

OHR Calls for the Swift Elimination of Obstacles to Investment

A well-implemented investment cycle – which will become possible when politicians begin to implement difficult but necessary economic reforms — could generate prosperity in Bosnia and Herzegovina within five to ten years, Deputy High Representative and Head of the OHR Economics Department Patrice Dreiski told a two-day regional investment conference which began in Sarajevo today. Also addressing the conference today were Chairman of the BiH Presidency Beriz Belkic, Chairman of the BiH Council of Ministers Dragan Mikerevic and Minister for Foreign Trade and Economic Relations Azra Hadziahmetovic.

Mr Dreiski noted that BiH has a skilled workforce, an advantageous geographical position, between the European Union and the rest of Southeast Europe, an expanding economy which has largely broken away from dependence on smoke-stack industries, a stable currency, low inflation and an efficient and profitable banking sector. It is a desirable investment location, yet investors remain hesitant. Mr Dreiski argued that this is because of a lack of market transparency, a bureaucracy incapable of responding to market demands, an outdated education system and widespread corruption and criminality.

“Unnecessary obstacles to investment — created as a rule either by political or bureaucratic incompetence — have prevented this potentially wealthy country from becoming wealthy,” Mr Dreiski said. He pledged the International Community’s support for steps which the governments of the two Entities and the State have already agreed to take in order to remove barriers to investment.

He reminded his listeners that High Representative Paddy Ashdown has summed up his priorities in BiH as “First Justice, then jobs, through reform.” Mr Dreiski said judicial reform would ensure that BiH citizens have access to justice. It will also ensure that modern commercial legislation which has been steered through the State and Entity parliaments is properly administered, promoting a transparent business environment in which new companies can create new jobs.

He noted that internal barriers to trade and investment, such as the absurd system whereby a firm operating in both Entities is for tax purposes treated like two separate firms, taxed at a different rate in each Entity, are unsustainable. He said that because of successful measures to dismantle parallel structures and harmonize strategic legislation, it can now be said that the nationalist effort to create two separate economic areas instead of a Single Economic Space has failed.

Citing examples of a new pragmatism in attracting foreign investment, Mr Dreiski pointed to a countrywide system, now being set up, which will radically reduce the time and paperwork required to register a new company in BiH. He also referred to a comprehensive database being assembled by the Foreign Investment Promotion Agency to match investment opportunities in BiH with prospective foreign investors.

“There is a need for speed,” Mr Dreiski said. “Sensible and swift reform will help create jobs and usher in an era of prosperity. Why should BiH citizens be made to wait?”