

Transcript of the International Agency's Joint Press Conference at CPIC

Subject: **JOINT PRESS CONFERENCE - 11 February 2003**

1. The following attended the regular Press Conference held at the CPIC at 11:30 hours on Tuesday 11 February 2003:

Agency	Spokesperson	Topic
a. OHR	Oleg Milisic	<ul style="list-style-type: none">• Customs and VAT reform• Serbia-RS tax agreement
b. OSCE	Urdur Gunnarsdottir	<ul style="list-style-type: none">• Property Legislation statistics
c. EUPM	Jon Oskar Solnes	<ul style="list-style-type: none">• Successful Operation Stolen Cars
d. UNHCR	Majda Prljaca	<ul style="list-style-type: none">• No statement
e. SFOR	Lieutenant Commander Yves Vanier	<ul style="list-style-type: none">• No statement

2. Twenty-one members of the media including three television crews attended the conference.

3. The transcript of the questions and answers is attached.

Oleg Milisic - OHR

First of all, on behalf of all the organizations on the podium today, I would like to say "Happy Bajram".

The High Representative will this week be setting up a Commission of experts comprised of representatives from the Entities and the State under the leadership of a senior representative of the International Community. He will also establish by legal decision the principles and remit of this Commission, which will be to propose the laws and regulatory framework to establish a single customs administration for Bosnia and Herzegovina and state-level VAT.

This is the fruition of a two-month process during which the arguments have been thoroughly explored and all have agreed to the need for reforms based on European standards. As the European Union foreign ministers have made clear, the most important European standard is that Bosnia and Herzegovina establish a single customs administration and state-level VAT like all other European Union countries. Chris Patten reiterated this in his letter to the leaders of the State and entities of 21 January. It is now clear that we now need to move ahead as soon as possible.

Let me emphasize these reforms are not about denying revenue to the Entities. In fact, by reducing fraud, these reforms could end up meaning more money for the Entities.

Nor are these reforms about undermining the autonomy of the Entities. The Entities will still be responsible for schools, hospitals and all the other competencies they have today.

These reforms are not about centralizing Bosnia and Herzegovina, they are about making tax and customs collection more professional.

What these reforms will ensure is that the hundreds of millions of KM in customs and tax revenue that is lost in fraud every year goes to citizens instead of criminals.

Furthermore these reforms will bring Bosnia and Herzegovina one step closer to eventual membership of the European Union - all the countries wanting to join the European Union are required to have a single customs administration and country-wide VAT.

Finally these reforms are about making sure Bosnia and Herzegovina has the sort of open and integrated economy that will attract the investment and jobs that this country so desperately needs.

Which brings me to points made by Foreign Minister Ivanic reported yesterday by ONASA. He suggests that the collection of VAT funds into a single account imply constitutional and legal change.

This is not true: It will require an administrative change, as provided for in Dayton and the constitution, which provides for the Entities to make whatever changes they see fit in order to rationalize finances and increase efficiency.

Bosnia and Herzegovina's Foreign Minister says that VAT can be collected by the Entities and VAT then belonging to the other entity can be transferred based on information provided by VAT paying businesses.

But such a system would not function due to the complexities of VAT. The IC has looked at the experience of other countries, such as Belgium, who have similarly devolved administrative systems based on highly independent entities. The Belgian Ministry of Finance has clearly stated that the separate collection points system would not work. That is why Belgium has one VAT and allocates revenue according to an agreed and transparent formula.

Finally, Minister Ivanic argues that one of the problems of a single account is that the RS would pay Bosnia and Herzegovina Federation debts that are much bigger than those of the RS.

However, VAT revenue allocation will be based on a sound and agreed formula based on a range of factors. Factors that will not be taken into account are external debt levels of the Entities and the number of bureaucrats employed by the entities. Furthermore, loans from the International Financial Institutions, which pass through to the Entities, can be clearly identified and settlement of such debt will only be made from Entities' own revenues.

For your information, PDHR Don Hays this week wrote an article answering the misunderstandings about VAT and customs that appeared in 'Euro Blic' today. You will find copies of his article and a translation on the tables outside.

We welcome the determination of the RS and Serbia to cooperate in the fight against crime and in particular to assist the state in cracking down on money laundering.

However, the agreement signed by the two tax administrations signed last week cannot come into force until it has received the consent of the Bosnia and Herzegovina State Parliamentary Assembly, according to the Constitution.

We would also now like to see this co-operation extended right across Bosnia and Herzegovina, with the necessary agreements signed with the Federation of Bosnia and Herzegovina.

Urdur Gunnarsdottir - OSCE

According to the Property Legislation statistics released today by the PLIP agencies (OHR, UNHCR, OSCE, CRPC and UNMIBH), property law implementation reached 69 percent as of the end of 2002. This represents a countrywide increase of 28% for the year 2002, compared with 20% in 2001. It is an encouraging development, yet there is still need for improvement, and the local authorities should be working to ensure this. In Brcko District 74 percent of claims were resolved; the Federation of Bosnia and Herzegovina recorded 74 percent of property claims resolved, while the RS noted 62 percent of claims resolved as of the end of December 2002. In total, 168,976 out of 245,973 property claims filed with the municipal housing offices and OMIs have been resolved. The PLIP agencies would like to note sharp decreases and increases registered in some municipalities. This was a result of revision of files, exclusion of destroyed properties and harmonization of statistics collecting methods, which are taking place country-wide. Repossession of property is an essential precondition to return, and the progress achieved so far by the Bosnian authorities in this field is encouraging but not yet complete. While some municipalities have resolved all their property cases or are close to completion (that makes well over 30 municipalities), others, including larger towns and cities, are lagging behind. Sarajevo, Banja Luka, Bijeljina, Visegrad, Zvornik and Donji Vakuf, to name a few, must make greater efforts, as outlined in the New Strategic Direction, which was endorsed by the Peace Implementation Council on 30 January, to resolve all property claims by the end of 2003.

Jon Oskar Solnes - EUPM

From the third of February to the eighth, that is from Monday to Saturday last week, an unparalleled operation

checking for stolen cars, took place all over Bosnia and Herzegovina. Never in the history of the Bosnia and Herzegovina has such a widespread and coordinated operation been launched and the EUPM is very pleased with the achievement.

As is one of the main aims of the European Union Police Mission, the Bosnia and Herzegovina police worked together in a coordinated and professional manner showing how effective it can be, when executing tasks in a concerted effort. This also shows, how the intrinsic potential of law enforcement can be raised to a new level in Bosnia and Herzegovina, simply through the cooperation and intelligence sharing through entities and at a PSC, Cantonal and Brcko level.

Here are the latest figures and facts on the operation.

2137 Bosnia and Herzegovina police officers took part in Operation Stolen Cars, they were monitored by 195 EUPM police officers. In total 612 checkpoints were formed. This enabled the checking of almost 9000 vehicles, by all standards an extremely impressive number.

For the first time in such an operation in Bosnia and Herzegovina, hundreds of requests were sent directly to Interpol, the Interpol database was in fact accessed to verify almost 800 vehicles. Seven were immediately identified as stolen.

Around 80 vehicles were seized for other reasons. Those include vehicles that had suspect registration papers, and a number of vehicles that had had their chassis numbers scratched out. These vehicles will be checked thoroughly which will take some time.

Although the operation was spectacular in scope and scale, it also revealed weaknesses within the Bosnia and Herzegovina Police. Thus intelligence is still too fragmented, more central databases would enhance the capacity of Bosnia and Herzegovina police. The Bosnia and Herzegovina police will have to learn to make more frequent use of the Interpol database. There is lack of technical equipment in some Cantons and PSC's.

These are things that can be put under the lessons learned category, and will be addressed by the EUPM and the Bosnia and Herzegovina police in the continuing development of law enforcement efficiency in Bosnia and Herzegovina.

Overall, however, I would like to reiterate, that Operation Stolen Cars, underscores, in the opinion of the EUPM that the willingness for more cooperation of the Bosnia and Herzegovina police is clearly evident. This further development of coordinated operations with new dimensions of law enforcement reach will lead to a higher policing standard in this country. Thus, Operation Stolen Cars was yet another sign for us that the European Union Police Mission is on the right track.

Majda Prljaca- UNHCR

No statement.

Lieutenant Commander Yves Vanier - SFOR

No statement.

Questions and Answers

Q: Hawton Nick - BBC

John on this issue of stolen cars, what prompted the operation? Why did you carry out the operation?

A: Jon Oskar Solnes - EUPM

Why? To check for stolen cars.

Q: Hawton Nick - BBC

You thought there was a problem?

A: Jon Oskar Solnes - EUPM

Yes.

Q: Hawton Nick - BBC

And you only found seven stolen cars out of nine thousand?

A: Jon Oskar Solnes - EUPM

No we seized eighty-seven cars.

Q: Hawton Nick - BBC

But seven were stolen?

A: Jon Oskar Solnes - EUPM

Seven were identified immediately through the Interpol database. The eighty others that were seized have to be checked for papers and chassis numbers.

Q: Hawton Nick - BBC

So why did you launch this in the first place; what information, what intelligence did you have about the scale of the problem?

A: Jon Oskar Solnes - EUPM

We have intelligence that this is a major problem here and I think that is common knowledge as well. The thing is what we are trying at the EUPM, as can be seen both, this operation and the two "Fight" operations that took place. Is basically to release the potential of law enforcement powers in this country. We know the co-operation and co-ordination of operations have not been at the best here in Bosnia and Herzegovina. We know we have to have the police authorities in the 2 entities work closely together. This we tried and we did succeed and I think at the January 10th conference we had here at the Holiday Inn, afterwards the director of police pledged to work better together. This means sharing intelligence, which is, I mean, this is common practice in police work, that is to share intelligence that you have. If you have intelligence in one Entity and you're not making use of it in the other then it's no use. In such an operation as we had, we had 2,000 police officers working together for the same aim. This is what we are most happy with.

Q: Hawton Nick - BBC

There is a lot of heresay about there being stolen cars being a major problem in Bosnia. How major is it? Do you have any wider statistics; do you know who's running the networks that are stealing these cars?

A: Jon Oskar Solnes - EUPM

We have been here, the EUPM, for a couple of weeks and this is one of the things we want to find-out. But, statistics, I don't have at the moment other than these from the operation, but we'll get there.

Q: Hawton Nick - BBC

Will there be more operations like this?

A: Jon Oskar Solnes - EUPM

I can't reveal when and how operations will take place.

Q: Antonio Prlenda - Oslobodenje

Just to make clear about the operation, it was co-ordinated operation, not the joint; then the police didn't have the joint headquarters for the operation?

A: Jon Oskar Solnes - EUPM

No, its co-ordinated, but as I said when we are talking about operational procedures both for this and for Fight, I would not want to go into specific details on how we go about these things. I released the numbers that we have, the conclusions, but operational procedures I think should not be discussed directly in the media.

Q: Zeljko Tica - FTV

Oleg, can you clarify, during the week, more precisely to say when will you constitute this commission?

A: Oleg Milisic - OHR

I can't be anymore specific than I've said, although, I just suggest you read the article which I said is on the table outside.