

UNMIK/PR/792

Tuesday, 30 July 2002

Address to the Security Council

**By Michael Steiner
Special Representative of the Secretary-General**

30 July 2002

Mr. President,

Last time I addressed the Council you endorsed the benchmarks as the international community's yardstick for progress in Kosovo. Meanwhile Kosovo's Provisional Institutions have embraced the benchmarks as internal goals and ends in themselves.

You have seen the extensive report by the Secretary-General. This report shows that, yes, there are still difficulties, but there is also substantial progress. Here is where we stand on the benchmarks:

I Building Functioning Democratic Institutions

We finally have in place a multi-ethnic Government with ten ministries and with Serb participation. Last Friday I promulgated the first law of the Assembly, on pensions. Preparations for the second municipal elections are on track. Kosovo's institutions are taking shape. Kosovans can be proud. But the most difficult stage of creating a functioning administration and a political culture suited to self-government is just beginning.

We have always said that there would be mistakes in the beginning. The Assembly overstepped its competences with a resolution on the border with the FORMER YUGOSLAV REPUBLIC OF MACEDONIA, which I had to declare null and void. This has been dealt with. I have urged the institutions to focus on the urgent tasks within their competence, including health, environment and public services.

The pace at which UNMIK can transfer further authority to the Provisional Institutions depends on their readiness to assume real responsibilities. Transfer of power is about the internationals being able to let go and about the Kosovans taking hold. Taking hold of responsibility for day-to-day life.

II Fighting Crime

Our policy is zero tolerance for crime and corruption. We are cracking down on organised crime. UNMIK Police and the Kosovo Police Service have conducted several successful anti-smuggling operations, confiscating large quantities of cigarettes, fuel and alcohol.

To expand our efforts to fight corruption, a Financial Inspection Unit consisting of a highly flexible crack team from Italy's Guardia di Finanza will now be created within UNMIK.

The people of Kosovo themselves are tired of lawlessness.

When I first arrived in Kosovo in February, thousands of Kosovans were demonstrating against the arrest of three former members of the Kosovo Liberation Army. Windows were smashed and people were injured.

In the last six weeks, UNMIK Police have arrested 14 Kosovo Albanian men for murder, unlawful detention and torture. Again those arrested included ex-KLA members, this time some of them rather prominent, and again some Kosovans chose to express their opposition in the streets. But this demonstration gained only marginal support and, after an hour, the Police Commissioner sent me a message: "Demonstration peaceful. Demonstration over."

III Mitrovica

We have been working hard to establish UNMIK authority in northern Mitrovica. Belgrade has said it agrees with me that there can be no partition, no mono-ethnicity and no parallel structures. But on the ground we're not there yet.

The core of our strategy is effective policing, with full support from Commander KFOR General Marcel Valentin. UNMIK Police are established and carry out regular policing in northern Mitrovica. Soon the Kosovo Police Service will also be there. In the North, we have received more applications by Serbs to join the KPS than we have posts.

Progress in Mitrovica depends on replacing parallel structures with legitimate institutions. Belgrade must discontinue its financing of the parallel structures, including the Bridge Gang. We, UNMIK police and KFOR are watching the bridge.

It is good that Belgrade has called on Kosovo Serb judges and prosecutors to leave the parallel courts and to apply to join the regular courts. There are now sufficient applications, and the applicants will be screened individually and selected just like all other candidates.

To encourage Kosovo's Serbs to participate in local government, we will bring government closer to the people. Our approach on decentralisation would delegate competences and budget authority to local communities. But the condition is political participation in the municipality itself.

On the economic side, we are working on a new deal for Mitrovica. But business and investment will not come into the grey zone of illegal parallel structures. So first these will have to go.

IV The Economy

On the economy as a whole, we have made significant progress. But we took a serious hit ten days ago. There was a disastrous fire in one of the two main power plants in Kosovo, caused by a high-intensity bolt of lightning. The situation was quite dramatic. I quote from the police report: "The fire forced a number of workers onto the roof where they were trapped. The firemen's ladder was unable at first to reach the persons on the roof as their ladders only extend to 30 meters, the roof was higher." They were saved by the ingenuity of the fire brigade.

We have lost more than half of our power capacity at a single stroke of lightning. There was no arson. And the alleged TMT was, as KFOR found, simple builder's putty. But if the police report identifies mismanagement or serious negligence I will hold those responsible accountable.

As a result, there will be power shortages. Together with the Kosovans we are trying to manage through a number of measures. But the real problem will come this winter. And for this, we need to prepare now.

A strong economy is not only powered by energy but by a solid set of institutions and rules, and indeed respect for those rules.

We have established a framework for privatisation. The Kosovo Trust Agency is in place, thanks to support by the UN secretariat, as well as the EU and the World Bank. The Board had its inaugural meeting last week. Preparatory work is now necessary to enable the Agency to establish clear property ownership, facilitate and protect new investments and put idle assets into productive use.

But to seize the opportunity presented by privatisation and to regenerate the economy, we need to find a way to replace declining donor funding. Kosovo's economy is still far from being self-sustainable. I will need your help to find a way to gain access to credit. This will require political support to develop procedures to conclude international loan and guarantee agreements, taking into account Kosovo's special status. We cannot have it both ways. If aid is decreasing, Kosovo must have access to the international finance institutions. Otherwise the 57% unemployment rate will force the young, the future of Kosovo, to emigrate.

V Returns

There is no denying that the returns process has been too slow. And it is a disgrace that in 2002 we still have enclaves in Europe.

But this year we have reversed the trend on returns. The number of minority returns now exceeds outflow. UNHCR's figures indicate that about 1,000 people returned in the first six months of 2002, while 268 have left. The number of returnees is not large, but it indicates that the climate is improving.

KFOR has been able to remove fixed checkpoints. Serbian can be heard in the streets of Pristina. Political support for returns is also growing, although in some municipalities it still has to be improved. Both the Kosovo Assembly and the Association of Municipal Assemblies have issued resolutions demanding freedom of movement and unconditional return.

Let me quote Prime Minister Bajram Rexhepi: "My goal is to integrate Serb enclaves that have been physically isolated until now. We will try to integrate them, to offer them a role in all government institutions, but also on the level of the economy, in enterprises and employment."

We now have the right structures in place. Milorad Todorovic has taken up the position of Inter-Ministerial Coordinator for Returns in the Government. Another Kosovo Serb, Nenad Radosavljevic, is my Special Advisor on Returns. Both the UNMIK Office for Return and the Housing and Property Directorate will now have dynamic new directors.

Property is key. With this fresh start, the Housing and Property Directorate needs proper funding.

Our concept for returns is based on the choice of individuals to return to their own homes and stay. Success on returns is measured not by how many return, but by making return a genuine option.

A genuine option means safety and the ability to move freely. It means a place to live, a job, and equal access to basic services and public utilities. It means the ability to reposess property. It is our job to help create these preconditions. How many return then depends on the displaced persons themselves. So it's not about numbers, it's about a real choice.

For example, in partnership with UNHCR, we have just finalized a comprehensive package for 500 people to return in Peje/Pec, and Italy has funded the project worth 3.5 million euro. Exploiting other similar opportunities requires resources. The more successful we are, the greater the needs will be. Return costs money. We have 30 other projects that are ready to go. And many more to come.

VI Beyond Kosovo

Kosovo must look beyond its boundaries and borders. I have paid visits to all of the neighbours to establish pragmatic relations. Kosovans will now be able to drive to all of them with the Kosovo license plates. They need visas to none of them. They are getting driving licenses that fulfill all European standards and can be used abroad.

Belgrade: Progress on many of the issues that matter to Kosovans requires intensive dialogue with Belgrade. Kosovo's political leaders have yet to participate in this dialogue. The normalisation of relations is a key benchmark. On the other hand, we look to Belgrade to support UNMIK's policies in words and deeds. Parallel structures have to go.

VII Standards before Status

Our message is: standards before status. Kosovo has not yet achieved the standards that either the international community or its own people demand. But we can see progress.

The benchmarks allow me to measure that progress, to transfer power, and, to decide, when the time is right, when to begin the process to determine Kosovo's future status, in line with paragraph 11(e) of Resolution 1244.

While we cannot say now what shape that future status will be, we can say what it will not be. There will be no partition, no cantonization and no return to the *status quo ante* of 1999. The outcome cannot be mono-ethnic but must be multi-ethnic. It must be a democratic, safe and respectable Kosovo on the way to Europe.

Progress towards this vision of Kosovo is not guaranteed. There are still many obstacles to overcome. But together with the Kosovo institutions, with the Kosovans and with you behind us, I believe it is possible.

Thank you.