

High Representative Calls for a New Dynamic of Progress and Reform

The High Representative, Paddy Ashdown, on Tuesday addressed the BiH House of Representatives and called on parliamentarians to “replace the dead weight of obstructionism with a new dynamic of progress and reform.” He said the new state parliament would be “the most important in BiH’s post-war history,” because during its four-year mandate “BiH will either reform or fail.”

The High Representative said that with a looming economic crisis, the need for fast and efficient reform has never been greater: “Foreign aid is declining sharply, unemployment is high, economic growth is low, inward investment is almost non-existent, and there is a huge balance of payments deficit – BiH spends four times more on imports than it earns in exports. Economic disaster is staring this country in the face. Bankruptcy is just around the corner. The only solution is fast and efficient reform. The only other option is to slash imports, and that would make the economy contract, which would mean even higher unemployment, more poverty and social dislocation.”

Top reform priorities now, the High Representative said, are “unifying the customs administration to end expensive bureaucratic duplication and cut down on fraud; and agreeing to introduce VAT at the state level by the end of February 2003, to replace the fractured and corrupt sales-tax regime.”

Under the current system, he said, “the citizens of BiH lose over 1.2 billion KM every year- three times the entire state budget. The money goes to criminals instead of being spent on schools, hospitals, jobs and pensions. No rational person wants to maintain this shocking system. The international

community has made it crystal clear that it is not prepared, any longer, to hand over their tax payers' money, to fund BiH's criminals. And they are right. So this is work that must be done, and done soon. We have no option."

The High Representative also called for governments at all levels to be formed as soon as possible – so that reforms can get underway. "It is *not* our job to create a centralised state," he said. "But it *is* our job to make the State work better – and above all, to make it serve its people better, much better. And it is in this Parliament that much of that work must be done."

The High Representative called for "a virtuous circle in which the structural reforms done here today will deliver real rewards for the people tomorrow." He told the parliamentarians that they had it in their power to take on the criminals, to root out corruption, to help businesses, to promote jobs, to create growth and to raise money for vital public services. "The question is whether you will use that power. We need to transform this legislature into a powerhouse for reform, an engine-room for change, otherwise we risk sleep-walking into disaster."

He called on politicians to heed the insistent and specific calls for change coming from BiH businesspeople – those who will, if allowed, start and expand businesses thus generating wealth and creating jobs. He cited the Bulldozer Committee, set up by the High Representative "to identify and clear away the road-blocks that stand in the way of BiH's businessmen and women – the tangle of red-tape and regulations, the disincentives, anomalies and bureaucratic barriers that stop people setting up businesses, employing people and making a profit," and he called on parliament to cooperate with the committee in a constructive and timely way.