

## **High Representative issues Decision protecting Investors**

The High Representative, Wolfgang Petritsch, yesterday issued a Decision amending the Framework Law on Privatisation of Enterprises and Banks in Bosnia and Herzegovina to protect investors from restitution claims.

The Decision tackles the result of the combination of two problems, which had a deterrent effect on potential investors because they created a situation of great uncertainty. Firstly, there is still no restitution law on the level of the State. Secondly, the actual ownership of many enterprises and banks that are slated for privatisation is unclear. As a result, a potential investor intending to buy assets in Bosnia and Herzegovina, did not know whether a former owner might appear and be given the assets that he investor wanted to acquire.

Investors are now legally protected from such situations. The Amendment issued by the High Representative states that the privatisation of enterprises and banks will not prejudice possible restitution claims that may be brought in accordance with the future Entity restitution laws – but only if these restitution laws incorporate the following two conditions: they exclude from restitution in kind those enterprises and banks as well as their land, assets and buildings, which are in the process of being privatised; and they stipulate that competent authorities will provide fair compensation if there are legitimate restitution claims.

As donor funds are decreasing, the creation of a business friendly environment in Bosnia and Herzegovina is of utmost importance. Both domestic and foreign investment must be encouraged, so that Bosnia and Herzegovina develop a self-sustaining economy. Only if Bosnia and Herzegovina is successful in attracting investors, will it experience economic recovery and growth, new jobs will be created, and the living standard if all its citizens will increase. This requires that investors must be able to safely invest in Bosnia and Herzegovina.

The High Representative is deeply concerned about the lack of economic reform in Bosnia and Herzegovina and the negligent attitude of the authorities.

The state-level Draft Framework Law on Restitution, which includes a provision protecting investors in a way similar to the one in which the Amendment that the High Representative issued today does it, has been pending before the BiH House of Representative for half a year now. It is uncertain if and when it will be adopted. A proposal to amend the Framework Law on Privatisation of Enterprises and Banks in BiH to protect investors was recently rejected by the House of Representatives, although the International Community urged the deputies to adopt the proposed amendment.

As time is running out, the High Representative has seen himself forced to issue a Decision protecting investors. He has made economic reform one of his strategic priorities and is determined to contribute to the process in line with his mandate and authority. Economic reform will also play a prominent role at the upcoming Conference of the Peace Implementation Council.

The High Representative's Decision is effective as of today, 12 May 2000, and shall be published in the Official Gazettes of BiH and both Entities. The High Representative has made these Decisions exercising the powers vested in him by Annex 10 of the Dayton Peace Agreement and in reference to the interpretation of his mandate in the Conclusions of the Peace Implementation Council Conference held in Bonn in December 1997.