

OHR's Statement at the International Agency's Joint Press Conference

Inspect and Verify

The BiH economy may be growing faster than the five percent per annum that has been recorded over the last four years – but we can't be sure, because the current system for statistics gathering is disorganized and inadequate. Because of this, economic planning often has to be done by guesswork. Also because of this, investors receive a negative impression of BiH – which drives away the investment that is needed to create new jobs.

A key requirement for further European integration, the BiH Statistics Agency was established last year, after years of delay. The posts of Director and Deputy Directors were advertised, but for ten months political disagreements prevented the appointments being made. On 16 September the Council of Ministers made the appointments, but the new team has not yet been able to make the Agency fully operational – the BiH Financial Audit Office report on the agency found poor budget planning, poor execution and management; insufficient staffing, and improper procurement procedures.

The most glaring aspect of this lamentable state of affairs is that it was entirely avoidable. Running an efficient state statistics agency – crucial for the prosperity of BiH – is a relatively undemanding administrative proposition. The shocking waste of time in establishing the BiH Statistics Agency indicates a continued inability on the part of the BiH political establishment to understand that urgent economic measures – such as reducing unemployment – can't be put on hold for the sake of obscure party political calculations.

As the Principal Deputy High Representative, Donald Hays, points out in his introduction to the OHR's third quarter Economic Newsletter, "Nuts and bolts exercises such as statistics gathering may be unglamorous – but they absolutely have to be tackled. Continued neglect of these reforms could compromise BiH's economic recovery. That would represent political blundering and social irresponsibility of truly monumental proportions." Reform is not just about ticking the legislative boxes; reforms must be implemented. The European Commission in the BiH Feasibility study clearly states [I quote] "Full implementation of this law would be essential for a SAA".

Another area where an appropriate sense of urgency has been conspicuous by its absence among politicians concerns BiH's inefficient inspection system. Inspections are crucial to maintaining standards right across the spectrum of commercial activity – but in BiH there are too many inspectors and too many overlapping inspections. As Ambassador Hays points out, "Reforming the inspectorate system doesn't involve vast administrative change; it simply requires the application of a reasonable amount of political will to draft and enact acceptable legislation that will help eliminate corruption and inefficiency from a function that sits at the very heart of economic life."

Modernizing BiH's Business Environment

Ambassador Hays was in Banja Luka at the end of last week for talks on, among other things, the best way of securing the enactment of the BiH Law on Obligations. The discussions were extremely positive, with all of the parties indicating that they support this law, which will give BiH a modern, European-standard commercial code. Prime Minister Mikerevic has agreed to work with Prime Ministers Hadzipasic and Terzic on the steps that must be taken so as to get the law enacted by the

end of the year.