

# Speech by High Representative and EU Special Representative Valentin Inzko, To the American Chamber of Commerce



## Interesting Times Needn't Be Hard Times

Ladies and Gentlemen,

It's a pleasure to be with you today.

There is a Chinese malediction that goes: "May you live in interesting times."

All of us, I'm sure, are well aware that Bosnia and Herzegovina is currently experiencing "interesting times", but I think the inference of the malediction is unnecessarily pessimistic. It assumes that "interesting" equals "bad" – and I don't believe that has to be the case.

In regard to Bosnia and Herzegovina there are two reasons that interesting times may not necessarily be hard times, and both these reasons have a direct and important connection to business and investment.

The political turbulence we are now experiencing has been in full flow for two or three years. And, of course, it is

connected to the terrible experience of Bosnia and Herzegovina the early 1990s. I am not going to try to downplay the seriousness of the present situation, but what I *would* like to do this afternoon is to place it in perspective.

In recent days I have reminded the BiH political establishment that during this turbulence tens of thousands of jobs have been lost. Perhaps the most extraordinary thing about this is that it has required a foreign diplomat to make this observation – the connection between political uncertainty and unemployment does not appear to receive much political attention or, indeed, much media coverage.

But I have also pointed out in recent days that – despite the squabbles and the manifest inefficiencies of governments, parliaments and bureaucracy – real progress has been made in making the BiH economy more efficient and thus potentially better able to fulfil the needs of citizens.

True, we are suffering from the effects of the global recession, but the fact is that investing in Bosnia and Herzegovina and creating jobs here is infinitely easier than it was a decade ago. That's an important message and I want to get it out to investors, so that, even as BiH politicians appear to be going round in circles, we can press ahead with efforts to channel money into job creation in towns and villages throughout the country.

The bottom line is this: Bosnia and Herzegovina can succeed *despite* its politicians.

Of course, there are some things that can't be done without acts of parliament. In the last few weeks I have been drawing attention to two of these things.

- Bosnia and Herzegovina needs a modern, European-standard Law on Obligations. Such a law has been prepared – with the benefit, I should stress, of extensive consultations with BiH businesspeople. It simply needs to be enacted

by parliament.

- Bosnia and Herzegovina also needs a modern, European-standard banking supervision system, and preparations for such a system have also been made; all that we now need is a political green light.

These two initiatives will improve the BiH business environment – not in a vague and incremental way but in a tangible and rapid way. They will help to put money in millions of citizens' pockets, and they will help to put food on millions of kitchen tables.

So, I have proposed to the prime ministers: even if you cannot agree on the big philosophical issues, take the necessary steps to implement these two practical initiatives.

This is one of the reasons that interesting times needn't be hard times – even in the most unpromising political atmosphere it's still possible to take sensible steps that will improve people's lives – and I do not believe that Prime Minister Spiric, or Prime Minister Mujezinovic, or Prime Minister Dodik wants to be seen as the person who stood in the way of such sensible steps. When all is said and done, each of these men wants to be viewed as a leader who made people better off not worse off.

The second reason that living in interesting times may not necessarily be a bad thing has more to do with investors and businesspeople than politicians.

There are periods in the life of nations when opportunity and enterprise are brought together in unusually productive ways – and these periods aren't always when economies are booming. Mature economies, for example, can often be less welcoming to new ideas and creativity than economies that are in flux.

I believe that the present state of Bosnia and Herzegovina's economic development is one that can bring opportunity and enterprise together.

The evaporation of easy credit that has been one of the most visible and painful aspects of the global recession has placed a premium on creativity. Companies can no longer *borrow* their way out of difficulty. Instead, they have to *think* their way out. This may involve re-thinking products and re-thinking markets. Successful companies in Bosnia and Herzegovina, because of the limited size of the domestic market, must in due course begin to think regional.

And that's an exciting thought.

In terms of Southeast Europe, you go from thinking about a domestic market of around four million to thinking about a regional market of around 55 million.

Plugging BiH companies into that market represents a potentially lucrative and beneficial seam of inward investment.

It also represents a strategy for mitigating the problems created by dysfunctional politics. Stridently articulated political disagreements have certainly scared investors away from Bosnia and Herzegovina, but this negative impact on investment can be moderated if BiH companies present themselves in terms of their *regional* sales capacity, in terms of their *regional* networks and their *regional* knowledge.

There are many reasons why investing in Bosnia and Herzegovina is an attractive option for foreign companies and we must do everything to publicise these reasons. One part of the message, I believe, should be that investing in Bosnia and Herzegovina is a clever way of investing in Southeast Europe.

The strategic areas where this country can secure significant and rapid growth – Hydropower, Tourism, Forestry, Agriculture, the Information Highway, and Road Infrastructure – are well defined. Growth will be faster if we can get politicians to focus on the economy, but even if this focus is only partial there are things that can be done that depend on creativity

and organisation as much as political will.

For example, I recently called on the Ministry of Foreign Affairs, the Ministry for International Trade and Economic Relations, the Foreign Investment Promotion Agency and the municipalities to coordinate their efforts more efficiently so that every BiH embassy has up-to-date information about every investment opportunity in every municipality.

I want to stress that this doesn't require an act of parliament or anything as politically taxing as that – it simply requires a bit of organisation and a bit of initiative. Investment information has to be collected from the municipalities, put into an accessible package and distributed to the embassies.

I would like to conclude my remarks this afternoon by inviting all of you to join me in urging the ministries, FIPA, and the municipalities to get this information stream flowing – it is a key way of connecting communities throughout the country to the international investment that will create jobs on the ground.

The fact is that we do live in interesting times. We are experiencing a great deal of political grandstanding, some of it dangerous, much of it time wasting, almost all of it counterproductive. I have had to devote a considerable amount of time and energy to fostering a more positive and enlightened political climate. However, I don't believe that an appropriate response to difficult circumstances is to wring one's hands and complain about how bad things are. I believe the appropriate response is to roll up one's sleeves and look for the opportunities that are thrown up by these interesting times – and there are as many opportunities as there are problems.

Thank you