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Economic Policy Forum

The OHR hosted an Economic Policy Forum in Sarajevo on 12 January to discuss the economic policy issues of BH that need to be resolved over the next few months and years. The forum brought together a number of international economics experts with Government Ministers and officials from both Entities of BH. The International Community have urged the adoption of an immediate action agenda incorporating relevant proposals from the "Quick Start Package", an OHR initiative drafted in consultation with specialists from international organisations, including the International Monetary Fund and the European Commission, which contains the minimum legislation necessary to establish a functioning State.

In order to set up the common or coordinated institutions, achieve a stable macro-economic environment and develop a market economy a number of immediate steps are deemed necessary.

At the State level these are:

1. Creation of a functioning Central Bank;
2. Adoption of a 1997 State-level Budget;
3. Adoption of a State Law on External Debt; and
4. Adoption of a State Tariff Law

In addition, the Governments of the Federation and the RS should ensure the following:

1. Adoption of Entity Budgets;
2. Adoption of Entity legislation on external debt obligations of the State;
3. Improvement of linkages between the Payment Systems of the two Entities; and
4. Reintegration of the operation of infrastructure systems (i.e. power grids, telecommunications and railways)

Further measures to build upon these initial steps were also discussed which included proposals for areas of medium-term reform, macro-economic stability and monetary policy reform, fiscal policy reform and harmonization as well as reform of external economic relations and structural policy.

At a press conference held by the High Representative, Carl Bildt, and Assistant Secretary at the US Treasury, David Lipton. Mr. Bildt emphasised the importance of economic reforms for the future of the BH economy. If there was no business environment then all the money that had until now been given to BH would be effectively lost in a couple of years, he said. *"Aid without reform is aid lost"*. Mr. Lipton further cautioned that without the cooperation of the Parties in undertaking the immediate action agenda the donors' conference, planned for spring, would not go ahead as scheduled.

Mr. Bildt also warned that the ongoing turmoil in Serbia was connected to the inability of Serbia to pursue the necessary policies of economic reform. It must be a priority to protect BH, and particularly the RS, from being dragged down by the impending financial disaster of the Serbian economy, said Mr. Bildt. Those in the RS were *"in a fortunate situation because they were part of BH and only that could save them from the economic catastrophe"*. The practicalities of a common currency for BH were what should be remembered. *"Economy has no nationality and no ideology. The economy benefits everyone"* said Mr. Bildt.

OHR Mostar

The official ceremonial opening of the regional OHR office for southern Bosnia and Herzegovina was held in Mostar on 15 January. Activities of the office, which has been operating formally since 1 January, will encompass the Neretva, West Herzegovina and Livno cantons. The office is headed by Sir Martin Garrod, formerly Special Envoy of the European Union in Mostar. Before the ceremony, the High Representative, Carl Bildt, and Sir Garrod held a press conference at which Mr. Bildt explained that the work of the joint institutions and implementation of the civilian aspects of the Peace Agreement would be the main tasks for 1997. Speaking about the evictions from west Mostar which have been continuing to occur on a regular basis, Sir Martin emphasised the importance of this issue and urged Croat members of the local authorities to follow the example of the Mayor of Mostar, Mr. Prskalo, who was one of the few officials cooperating with the agreements. Commenting on the current circumstances in Mostar, Mr. Bildt expressed concern about problems with the location of joint city administration headquarters and the construction of a Croatian theatre in the city's central zone. *"Some people were digging a big hole there last year, that remained a big hole, to be added to other big holes around Mostar, and there may be another attempt to build a hole somewhere else. This is not the way it should be"*, said Mr. Bildt and urged a speedy solution to be found to these issues.

Joint Institutions

The Council of Ministers attended a briefing on 16 January at the OHR, where they were presented with the “Quick Start Package”, the contents of which will form the basis for assisting the Council in establishing the necessary laws vital to the functioning of BH. In addition to the economic laws which should be drafted with urgency, as discussed in detail at the Economic Policy Forum on 12 January, the package also focuses on the adoption of essential laws on foreign investment, citizenship, passport, and immunities, as well as a law on vacancy and absence in the Presidency. Recent discussions of the Council of Ministers have also concentrated on possible venues, staff and functioning, telecommunications, railways and civil aviation. The next session of the Council of Ministers is scheduled to take place on 21 January in Lukavica.

Brcko Arbitration

The Brcko Arbitration Tribunal completed its work on the hearings in Rome, with lawyers from both sides delivering their final addresses to the Arbitration Panel on 16 January. The Arbitrators will now work towards making a final decision, which is expected to be presented on 15 February.

Federation Issues

1. The BH Federation Court of Human Rights’ Court Justices, Edah Becirbegovic, Domin Malbasic and Mirjana Jaksic-Hadzikaric, as well as the Public Prosecutor, Suljo Babic and his deputies, signed a solemn declaration before Federation President Kresimir Zubak on 13 January. All appointments had been confirmed at the Federal Assembly session on 18 and 19 December. Also attending the ceremony were Federal Prime Minister, Edhem Bicakcic, Head of the House of Peoples, Mariofil Ljubic and Deputy Federal Justice Minister, Safet Pasic. President Zubak said the act of taking the oath represented an additional step towards affirming confidence among ethnic groups.

Human Rights

1. On 13 January, Principal Deputy High Representative, Ambassador Michael Steiner, and General William Crouch sent a joint letter to RS President Biljana Plavsic, President of the BH Federation Kresimir Zubak and Vice President Ejup Ganic, expressing their distress that the “*disturbing pattern of destruction of homes*” which had taken place throughout BH in past months was still continuing. The incidents of destruction, whilst not on a large scale individually, were nevertheless “*significant both in their cumulative number and because the homes involved have been clearly targeted with the obvious intention of impeding and deterring the return of refugees and DPs*” the letter said.

The failure of the relevant authorities to publicly condemn the acts and the lack of criminal prosecutions supported “*no other conclusion other than that which the criminals themselves have no doubt drawn: [that] their acts are supported, or at least countenanced, by the authorities in both entities.*” Reminding the addressees that, in accordance with the London Conference conclusions, the international community would not maintain its level of commitment of human and financial resources for reconstruction in the face of human rights abuses, the letter pointed out the “*absurd situation*” whereby the international community was being asked to contribute funding for housing reconstruction while the destruction of homes was continuing. The letter called for immediate steps to be taken to redress the abuses, including the arrest and prosecution of persons responsible, and the dismissal of police officers who failed to cooperate.

2. The UN IPTF report that early in the morning on 14 January two armed men evicted a 71 year elderly Bosniac woman from her flat in west Mostar. Ordering her to collect her belongings and get into their car, they warned her not to scream otherwise she would *"end up the same as Mrs. Bejtovic"*. The men then drove the woman to Bijelo Polje in Potoci, where they left her. [Mrs. Bejtovic, also 71 years of age, was found dead in an abandoned building in early January after being recently evicted. She is believed to have died of heart troubles during the expulsion. UN IPTF are continuing to investigate this case] This, and incidents like it, were condemned by Mr. Carl Bildt and Sir Martin Garrod at their press conference on 14 January.

Coalition For Return

The Coalition for Return, a movement formed on 30 October and composed of refugees and displaced persons (DPs) originating from both Entities, whose aims are to undertake measures to promote the safe and voluntary return of all refugees and DPs to their homes, visited Bijeljina and nearby Janja on 10-11 January. The schedule for the two-day trip included a meeting with 15 DPs from the area and with Mile Mirkovic (President of the Commission for the rights of refugees and DPs in the RS National Assembly), a lunch with Branko Todorovic from the Helsinki Committee, a meeting with the editors of an independent newspaper *"Panorama"*, and visits to a collective center and the home of a displaced family. The visits were considered to be a success both in allowing Coalition members to form contacts with DPs in the area and in getting people to discuss some of the difficult substantive questions relating to return. The DPs from Drvar invited the Coalition to visit their collective center this week.

War Crimes Tribunal

The International Criminal Tribunal for the Former Yugoslavia announced on 15 January that the Chief Prosecutor, Louise Arbour, would be visiting the region in the course of the week to hold face-to-face discussions on the legal and practical issues of cooperation between the office of the prosecutor and the relevant authorities. Justice Arbour, who began her trip on 16 January, will hold ministerial-level meetings in Croatia, Bosnia and Herzegovina and the Federal Republic of Yugoslavia (FRY).

Humanitarian Issues

1. The Head of the International Committee for the Red Cross (ICRC), Cornelio Sommaruga, arrived in Sarajevo on 12 January to begin a fact finding tour in which he will review BH's current needs in relief aid. Mr. Sommaruga's trip will also include visits to Banja Luka, Pale and Sokolac.
2. The International Federation of the Red Cross and Red Crescent Societies announced on 15 January that its branches in BH have started distributing 18,900 *"Winter Survival Kits"* to people most endangered by the cold. The kits were donated by the Italian Government and represent a total value of 411,000 DEM.

Legal Issues

The Federal House of Representatives Legislative Commission was established on 13 January. This important body has the task of analysing laws on privatisation, restitution, health care and other laws relevant to the economic future of the Federation and State of BH. The President of the newly appointed Commission is Sead Hodzic.

Economic Assistance

Following the Donor's Information Conference in Brussels the World Bank released a statement on 10 January outlining the main financing priorities for 1997. US\$ 1.4 million would be needed for use in five main areas:

1. Infrastructure: transport, energy, and telecommunications
2. Refugee Return and Community Support Programmes: integrated assistance programmes to cover housing, district heat and gas, water and sewage as well as landmine hazard reduction.
3. Social Sectors: repair of schools, hospitals and rehabilitation of primary care facilities.
4. Employment Creation through Private Sector and Financial Sector Reforms: political risk insurance schemes and investor guarantees; venture capital funds; technical assistance and concrete policy reforms, including privatisation of state enterprises; and, microcredit and public works programmes.
5. Support for Institution Building and Fiscal Reforms: assistance for common institutions, as well as budgetary and regulatory institutions.

The Government of Japan has extended a grant-in-aid (non-project aid) of 1,4000 million yen (18.9 million DEM) to contribute to the reform of the economic structure of BH and assist with the easing of its current economic difficulties. Japan also extended a grant-in-aid of up to 500 million yen (6.75 million DEM) with a view to increasing agricultural productivity and establishing self-sufficiency in staple foods. Notes to this effect were exchanged on 10 January between the two governments in Vienna.

A health clinic in Cazin, reconstructed with 143,000 DEM worth of finances provided by the European Community Humanitarian Office (ECHO), was reopened on 16 January. An announcement by ECHO said that the clinic would significantly improve living conditions for the people living in the area. The work formed part of a Belgian Red Cross project, which also foresees the further reconstruction of clinics in villages near Velika Kladusa.

Mine Issues

The UN Mine Action Centre (MAC) announced that it would be holding a programme for the evaluation and scientific testing of metal mine detecting equipment from 18 -31 January. The programme aims to provide the MAC with information on recommended equipment to the mine clearing companies in BH.

Media Issues

Radio Mir (Peace), the SFOR music/information station announced that it would be succeeding Radio IFOR and continuing to operate in Sarajevo. Radio Mir provides music, local and international news, SFOR Command information and weather broadcasts eighteen hours a day, seven days a week to the greater Sarajevo area. In addition, Radio Mir provides programming material to over fifty client affiliate stations throughout the Federation and the RS. Frequencies for Radio Mir: FM 106.2 & AM 1017

Looking Ahead

20 January

Informal meeting with various international organisations on Reconstruction and Return convened by HR, Carl Bildt, Geneva

20 January

Presidency Session, Sarajevo

21 January

Steering Board of the Peace Implementation Council, Brussels

21 January

Session of the Council of Ministers, Lukavica

22 January

OBN Meeting in Brussels of funders and potential funders

22-23 January

Plenary meeting on Succession Issues for the former Yugoslavia, Brussels.

See our *[Chronology](#)* for a full list of activities

The OHR Bulletin is produced by the Public Affairs Department of the Office of the High Representative in Sarajevo and aims to give an overview of what is happening on the ground in the civilian implementation of the Dayton Agreement. Suggestions and contributions are welcome and should be addressed to the Public Affairs Department of the Office of the High Representative in Sarajevo (387-71) 447 275 ext. 562, Fax (387-71) 447 420. Callers from outside BiH dial via Brussels switchboard: Tel. (32-2) 737 7500 & Fax (32-2) 737 7501