Article by the Principal Deputy High Representative, Donald Hays:”Summer Offensive on Unemployment”

The governments of BiH are engaged in a “Summer Offensive on Unemployment”. They have made a public commitment to the successful passage of a number of critical pieces of legislation and the implementation of related initiatives, all in order to promote real and substantial economic benefits for the citizens of Bosnia and Herzegovina in the coming months.

This is a program that the citizens of this country need; it is an offensive that the governments can and must win; and it is an offensive that has our wholehearted support.

The focus is on cleaning up the business environment, boosting exports, and accelerating real privatisation of State-owned companies.

Business Environment

The Federation Parliament will be asked to enact a Civil Procedure Code setting in place the kinds of commercial legislation and dispute-solving mechanisms that will give confidence to businesspeople and investors.

The Entity Parliaments will be asked to enact basic contract laws.

The BiH Parliament will be presented with a Law on Accounting and Auditing that will modernise this core function of business life.

Boosting Exports

The CoM and Entity governments will develop, together, an export action plan that will redress BiH's unsustainable balance-of-payments deficit – this country imports three times as much as it exports. When people spend three times more than they earn they go bankrupt. It takes longer in the case of countries, but the results are the same. That is what we face in this country unless we can correct our trade deficit. We *can* do this. There are hundreds of companies in BiH that *could* export on a competitive basis but they are currently prevented from doing so because basic government services such as product certification haven't been properly organised. This needs to change and fast.

Work is being done to improve needed certification and to reach agreement with trading partners – one example is the steps being taking to facilitate the use of CE markings by BiH manufacturers so that their products can be sold within the EU.

Privatisation

The Entity governments have said they are taking steps now to breathe new life into the privatisation programme. They have both identified companies that could be privatised before the end of this year, and are publicly committed to making this happen.

However the process needs to be fair, efficient and transparent. We cannot afford any more inside deals. Furthermore, the government needs to ensure that the public has confidence in the process. This process has been all too often associated with job losses and complicated financial manoeuvres that benefit only a privileged few. Politicians have manipulated the public into believing that somehow, foreign investment is a thief in the night, ready to steal the national treasure.

Yet the truth is that privatisation in transition countries is

an indispensable tool with which to generate competitiveness, investment and job growth. That has been the experience of the Central European countries. BiH must accelerate the use of this tool. It must do so with renewed vigour and it must do so NOW.

In the long run privatisation means more jobs not fewer; it means wealth creation for the majority not vast and undeserved profits for a small dishonest minority. It is a process that can draw more and more international capital to BiH – not, as some would have you believe, to swallow up this country's industrial and commercial assets, but to improve those assets by investing in new machinery, needed training for your workforce, and product development and marketing.

In Mostar recently at a meeting I attended with businesspeople and politicians, one of the points they made again and again was that privatisation has to be explained better, and that politicians must really address the problems that have held up the process until now.

There were practical suggestions – the privatisation agencies should be given more people and more resources; they should be properly equipped to make contact with investors globally not just in the Balkans and persuade them to put their investment in BiH. The governments and the International Community should work together to seek solutions for these companies' debts – often the main disincentive for investors to purchase BiH companies.

In the coming months these and other issues will be tackled by the governments, in partnership with the International Community. Many readers may be sceptical, and I can certainly understand that. Yet I believe we may have turned a corner. Instead of vague promises, your authorities are committed to a realistic programme that can be implemented in months rather than years. I urge the press and the citizens of this country to follow this process closely. Your future depends on its

success.