

# Press Conference Statement by Frane Maroevic, OHR's Director of Communication, on Elektroprijenos BiH



The Republika Srpska Government is today considering the situation with regard to Elektroprijenos BiH.

The OHR expects the RS Government, as one of the owners of this company, to finally get involved in finding a solution to the company's accumulated problems.

The imminent expiration of the mandate of Elektroprijenos's general manager, Dušan Mijatović, threatened to further worsen the situation in this company and posed a potential threat to the continuity of supplying the citizens of Bosnia and Herzegovina with electricity.

Therefore, on Friday, before the expiration of the mandate of the general manager, the High Representative issued a Decision to extend his mandate and thus ensure continuity of the work of this company.

The need for this Decision was even greater because the Governing Board of Elektroprijenos BiH had not met for over a year because RS members boycotted at least the last ten sessions.

Besides, in the past two years, the mandates of four members of the Governing Board of Elektroprijenos BiH had expired, while the mandates of three key executive directors and all the members of the Audit Board expired six months ago.

It is of particular concern that the fate of around 150 million KM, which should be in Elektroprijenos's accounts and which is stipulated for investment, is unknown at this time.

The Budget and Finance Committee of the Parliament of BiH requested in 2008 an audit of Elektroprijenos BiH. But, the general manager of Elektroprijenos, Mr Mijatović, did not allow the auditors to do this work.

Furthermore, no independent financial audit of Elektroprijenos BiH for 2008 was done, despite the legal obligation to do so. Why?

We believe that the public should be given answers to the following questions:

What is the reason behind the General Manager's refusal to allow auditors to check the Elektroprijenos accounts and business operations?

How much money is in the Elektroprijenos account?

Has any money been spent illegally?

Has any money been illegally transferred out of the account?

The International Community has invested hundreds of millions of Euros in the reconstruction and modernization of the energy infrastructure in BiH.

No one can understand why this successful company is being dismantled.

Elektroprijenos BiH is a success story – it earned a profit of 13.5 million KM in 2007 and 21 million KM in 2008.

Republika Srpska received 3.4 million KM in 2007 and 2.1 million KM in 2008 through profit tax, since the company's HQ is located in Banja Luka (FBiH received nothing on this account);

100 new jobs were created in Banja Luka;

In 2006 and 2007, Elektroprijenos invested more money in the transmission network infrastructure in the RS (52.4%) than in the Federation (47.6%).

Since 2008, the RS authorities have obstructed and dismantled this company.

By its Conclusions of 11 September 2008, the RS Government attempted a unilateral withdrawal of the RS from Elektroprijenos BiH, which provoked a reaction by the PIC Steering Board Ambassadors.

The situation at Elektroprijenos has continued to deteriorate in a serious manner since that time as a result of the actions and obstructions of the RS authorities and their representatives, and the Peace Implementation Council has warned about this on several occasions.

### **The essence of the Decisions of the High Representative and Brčko Supervisor**

The HR simply extended the current mandate of the General Manager (from the RS). If *he* decides not to do his job, there must be a mechanism to ensure the functioning of the company. It is entirely up to Mr. Mijatović.

On the other hand, the Brčko District Supervisor clarified that if Elektroprijenos does come apart at some point in the future, then its assets in the Brčko District belong to the Brčko District. This is clearly stated in the Brčko Final Award of 1999.

There is no change of ownership of Elektroprijenos BiH, which

remains as it was: 41% (RS): 59% (FBiH).

The legal basis for the creation and operation of Elektroprijenos BiH is unquestionable.

It was established by the 2003 Agreement between the two Prime Ministers of both Entities, Ahmet Hadžipašić and Dragan Mikerević, on the basis of Article III. 5 (b) of the BiH Constitution.

On these bases, the BiH Parliament adopted necessary laws.

In addition, the establishment of Elektroprijenos BiH as a single state-level company was a requirement for negotiating the SAA with the EU, and it is a requirement under the European Partnership.