<u>High Representative to Extend Mandate of ITA Governing Board</u> Chairman

The High Representative and EU Special Representative, Christian Schwarz-Schilling, has written to Prime Minister Adnan Terzic to inform him that he will extend Mr. Peter Nicholl's mandate as Chairman of the Indirect Taxation Authority Governing Board until 31 May 2007.

In his letter to the Prime Minister, the High Representative/EU Special Representative explained that he is taking this action because the absence of a political agreement on the formation of governments in Bosnia and Herzegovina has prevented the transition of the selection process for the Governing Board Chairman to local ownership.

If, however, the Council of Ministers can agree on the appointment of a replacement for Mr. Nicholl in the first quarter of 2007, Mr. Nicholl's mandate will be automatically terminated on 31 March 2007.

The High Representative/EU Special Representative appointed Mr. Nicholl as Chair of the ITA Governing Board on 5 July 2006 with a mandate to serve until 31 December 2006.

The High Representative will also shorten the period of the initial chairman with the effect that as of 1 June 2007 responsibility for appointing the Chair will rest with the ITA Governing Board members in accordance with procedures within the Law on Indirect Taxation Law System in BiH.

The High Representative/EU Special Representative has chosen to extend Mr. Nicholl's mandate to ensure uninterrupted stewardship of the Indirect Taxation Authority, and to help overcome the current deadlock with respect to revenue allocation.

The full decision