

# OHR's Statement at the International Agency's Joint Press Conference

The Principal Deputy High Representative, Donald Hays, will speak at a Stability Pact conference in Brussels tomorrow

Ambassador Hays will note the positive institutional developments that have taken place in BiH during 2004, including setting up SIPA and the ITA, reaching agreement on resolving the domestic debts issue (which has until now scared away the investors who are needed in order to create jobs), and the establishment earlier this year of a new BiH bank giro-clearing system, a major step forward in consolidating the already vibrant banking sector.

The trade figures are also improving. For 16 of the 23 months from October 2002 to August 2004, export growth exceeded import growth, on a year-on-year basis. In the 12 months from September 2003 to August 2004, the value of BiH exports was 14.8 percent higher than the previous 12 months, while the value of imports only increased by 6 percent during the same period.

Nevertheless, there is still a major trade imbalance. At the current rate of export and import growth, exports would only cover half of the import bill by 2039.

Ambassador Hays will point out that "in the short term, as Free Trade Agreements come into effect, relative weaknesses in key sectors of the BiH economy – agriculture is the obvious one – have been exposed, with significant negative economic impact."

The Stability Pact must therefore intensify its engagement in regional crime fighting, regional customs coordination,

regional infrastructure building, and regional energy markets so that tangible improvements in citizens lives can be secured sooner rather than later and so that people associate the Stability Pact with long term gain as well as – in some cases – short-term pain.

Ambassador Hays will also call on the Stability Pact to articulate a vision of Southeast Europe ten years from now. In other parts of the world this has worked as an engine for reform and development. “In Southeast Asia politicians have constantly found that they had to “keep up” with a popular aspiration fanned by upbeat publicity. It’s not a case of appearance and reality being disconnected, but a case of reality working hard to catch up with appearance.”

The full text of the speech will be posted on OHR’s website tomorrow.

### **Electricity Sector Reform Taking BiH into Europe**

On Sunday the BiH economy will receive a huge boost when the electricity system is resynchronized, after being divided for more than a decade. This will make it easier for the Elektroprivreda’s to sell electricity to one another and to customers elsewhere in Europe. It will also integrate the whole of BiH in the continental power system and will fulfill a major requirement in the EU integration process. There will be a press event at the Joint Electricity Coordination Centre (ZEKC) in Sarajevo on Sunday, and we will be giving out more details on that in the course of the week.

Reform of the electricity sector currently being implemented in BiH follows the EU Electricity Directive and aims to ensure that the requirements for establishing the regional market are met. It is therefore crucial for BiH’s EU integration prospects that successful and timely implementation of all aspects of this reform is achieved.

The Entity Governments agreed a year ago to implement recommendations on restructuring the electricity sector on economic and technical criteria. This includes a series of mergers of electricity plants belonging to the three EPs so that they can improve services and prices for BiH consumers. Representatives of the three EPs have been consulted throughout the planning process.

The Principal Deputy High Representative, Donald Hays, has been involved in lobbying the relevant government ministers to implement the restructuring plan, as they have committed to doing, sooner rather than later so that BiH citizens can get the benefits sooner rather than later and so that BiH can fulfill a basic requirement of the European integration process.