Interview: Principal Deputy High Representative, Donald Hays: “There are too many Governments in this state”

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Although local estimates of the depth of BiH’s economic decline are represented in small figures, Donald Hays, Principle Deputy High Representative, announced after the most recent meeting he had with the representatives of the American Chamber of Commerce that the internal debt of BiH amounts to KM 20 billion. During an interview with “Novi Reporter”, he explains how the OHR reached this extremely worrying information: “The total sum was calculated in close collaboration with the authorities of Republika Srpska, the Federation of Bosnia and Herzegovina and Brcko District. The mentioned number also includes our assessment of debts of Cantons, as well as unpaid vouchers for privatisation. It is necessary that this state find a strategy to overcome this problem, of which I spoke from a negative aspect. We maintain contacts with the Entity Finance Ministers, in order to make them work out necessary laws, establish a market for the beneficiaries and all mechanisms that will resolve the problem of internal debt in a period of 20 to 30 years. If the authorities adopt laws and act according to plan, the entire debt can be managed and won’t hinder BiH’s development.”

Novi Reporter: Does the European Union need a state with such a large internal debt?

Donald Hays: Many in Europe pose the question whether they need further expansion, whether they can allow it, whether it

would maybe create even bigger difficulties for the EU member states. I would ask them whether they can afford to have an area within Europe which does not act according to the joint set of rules. You have Greece and Austria within the EU, soon there will be Hungary and Romania, and all these states are surrounding BiH. If BiH remains a zone that fails to meet the criteria applied in all other zones that could jeopardize the EU in many ways – starting with the threat to the rule of law, via the black and grey market, and in many other ways.

Novi Reporter: Is OHR following up on the parliamentary investigation in Serbia into the business dealings of the firm for trade in electricity "EFT" and its co-owners Vuk Hamovic and Vojin Lazarevic? Could eventual illegal activities in the work of this tandem be treated as regional phenomenon, bearing in mind there were many debates into the role of EFT in the BiH power sector?

Donald Hays: First, "EFT" is a well-known trading company, which has been engaged in business in the larger region, from the Baltic to Greece. During our first talks, the European Commission did not have anything against "EFT". The issue we have always raised regarding the trade in electricity is whether the procedure was run in an appropriate manner. We have asked the BiH authorities to investigate all details of the procedure, starting with tender and further on. If there were irregularities, the courts and prosecutors would have much work to do. Speaking of OHR's approach, we are not engaged in any investigation on this issue to my knowledge.

Novi Reporter: Are you following up on the process in Belgrade?

Donald Hays: The issue I have been following up is consolidation of the power sector and improvement of the administration of public companies. If a report by one of the relevant RS or Federation institutions shows up – regardless

of whether that institution is parliament, the prosecutor's office or the audit office of Mr. Bosko Ceko – I would be glad to deal with it. However, as you know, "EFT" has won the contract in open tender for the purchase of electricity surplus from BiH and they were the best bidders.

Novi Reporter: The opposition in Republika Srpska is complaining that the International Community in BiH has recommended it give up on street protests. The Republika Srpska authorities are self-praising that the International Community shares their view that early elections in BiH are unnecessary and too expensive. Are these two arguments true concerning the OHR?

Donald Hays: We have never objected to peaceful protest in either public or private surroundings. We support peaceful implementation of all civil rights. The elections – in the final analysis – are to be paid for by the people of this state. If they think they are so much frustrated and dissatisfied with the current authorities and if they are willing to finance the holding of elections, then it is their call. Still, they should not expect the International Community to make that call for them, because those times have passed.

Novi Reporter: Do you share our impression that the OHR has strained its relations with the three ruling nationalist parties in BiH? Are claims of some Sarajevo media true that the Office of the High Representative is attempting to establish a new version of the Alliance for Change?

Donald Hays: The High Representative has stated publicly several times that the role of his Office is not to create political alliances and interfere in domestic politics. This is the correct definition. Of course, we do lobby parliaments to have specific laws adopted. We must constantly work together with the opposition, in order to ensure their support

for some key laws. We would like to see the opposition exists here and take a critical view of negative occurrences and try to react positively. However, I firmly claim that we are not forming an alliance.

Novi Reporter: In this context, what is the point of a joint visit by Paddy Ashdown and Haris Silajdzic to the Kuwait Conference on peace and Tolerance?

Donald Hays: Paddy Ashdown went to Kuwait with Mr. Silajdzic in an attempt to raise funds for this state. From what he told me after the visit, the Kuwait Government is interested in providing assistance to some crucial projects in BiH, as well as in the privatisation process in this state – of course, on condition that the current authorities of BiH are interested in this.

Novi Reporter: The HDZ is insisting on the abolition of the Federation of Bosnia and Herzegovina. Is such a proposal acceptable to the OHR?

Donald Hays: Judging by reports in the press, the SDA and the HDZ have reached an agreement in regard to current solutions to their problems.

The issue has been raised that this state has too many governments, which cost a lot. However, before you abolish or reconstruct something, you must know how that structure looks. The European Commission is now working on such a review in collaboration with the World Bank. When we have results of that research, then the chief executives and citizens of this state will see how the solution may look like.

Novi Reporter: Who needed those games regarding the appointment of the BiH Defence Minister, since Nikola Radovanovic – bearing in mind his biography – could have been the first instead of the third candidate?

Donald Hays: I think that problems on this issue have resulted from the division of authority within the Government, but also within the SDS. Speaking of proposed candidates, I agree with the words by the High Representative – if you want to enter an exclusive club, you do not point at the third or fourth candidate, but persist on the first one. The person who has been appointed will most certainly be respected, as by NATO, so by other sides. Regardless of how long that process lasted, I am glad we chose the right person.

Novi Reporter: Why is OHR supporting the elimination of Generals from the Entity armies from the future top of the Armed forces of BiH, if it is having quite good co-operation with some politicians from the wartime period, such as Dragan Kalinic?

Donald Hays: The BiH authorities have initiated the military reconstruction. We think it is good we have fresh ideas and new people. As for relations with other authority levels, we cooperate with the elected politicians, in order to – if necessary – advise them how to create a better future, how to consolidate the fabric of society and how to move on. Within that mandate, there is a restricted possibility to re-shape political life.

Novi Reporter: Could violence against Serbs in Kosovo and the expansion of terrorist activities of Al Q'aeda to Europe have a negative impact upon the security situation in BiH?

Donald Hays: The reputation of BiH and its future during the process of admission into the EU and Partnership for Peace will mainly depend on its political capacity to process and bring to justice war crime suspects, as well as on the maturity to make sure that BiH acts as a single state during the political process. There is no doubt that inflammatory and tense situations in the neighbouring states represent a jeopardy to the safety of BiH, but I think that we have this

time seen a reaction different than it would have been two years ago. The Republika Srpska leadership promptly acted and expressed its position against the violence, while President Tihic immediately went to Bugojno, and a serious investigation into what happened there is ongoing. From the wider point of view – whether this state is capable of fighting against terrorism, war criminals and tensions – my response is that it is a progressive situation. BiH is less fragile than it was two years ago. I am convinced it will be even less fragile in two years time than it is now. The fact that you will have police, army and an intelligence agency at the State level will make the situation more stable. Also of equal importance are relations among the citizens, as well as among local authority officials, who have been improving their co-operation. Remember – 75 percent of Mostar citizens wanted to have one city. This indicates that things have changed.