

PDHR Donald Hays Calls for Elimination of Investment Barriers

The Principal Deputy High Representative, Donald Hays, on Friday called on the responsible authorities in Bosnia and Herzegovina to take serious steps to eliminate obstacles to investment. "You have to take action now, you cannot wait while others – in Belgrade, Tirana and Zagreb, for example – carve out their own share of the market," Ambassador Hays told political leaders and businesspeople attending a conference in Mostar. The conference, on possibilities for investing in BiH, was organised by the International Business Forum.

Ambassador Hays noted that although BiH sits on the doorstep of the European Union, and has a skilled workforce and an entrepreneurial community with global connections and experience, political factors have had a negative impact on the investment climate.

Politicians and bureaucrats must start listening to businesspeople, particularly those who have successfully started small and medium-sized enterprises – the backbone of the new economy – Ambassador Hays said. Entrepreneurs "want less red tape," he said. "They want clear and predictable tax laws, they want a level playing field where illegal traders don't have a built in advantage, they want a receptive banking system, a reliable data bank on companies registered in this country and they want a trained and skilled workforce."

The Principal Deputy High Representative cited the harmonization of the excise tax throughout the country and the efforts of the State Border Service to reduce untaxed imports as examples of sensible policies that encourage investment, foster the development of new companies and so promote the

creation of jobs. He also noted that banking reform has significantly reduced the cost of borrowing, though interest rates are still higher than in many other European countries. He said that judicial reform and the introduction of modern commercial legislation will give investors much needed legal protection and will speed up the resolution of commercial disputes. "Every day that potential investors believe they cannot turn to the courts in order to protect their investments, BiH businesses will continue to loose out on much needed foreign and domestic capital to support growth" he said.

Ambassador Hays noted that efforts are now underway to introduce an efficient countrywide system for registering new companies, a process which currently takes longer in BiH than in most of its regional competitors. He added that the establishment of an efficient land registry listing clear ownership titles is now a matter of urgency.

Despite initial positive developments, the Principal Deputy High Representative said that too many avoidable disincentives to business development and investment still exist. Telecommunication and Utility services cost far more that like services in neighboring countries which provide a better quality service. Vocational Service, like the rest of the education system, is still focused on theory and has yet to modernize. The delay in privatization, modernization and infrastructure investment has kept BiH in a non competitive position. The PDHR called for a display of leadership, and political will to create a business environment in which BiH entrepreneurs can compete successfully in the regional market and beyond. "The Authorities have identified these disincentives and now they must find and implement the necessary solutions. He said, "the debate is about how to put BiH on the path to prosperity. The entrepreneurs of this country know how to do this, but the authorities of this country need to listen to them and act accordingly."

At the conclusion of his remarks Ambassador Hays accepted, on behalf of the High Representative, Wolfgang Petritsch, the International Business Forum's highest award, a crystal pyramid, presented to the High Representative in appreciation of his efforts to promote economic recovery in BiH and his support for the IBF.