

Ambassador Bradtke's Remarks
at AmCham Luncheon
April 10, 2008

Thank you very much, Mike, and I would like to thank the members of the American Chamber for the invitation to speak to you today.

For all of you who may have been on some other planet this past week, let me say it was an historic week for Croatia, a tremendous week for U.S.-Croatian relations, and if I may add, a pretty good week to be the American Ambassador to Croatia.

This afternoon, I would like to share with you some thoughts about what happened last week, thoughts about the invitation to join NATO that Croatia received at the Bucharest Summit and about President Bush's visit to Croatia. I would also like to talk briefly about the hard work that remains to be done if the potential of both these events to increase trade and investment with the United States is to be realized.

Let me begin with what happened on Wednesday of last week in Bucharest.

At their Summit meeting, the leaders of the twenty-six countries of NATO formally invited Croatia to join the Alliance.

It is hard to over-estimate the significance of this step. The invitation to join NATO is "a big deal," as President Bush, in his plain speaking Texas way, said to President Mesic last Friday.

Once the ratification process is complete, membership in NATO will bring Croatia the security guarantee of Article V of the NATO Treaty – an attack on one is an attack on all. It will provide this generation of Croatians the opportunity to achieve the kind of security for themselves and their children that was only a dream of earlier generations.

NATO membership will also offer Croatia a seat at the table when the leading countries of Europe and North America discuss key issues and develop solutions to problems. Within NATO's consensus decision-making, Croatia's influence will be limited only by the skill of its diplomacy and the persuasiveness of its arguments.

And, NATO membership will be a signal throughout the world that Croatia is a safe place to do business. Investors will know that they are investing in a stable country, and a sound democracy.

As the first supporter of Croatian membership in NATO and as its strongest advocate, President Bush wanted to come to Croatia to celebrate this historic achievement, to recognize and encourage the continuation of the hard work done by so many Croatians, and to show to other countries in Southeastern Europe that the path to NATO membership is open to them. His visit, I believe, achieved all these objectives.

Looking back at the two days President Bush spent in Zagreb, there were many memorable moments.

Even though I have flown on Air Force-One and seen it many times, it was still a stirring sight to watch the blue and white 747 touch down on a windy Friday afternoon at Pleso.

And it is not everyday that I have the opportunity to introduce Blanka Vlasic and Slaven Bilic to Secretary Rice at a State Dinner, or to help the President perfect his pronunciation of “Pozdrav Vojnici” before the formal arrival ceremony at Pantovcak.

But for me, and I suspect for many others, the high point of the President’s visit was his speech in St. Mark’s Square. I hope some of you in this audience were able to be there.

In that beautiful square, which has seen so much Croatian history, the President praised Croatians for overcoming war and hardship and for building a maturing democracy. He captured the importance of NATO membership in one simple, but powerful sentence:

“Henceforth, should any danger threaten your people, America and the NATO Alliance will stand with you, and no one will be able to take your freedom away.”

The President also called on other countries in Southeastern Europe, including Serbia, to follow Croatia’s example, and take their place in the family of Europe.

It was an extraordinary moment, and, without a doubt, one of the highlights of my thirty-five years as a diplomat.

The President's meetings with President Mesic and Prime Minister Sanader were warm and friendly, as well as wide-ranging and rich in substance.

Not surprisingly, Croatia's neighborhood was one of the main topics, with discussion of the important choice that Serbia will face in its May 11th elections, the challenges posed by Kosovo's independence, and the need to help Bosnia on the path to Euro-Atlantic integration.

Of course, there was also discussion of NATO, of NATO's role in Afghanistan, and Croatia's own contribution to NATO's mission there. President Bush thanked President Mesic and Prime Minister Sanader for Croatia's efforts in Afghanistan, and later, before boarding Air Force One to leave Zagreb, he personally greeted fifty Croatian soldiers who had served in NATO's mission there.

What may be more surprising is the diversity of other issues that the leaders addressed: Tibet, Burma, Sudan, Iran, Iraq, and Russia, for example.

It was the kind of dialogue that reflects Croatia's membership in the UN Security Council, but also Croatia's status as an ally and partner, a country that is increasingly taking up its responsibilities for dealing with problems around the world.

Bilateral issues were also on the agenda. President Bush, President Mesic, and Prime Minister Sanader shared the view that our bilateral relations are excellent, and that there are no major problems to be solved.

However, they also wanted to see more progress on translating our good political relations into concrete benefits for the citizens of both countries, specifically: how can Americans and Croatians visit each other's countries more easily, and how we can expand our economic relations?

While urging that more be done in both these areas, President Bush was realistic about the challenges we face.

Commenting on Croatia's interest in qualifying for the visa waiver program, the President said he understood the desire of Croatians to travel more easily and quickly to the United States, but he did not want to raise expectations. The legal conditions for the visa waiver program in the U.S. are strict, and it will be some time before Croatia can qualify. In addition, the nature of the program itself could well change for all countries, including those that already benefit.

On trade and investment, the President said membership in NATO will send the right signal to the business community, and he hoped that the Open Skies civil aviation agreement, which we have just initialed with Croatia, will boost the number of American tourists.

He also responded positively to the Prime Minister's suggestion of a visit by a trade delegation from the United States. But, he also stressed that there is strong competition for investment dollars and that the flow of trade and investment depends on decisions made by businesses themselves. In that context, he pointed out the importance of respect for the rule of law, transparency in decision-making, and the fight against corruption in creating the right conditions for doing business.

So, the President's visit was filled with both symbolism and substance. It was a visit that has the potential to have an enduring impact on our relations.

But now that the initial excitement of the visit had died down, and the Westin, where we are today, has recovered from serving as the White House for twenty-four hours, how do we realize this potential in our economic relationship?

I see work ahead for those of us at the Embassy, for the Croatian government, and for those of you in the business community.

For myself and Tom Kelsey and those of us at the Embassy, I see two immediate tasks.

First, we will be following up with the Croatian government and business community on the Prime Minister's request for a trade delegation. I do not want to see a delegation just for the sake of a delegation, one that comes and goes without generating any business. So, we need to think about what kind

of delegation makes sense and we need to prepare carefully. I would welcome your thoughts on this.

Second, with your help, I will continue to make the case for setting a date to begin negotiations on a double taxation treaty. While, I cannot report that we made progress on this issue during the President's visit, I am confident that the visit will help gain us more attention in Washington. I will be working with the new Croatian Ambassador to Washington, Kolinda Grabar-Kitarovic, to see how we can advance this issue in the coming weeks.

For the Croatian government, there is a more complex, long term "to do" list. The items on that list are familiar: reform the judicial system, lessen the burden of bureaucracy and streamline its functioning, fight corruption, complete the process of privatization, and continue to modernize the education system.

These are the same tasks that Croatia needs to carry out to advance its membership in the European Union.

Ironically, membership in the EU may be the most important thing that Croatia can do to increase trade with the U.S. U.S. trade with the ten countries that joined the EU in 2004 increased by sixty percent between 2003 and 2006.

Clearly, the Croatian Government has its work cut out for it as it tries to bring its laws and regulations into compliance with the thirty-three chapters of the EU Acquis Communautaire. But, these reforms are essential.

No matter how much goodwill the President's visit has generated, no matter how strong our desire to expand our economic relations, no matter how many trade delegations visit, we will not see significant growth in our economic relations without steps to improve the underlying conditions of doing business in Croatia.

And that leads me, finally, to your role, the role of the business community. I know that sometimes the business community hesitates to speak out too loudly. No one wants to risk good relations by criticizing the government for moving too slowly on reform. And, all of you have your own problems

affecting your companies, and it is not easy to spend your time and effort dealing with the problems of the broader business community.

But, I would encourage you, as the American Chamber, to play an active role in commenting on economic policy and in encouraging reform. And when the right thing is done, then recognize progress.

The Chamber's work on the Law on Foreigners is a perfect example of how the Chamber has approached the government effectively and in a targeted way. And, now your efforts seem to be having results. I encourage you to look at this model and consider setting up task forces on other issues.

There is one other area where I would ask for you to be active: that is the long term investment in the future leaders of Croatia and the opportunity for them to study in the United States in a program we call Fulbright for the Future.

With the generous help of nine companies, most of them members of the Chamber, we will be able to send two students to the United States this fall to pursue graduate studies at prestigious American institutions. With your support, I hope we will be able to do even more as we begin now to raise funds for next year.

So, there is plenty of work for all of us. The President's visit has given us new momentum for our relations. It has pointed a way forward for Croatia and for rest of Southeast Europe. But if we are to realize the potential of the President's visit, if we are to be able to look back a year or two from now and see a difference, then we all have work to do. For my part, I promise that Tom and I and my embassy will be open to your ideas and will be ready to cooperate with you.

Thank you.