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

ITA Law

The High Representative, Paddy Ashdown, calls on the parliamentary harmonisation commission, considering amendments today, to take sensible administrative steps to ensure that a harmonised Law on Indirect Taxation System in BiH is enacted without amendments that would undermine the law’s ultimate effectiveness.

The object of this law is to make the customs and tax system more efficient so that revenue is collected fairly and goes to the right places. It is designed to create a tax and customs service that boosts the economy so as to create jobs and improve living standards. The Communiqué issued by the Peace Implementation Council Steering Board in Brussels last week expressed concern that the Indirect Tax reforms are now considerably behind schedule – pointing up the fact that the harmonisation process must not be delayed.

Amendments that have been proposed, include increasing the number of ITA regional offices from four to five (adding Brcko), including the 10 cantons in the revenue sharing agreement in addition to the State and Entities and Brcko, and removing exemptions from part of Civil Service Law for ITA employees (exemptions which makes it easier to restructure the customs and tax administration personnel arrangements.)

These amendments would only expand the bureaucracy and make it harder to do business in BiH. They would significantly reduce the efficiency of the ITA itself, increasing overheads to unsustainable levels and increasing the paperwork for

businesses and staff in the tax and customs administration.

The High Representative and the European Commission support calls for these amendments to be removed from the harmonised version.

PDHR in Tuzla

Principal Deputy High Representative Donald Hays will be in Tuzla today to join Prime Minister Terzic, CoE Special Representative Sonja Moser-Starrach and Tuzla Mayor Jasmin Imamovic, among others, at a conference of mayors. The object of the Tuzla meeting is to draw up practical, effective ways of making BiH work better. Mayors are key players in this process since municipalities operate at the very point where government meets citizens.

Citizens express dissatisfaction with the unpredictability of municipal administration. For example, there is often no way of knowing how long it will take to get a permit or a licence or a document that entitles you to this or that service. Services available in one municipality are not available in another. Procedures are time-consuming – since municipalities often have to obtain approval or funds from the Canton or Entity authorities before they can proceed with a particular course of action.

Today's conference will examine ways in which communication among the various levels of government can be improved and it will look at ways in which municipalities on either side of the IEBL can exploit natural synergies and economies of scale in infrastructure and communications projects.

Ambassador Hays will draw attention to the fact that municipalities are overstaffed and expensive. In 2000, 48 percent of total canton spending, and 35 percent of total municipal spending in the Federation; and 45 percent of total municipal spending in the RS was taken up with salaries for bureaucrats. Among other things, Ambassador Hays will call on

municipalities to restrict recruitment and identify services that can be contracted out and given to the private sector, so as to raise efficiency and lower costs.