after the DPA was directed towards Euro-Atlantic integration. By defending the independence, territorial integrity and sovereignty of Bosnia-Herzegovina, one truly defends the Euro-Atlantic values as well.

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- 2 Šta integracija u NATO znače za Bosnu i Hercegovinu - Atlantska inicijativa, Centar za međunarodne odnose, 2015.



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