

# An Uncompetitive System That Must Be Changed



Things cannot continue in Bosnia and Herzegovina as they have done for the last two years, Principal Deputy High Representative Raffi Gregorian told a conference in Sarajevo today.

PDHR Gregorian was speaking at the presentation of this year's Global Competitiveness Report, which he described as "a wake-up call" for which "politicians cannot afford to hit the 'snooze button' any more."

In 2008, as in 2007, Bosnia and Herzegovina slipped down the rankings of world economies in terms of competitiveness and ease of doing business.

"I don't believe this will have come as a surprise to anyone," Gregorian said. "For two years the business of the people – job creation, improvements in social services and basic infrastructure, and progress on Euro-Atlantic integration that can offer guarantees of stability, security and prosperity – has been put on hold while media attention and political energy have been sucked into a protracted inter-party impasse that may have more to do with dividing wealth rather than in creating it, and personalities more than principles."

In the region, Bosnia and Herzegovina now stands bottom in the overall rankings, together with Albania, but with one important difference; Albania's prospects are looking up. This year's Report cites government and political instability and an inefficient bureaucracy as the main causes of the country's poor performance.

Gregorian said the Prud Agreement, reached by three party leaders in November, "could unblock the reform process and remedy some of the glaring problems that have been highlighted in the Report." He stressed that there is little disagreement over what the authorities have to do in order to make the country more competitive.

Among other things, Gregorian noted that the three prime ministers had agreed at the end of 2007 to support the enactment of a BiH Law on Obligations and the setting up of a modern and efficient banking supervision system, both of which are EU accession requirements. "This would, in an eminently practical and appropriate way, address several of the glaring deficiencies in the BiH business environment that have been revealed in the Report," he said, and he called for progress on these two issues in the New Year.

"Politicians may not be able to agree on what sort of country Bosnia and Herzegovina should be – but the very least they should do is agree on policies that will make the country more prosperous," said Gregorian.