#### THE RELATIONSHIP BETWEEN BOSNIA AND TURKEY (II)

# **Counting Every Penny?**

Clearly positive sentiments towards Turkey among the Bosniak community cannot be overlooked. The impact is visible in all political and social walks of life

The ultimate question is whether this fraternal sentiment matches economic gains as well. Focusing only on the bilateral aid flow from Turkey to BiH, approximately 10.7 million Euros from

TIKA's budget was allocated to BiH - its total budget in 2012 was 135.05 million Euros.

Turkey's Directorate for Religious Affairs (Diyanet) contributed to the construction of mosques in Bosnia, modernized

### unhappy with the level of investments aic cooperation between Turkey and BiH. I Turkish companies invest in Bosnia." Faik Tunay, CHP MP, 2013 Turkish FDI Stock in the Region (2002 - 2012) In 2011, overall Turkish outflow of investments amounted to € 1.35 billon making its investments in the Balkans 10% of its total FDI in 2011. As a state, Turkey is not giving guarantees to any business project abroad, as it is the issue of private sector, and state does not interfere in it. (Cemalettin Haşimi, 2013) Top 10 Countries by Investments in BiH (1994 - 2012) th of 10 Austria 26% Germany 6% Switzerland 5% Russia 9% I Netherlands 3% TURKEY 3% Serbia 19% Slovenia 10% Luxemburg 3% Croatia 15% BiH (2014) BiH (2002-2012) 112 million 44 in BiH Turkish companies in BiH ranked 2 2nd investments in the amount of Turkish FDI in the region production populari

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the Travnik madrassah, and constructed a mosque within the International University of Sarajevo campus. The list continues, likely meaning that millions are being invested; the total budget in the country remains unknown.

The logic behind this investment is explained by Kemal Hakki Kilic, Head of the Balkans Department in the Diyanet: "You don't count every penny when you're helping a friend, you know. We don't know how much money we spent on building and rebuilding mosques in BiH. It is not our tradition to tell the figures as we build everywhere and we don't count."

While Turks claim not to count every penny for charity projects in Bosnia, businesses operate differently. Given the comparison of volumes of trade between BiH and its top trade partners, it is evident that there is a large potential for strengthening this aspect of cooperation between Turkey and BiH. In 2013, the total trade value between BiH and Turkey was 307 million Euros. Out of that, BiH exports to Turkey totaled 88 million Euros, while imports from Turkey to BiH amounted to 218 million Euros. This represents only 2.9 percent of total imports to BiH. At the same time, Turkey ranks eighth among export destinations of BiH.

While BiH exported 88 million Euros to Turkey in 2013 (two percent of BiH's total exports), it managed to export six to eight times that value to Italy and Germany. At the same time, out of 44 Turkish companies in BiH, only two invested in production: Sisecam Soda Lukavac, and Natron Hayat Maglaj, although the official statistics in BiH show that unemployment is the top priority to be addressed in BiH, and jobs created in the real sector are the necessity. Considering the substance of the historic, cultural ties between Turkey and BiH, as well as recently strengthened political relations between the two countries, the economic results of this relationship are well below the expected.

BiH's relations with Turkey are complex, but also vital as Turkey is becoming an increasingly important regional and global player. In Bosnia, however, Turkey still has lots to do. Differing views about perceptions of its influence based upon the historical heritage within the country present a real challenge for Turkey. Equally, Bosnian foreign policy toward Turkey must take a position on its own priorities and future aspirations in bilateral relations. Even though cultural investments are most visible and are certainly welcomed by all, what Bosnia needs most at this stage are actions that can help improve its economy and further its EU integration.21 So far, BiH's attempt to rely on friendly relations with Turkey to prosper economically is clearly not working. Expecting sentiment to prevail and bring prosperity to the country has become a Bosnian tradition - one of victimization and charity - stemming largely from the war and post-war reconstruction efforts in BiH.

At the current juncture, however, BiH remains mostly passive and maintains its role of a "special case" country, nurturing this image within its borders and internationally. Given the context in which the BiH and Turkey countries currently are building on their ties, there is much space for improvement.

#### BOSNIA AND HERZEGOVINA'S UNMENTIONABLE CONSTITUTIONAL DISABILITY

# The Elephant in the Room

Considering the experience of post-war Bosnia and Herzegovina over 18 years, it is time to seriously question whether it will ever be possible for the best executed, most well-intended socio-economic projects, donations, investments and interventions to take lasting and sustainable root in the current constitutional and political structure

ver the past year, Bosnia and Herzegovina [BiH] has seen a number of events that would have been difficult to predict. From the JMBG "babylution" on identity cards and passports last summer to the occasionally violent February protests and subsequent plenums, the fundamental flaws in BiH's post-war peace have become harder and harder to ignore. The daily headlines are supported by consistent public opinion polling showing dissatisfaction among citizens in every corner of the country. One might think that this is the time for a real and widespread discussion on new ideas; for internal and external support to citizens who in fact have proposals for change in their communities and beyond; and for a meaningful debate on why this country fundamentally does not work nearly two decades after the end of the war.

## Don't Change the Constitution - Just Change Everything Else...

Instead, it is nearly the opposite. The most common refrain heard in the past months is, "This is not the time to talk about constitutional reform." Such was the immediate response of most domestic party leaders in the wake of the February protests. Similar language was adopted by many in the international community, particularly during and since the devastating floods in May. It has been more striking, however, to hear this mantra repeated by various elements within civil society, ranging from the ad hoc plenums themselves to long-established NGOs and academics. Individuals - whether ordinary citizens, activists or international community representatives - will earnestly note that constitutional reform is "too political." They will then, however, often go on to note a laundry list of "non-political" reforms they want to see: social justice, enhanced economic development, better pensions, modernized education, stronger local selfgovernment, less corruption, better health care, more parks.... the list goes on.

An observer unfamiliar with BiH might think that it is time to focus on these basic socio-economic concerns. However, for 18 years there have been multiple and repeated By Dr. Valery Perry Insight on Conflict

efforts in each and every one of these areas. Even in the past few years, the focus has never been solely on constitutional amendments to implement the 2009 European Court of Human Rights judgment on the Sejdic-Finci case. There have been countless efforts in many sectors, with donors and supporters ranging from the multilateral (the



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EU, Council of Europe, OSCE), to the bilateral (embassies, development and aid organizations). It is not difficult to get a sense of how many such "interventions" in the socio-economic realm are ongoing at any one time. One can look at the web sites of many of these donors to see the work they are doing (or attempting) today; one can scratch a bit deeper to get a sense of their work and focus over the past 18 years. An occasional glance at the English-language Bosnia Daily provides an even easier starting point, as the target audience (the international community) is very often highlighted, with news blurbs on ambassadorial visits to local leaders, the opening or closing of new projects, or humanitarian donations. These stories very often note the amount of money pledged, the local implementing partner(s) and the local government bodies that have signed on to accept the assistance.

### Just Replace "Constitutional Reform" with "Coordination"

An admittedly non-scientific review of articles in the Bosnia Daily from January

2013 to March 2014 reveals an impressive number of initiatives and activities, and although the figures that follow are not precise, they are certainly indicative. They include over two dozen efforts on the topic of the police and security sector; some 25 centering on health and social welfare; more than 40 in the field of education; over 30 in business development; at least 25 in government and parliamentary support; over 20 in infrastructure development (this was pre-flood); nearly 40 in justice and the rule of law. The list goes on. Such initiatives can include everything from a multi-million euro project at the state or lower level of government, to an academic conference or workshop, to a donation of a few thousand Euros to rebuild a rural school. However, it is difficult to argue that the country is suffering from a lack of international interest in such activities, although, of course, the numbers were much higher in the post-war period from 1997 - 2006, when the international community had a much more ambitious agenda and heavier footprint. In light of this, one must ask why there has been so little demonstrable progress since the war and so much escalating popular dissatisfaction in these same socio-economic areas that have been the objects of nearly 20 years of developmental efforts and investments? Is it possible that, while these projects have had a positive micro-level impact on a narrow and targeted set of beneficiaries, they have been unable to stimulate or leverage any lasting and sustainable macro-level changes? It is reasonable to point out that the political system in 2014 is just as dysfunctional in its essentials as it has been since the immediate post-Dayton years. In human terms, on the other hand, whether focusing on domestic or international elites and systems, it is vastly more troubling. Again, this is in spite of many successful efforts from 1997 to 2006 to stabilize and consolidate the peace and to provide a foundation for democratic governance, the rule of law and economic growth. What causes this dysfunction? Is it possible that such ailments are simply part of the his-