

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

Brussels PIC

Economic experts from the PIC countries, the international financial institutions and aid agencies, including the World Bank, the IMF, UNHCR and OSCE, and the BiH authorities will meet in Brussels on Wednesday under the chairmanship of the High Representative to discuss the status of economic reform in BiH and reach consensus on the steps that must now be taken in order to create jobs and raise living standards over the next two years.

On Thursday the Political Directors of the Peace Implementation Steering Board, meeting under the chairmanship of the High Representative, will be briefed on the conclusions of Wednesday's meeting before reviewing the progress that has been made in Defence, Intelligence, and Indirect Tax reform and discussing the current effort to resolve the status of Mostar.

At Thursday's meeting, Chairman of the Council of Ministers Adnan Terzic will report on progress made by the BiH authorities in launching a wholesale reform of Public Administration, with the aim of reducing bureaucracy, increasing services to citizens and ending the waste of hundreds of millions of KM every year. There will also be presentations on Defence reform and the authorities plans for prompt implementation of reforms required before Stabilisation and Association negotiations with the EU can begin and before BiH can become a member of Partnership for Peace.

Media opportunities at the Brussels PIC are laid out in a

Media Advisory that I have brought with me. We'll issue electronic versions in both languages this afternoon.

London Investment Conference

This morning the High Representative addressed a major investment conference organized in London by the UK Embassy in Sarajevo and FIPA. The High Representative called on international investors to learn from the success of foreign banks in Bosnia and Herzegovina and enter the market as the difficult reforms of the last few years begin to open up real investment opportunities. Comparing BiH to Poland and Hungary in the early 1990s, the High Representative noted that "macroeconomic stability has been achieved; monetary and fiscal discipline are in place; and the macroeconomic reforms to clear away the debris of the formerly socialist economy and open up the country to international markets and investment are well underway."

The High Representative pointed out that the proliferation of banking services in the last two years has brought tangible benefits to citizens – cheaper loans being the most obvious.

He drew attention to the medium-term reform programme to expand the private sector and initiate a new round of tax cuts aimed at stimulating investment, agreed by the prime ministers and finance ministers on 2 December, and he briefed potential investors on the Bulldozer Commission's successful efforts to eliminate pointless and job-destroying bureaucracy.

He also laid out the economic program – including the implementation of indirect tax reforms, the creation of a single business registration system, the formation of a coherent and comprehensive trade policy, the setting up of EC certification procedures to boost exports, and improvements to statistics gathering and government budget structures – that must be implemented in the next six months if BiH is to begin negotiations for a Stability and Association Agreement with

the EU. "These are achievable goals," the High Representative said, "and every one of them will make BiH a more attractive place to invest."

LSE Speech

This morning's speech follows an address given last night by the High Representative at Goodenough College, London, where he argued that the "Seven Pillars of Peacemaking" developed in BiH over the last eight years can be applied successfully elsewhere in the world. The text of that speech will be posted on the OHR website.

Progress made on SIPA & ITA yesterday

Yesterday the BiH Council of Ministers took significant steps in two crucial reform areas; in appointing the ITA Director and finding premises for the Security and Information Protection Agency – both key feasibility study requirements, areas in which the European Commission has demanded significant progress be made before the end of June next year.

It is positive that the decisions relating to the ITA and SIPA have so far have been taken by the BiH institutions themselves, without the direct intervention of the IC – this is undoubtedly the way ahead for BiH's reform process.

The Council of Minister's decision yesterday adopts the findings of the interagency group charged with recommending locations for the SIPA HQ. Importantly, it was taken in time to ensure that the funds allocated by BiH to setting up SIPA in 2003 will not be lost.

Unfortunately, both decisions were needlessly delayed by party politicking; something that needs to end if BiH is to achieve closer association with Europe.

Now that SIPA has temporary facilities, we expect rapid establishment of the headquarters units and the field offices

in Sarajevo, Mostar, and Banja Luka. The Council of Ministers must now obtain the services of an architect to evaluate all three facilities which have been offered, and must then take a decision on a permanent facility by 1 April.

In the interim, the CoM Rule of Law Task Force will need to move forward with it's review of the National Action Plan against Organized Crime – the package of laws which will make this organisation fully operational. This review should be completed during the next few weeks, sent to the CoM and, soon after, placed into Parliamentary procedure. There is a lot to do, and not much time to do it.