OHR’s Statement at the International Agency’s Joint Press Conference

European Standards in Posavina and Herzegovina-Neretva Cantons Education System

Following the recent adoption by the Posavina and Herzegovina-Neretva Cantonal Assemblies of legislation on primary and secondary education that is adequately harmonized with the Framework Law on Primary and Secondary Education of Bosnia and Herzegovina the High Representative has informed the Prime Ministers and the Finance Ministers of these two Cantons that the HDZ in Canton Two and Seven are no longer under threat of financial sanctions.

The suspension of the disbursements of budgetary funds for political party funding to the HDZ in the Cantonal Assemblies of the Posavina and Herzegovina-Neretva Canton Assemblies, pursuant to High Representative’s Directive of 28 May 2004, has now been revoked.

This Directive of 28 May 2004 will remain in effect, for the other bodies mentioned in Article 1 of the Directive.

“I welcome the fact that the HDZ in Cantons Two and Seven, have brought their legislation into line with the state-level legislation. I have therefore terminated the funding freeze I imposed on them”, said the High Representative. “I now hope the remaining cantons that are still refusing to bring Cantonal Law into line with State Law will soon follow their example”, concluded the High Representative.

PDHR speech on European Enlargement

The Principal Deputy High Representative, Donald Hays, is speaking this morning at a conference in Sarajevo organized by the IEDC – Bled School of Management. The topic of the conference is the impact of the enlarged Europe on BiH and Slovenia . In his speech, Ambassador Hays makes the point that misperceptions about the BiH economy continue to hamper efforts to attract international and domestic investment. Misperceptions also reduce confidence among policymakers and BiH citizens.

Ambassador Hays highlights the fact that BiH has one of he most competitive banking sectors in the Balkans, one of the most stable currencies, one of the most rigorous public accounting systems.

“The improved standard of public accounting is one reason that the recent audit of the BiH Presidency caused such a stir.” Ambassador Hays notes. “The auditors – civil servants given a clear brief and charged with scrutinizing the Presidency accounts according to exact criteria – could do a proper accounting and they did their job appropriately. The consequences of properly supervised public accounting are, of course, often awkward from the standpoint of politicians.”

Ambassador Hays also highlights the recent agreement reached by the BiH authorities and the IMF to settle the claims which citizens have against the government, including claims for war damage and unpaid salaries and pensions. And he draws attention to the recently enacted Entity legislation to facilitate the privatisation of moribund companies, with adequate incoming capital, so as to allow such companies to be re-launched as competitive firms that can guarantee a decent livelihood for their employees.

In addition, Ambassador Hays alludes to the preparations now underway to introduce VAT at the end of 2005, which, combined with the newly established Indirect Tax Authority, means that BiH finally has a single tax office to manage this critical

element of the economy.

All of this, Ambassador Hays points out, ought to generate investor interest in BiH. Investors for their part should divest themselves of any residual prejudices about this country, which is an utterly different and much improved investment prospect from even a few years ago.

I have brought along copies of the speech for you, which you can collect from me later.

PDHR on Economic Development and Sustainable Return

Tomorrow, PDHR Hays will be speaking at a conference in Fojnica organised by the Stability Pact, the Citizens' Pact for Southeast Europe and the Dutch NGO IKV. The topic will be the relationship between economic development and sustainable return, and Ambassador Hays will discuss the fact that nationalist extremism and market economics simply don't mix.