

# **Economic Newsletter, Vol. 5, Issue 1**

**March 2002**

***Economic Reform and Reconstruction Bosnia and Herzegovina***

## **Contents**

1. EU-BiH Consultative Task Force
2. Banking sector
3. Telecommunications
4. Energy Sector
5. RS Developments
6. Privatization
7. Social Sector
8. Tax policy and Administration
9. Budgets
10. Transport
11. Agriculture
12. Stability Pact update
13. BiH Economic Data

## **1. EU-BiH Consultative Task Force**

### **Progress on Road Map economic items noted at the EU-BiH Consultative Task Force (CTF) Plenary meeting of March 2002**

On 19 March 2002, the 10<sup>th</sup> Plenary Session of the CTF was held in Sarajevo. The session focused to a great extent on EU Road Map progress, bearing in mind that if conditions are all fulfilled, the EC could proceed with the next step in the Stabilization and Association process (SAP), namely the Feasibility Study on negotiating a Stabilization and Association Agreement (SAA). The SAP is the basic framework that records the commitment of the EU to eventually include all SEE countries in the European Union when the conditions are right. It also charts how this process will be carried out. The EC recalled at the CTF meeting that the Road Map represented minimal conditions that should not be seen as “final goals” but rather an important starting point on the road to meaningful reforms and European integration.

Substantial progress was noted in the economic area, where most legal/commercial law conditions have now completed parliamentary procedures. Progress was also noted on the “removal of internal trade barriers” and the promotion of the “single economic space” on the way to approximating EU standards. Financing of State Institutions remained a difficult issue given the absence of regular, predictable and dedicated funding. Overall, progress in the economic area could soon be sufficient to justify continuing the SAP with the Feasibility Study – if progress in other areas such as refugee return, media development, and human rights also appears conclusive. If so, another CTF meeting could be

held by the end of June with the prospect of the Feasibility Study following soon thereafter. Commissioner Patten even envisaged the possibility that a Stabilization and Association Agreement – following those already reached with the FYROM and Croatia – could be concluded in 2003 if BiH politicians show determined commitment and leadership.

## **2. Banking and Finance**

### **Central Bank Notes Positive Developments in Banking and Finance Sector**

According to the Central Bank's (CBBH) recently published annual report, the banking and finance sector continued to strengthen throughout 2001, boosted by a stable KM and low inflation rate. In the last three months of the year, KM in circulation increased by a dramatic 104%, a rate matched by the growth of citizens' deposits in commercial banks. This is particularly important in the BiH context as it clearly demonstrates the continuing growth in savers' confidence in the soundness of the banking system.

The conversion of most EU currencies to the Euro on January 1 led to a 164% growth in the Central Bank's foreign exchange reserves over the previous yearend, to KM 2,697 million, representing about five months of import coverage. The CBBH balance sheet also strengthened over the course of the year, and at yearend the "free foreign exchange reserves" (i.e., those that are above the level needed to cover all KM liabilities) increased from 48 million to 75 million.

A major step in the transition to a modern market economy was realized with the introduction of the new domestic non-cash payments system, largely to replace the old payment bureaus' functions. This reform has given BiH a modern non-cash payment system that is similar to the payment systems in most of Europe. After a year's experience, the record of the new system is a resounding success, reflecting the smooth introduction, efficient management and close coordination with commercial banks, led by the CBBH. In quantitative terms, during 2001 nearly 12 million transactions, worth KM 16.8 billion, were completed. Although the bulk of the transactions are in cash and payment orders, alternative forms of payment such as credit cards and e-banking are beginning to appear, and will contribute to the modernization of the sector and its conformity with European norms.

An area of banking activity in which further progress is necessary is that of commercial lending. Characterized by high – though slowly lowering – rates, the absence of ready capital for business generation continues to place a drag on economic development, particularly in the SME sector. Caused largely by an immature credit culture and an incomplete legal and debt collection framework, banks lack the confidence to embark on wide scale lending. Intensive efforts with IC technical assistance are underway to remedy the shortcomings with new statutes and institutional arrangements.

### **3.Telecommunications: Adoption of a new policy**

Progress in the telecom restructuring process is increasing again with adoption of the new telecom policy by the CoM on March 28. Among the actions that are defined in the annex are the new legal framework and the issue of the third GSM license, both of which should be decided by the CoM at the end of April. With regard to privatization the policy foresees an advisory group to be established by the entity governments at the end of April in order to prepare the necessary political decisions. The next few weeks will be crucial for the further restructuring of the sector and offer the CoM and the entity governments an excellent opportunity to demonstrate their ability to tackle these issues.

Based on the new policy the Communications Regulatory Agency (CRA) issued a number of licenses to network operators and general authorizations to Internet Service Providers on April 11. At the time of this writing, the licenses for the fixed line operators are in the stage of being finalized and CRA is expected to issue them to the three operators in the second quarter of 2002. By issuing licenses to the operators the CRA will fulfill an essential prerequisite of future privatization and, at the same time, guarantee the introduction of competition in the fixed network sector.

### **4.Energy Sector**

BiH authorities have recently taken an important step towards creating a single electricity market in this country. The Parliament passed the Law on Electricity Transmission, Regulator and System Operator on March 21 that forms the legal basis for the establishment of the institutional structure on state level: (i) a state regulatory commission for electricity transmission, (ii) the Independent System Operator, and (iii) the Transmission Company. It is now the responsibility of the Entities' Parliaments to nominate as soon as possible the three Commissioners of the regulatory commission who will finally be appointed by the BiH Parliament.

Another positive feature of the current situation includes the harmonization of the entities' draft electricity laws with the state law. The entity electricity laws are currently being reviewed by experts and are expected to be

adopted in the second quarter of 2002.

## **5. Economic Reform in the RS: What happened early 2002?**

### **a) Major Legislative Achievements**

The RSG continues its legislative efforts with similar dynamics as in the last year. The following major economic laws were adopted in early 2002:

- Law on Foreign Investments;
- Law on Concessions;
- Law on Craftsmanship and Entrepreneurial Activities

The Law on Foreign Investments and the Law on Concessions are fully harmonized with state-level laws and provide a necessary legal basis for major FDI infrastructure projects that are currently under discussion.

The income and corporate tax reform of 2001 is being realized through tax collection and enforcement measures of the RS Tax Administration. That, combined with the operation of the new treasury system has contributed to significantly better revenue collection results January to April 2002, when if compared with the same period in the previous year.

The Law on Craftsmanship and Entrepreneurial Activities provides necessary technical regulations to establish private economic activities of craftsmen and entrepreneurs.

In February 2002 the RSG, in consultation with the World Bank-led Foreign Investment Advisory Study, adopted an action plan for the elimination of the administrative barriers for foreign investments (including simplifications for market inspections).

### **b) Recent focus of the RS National Assembly on the economy**

The reform measures undertaken by the RSG have resulted in some progress, but a desirable level of economic recovery has not been fully reached, partly due to the time lag between enactment of the measures and their effects. In order to address the economic situation, the RSG prepared a report with an analysis of the RS economic performances in 2001 and proposed measures.

### **c) Statistical developments**

The physical volume of industrial production of Republika Srpska declined in 2001 by 13% compared to 2000.[1]

**Table 1**

Indexes of Physical Volume of Industrial Production by Sectors in 2001

2000=100

Total	Energy	Intermediate goods except energy	Capital goods	Durable consumer goods	Non durable Consumer goods
87	97	71	88	136	88

However, this indicator is deficient and does not cover the whole sector (e.g., arable land is owned 95% by private farmers and only 5 % by state-owned farms, because the RS Institute for Statistics covers only state-owned farms). The indicators more important than the communist-style focus on physical volume of industrial production are the total turnover of the sector or profit/loss comparison that assess the market success of companies. The overall losses of the RS industry sector in 2002 were 9% lower than in 2000.[2] Hence, although there is more business minded activity, the overall loss situation indicates that the RS industry still has far to go.[3] In response to the

report on the economic situation, the RS National Assembly adopted a set of conclusions in order to strengthen positive trends by action such as

- acceleration of the implementation of the Concession Law (in coordination with the Federation where useful),
- acceleration of privatization,
- quick adoption and implementation of the bankruptcy and liquidation laws that are currently drafted;
- adoption of an action plan to support SME,
- subsidies for agriculture sector, etc.

## **6. Privatization**

### **General**

As most readers of the newsletter are aware, the International Advisory Group on Privatisation (IAGP) is the senior oversight body of the privatization process of Strategic Companies in both Entities. Its permanent members are the leading international agencies involved in the privatization process, i.e. DFID, EBRD, EU, GTZ, IMF, OHR, USAID, WB. Until recently, the USAID was chairing the group as the first organisation having been closely involved in the process from the beginning. The experts from USAID, however, completed their project at the end of 2001 and the chairmanship of the Advisory Group was ceded to the EU and the WB, donor organisation(s) which still have an important financial involvement in privatization ahead.

### **FBiH**

The sale of small-scale enterprises continued at a steady pace with 208 companies fully privatized thus far (65% of the 322 offered). This is by far the category where privatization has been most successful. This is also the category in which the rate of post-privatization expansion – notably in employment – is expected to be above average.

In the large-enterprises segment, only 175 companies have been fully sold (17% of the 1034 already offered or to be offered). The objective of reaching 60% sales rate at the end of 2002 appears unlikely now, the more so that the FPA has recently announced that the launch of the third Public Offering of Shares (POS) for certificates holders is postponed until mid July. The reason given by the Agency is that the companies ready to be offered were not numerous enough and that the Cantonal Agencies lag behind their targets in preparing Opening Balance Sheets, relevant selling documents and advertising material.

The strategic companies' slow sale has been a constant preoccupation especially in the last six months both for the local governments and for the IC. Despite expert support from the donor organisations, only nine companies out of a total of 56 (16%) have been sold to date. (In fact, this is taking into account the already re-adapted list reduced from 86 to 56 companies – for 30 of them, no donors have been identified and these companies were returned to the full responsibility of the FPA.) The reasons for the disappointing sales results are, inter alia: a) BiH as an investment country is not attractive enough; b) the political uncertainty is still high (election year); c) the comparative advantages of a low cost labor market is overshadowed by often overstaffed companies; d) outdated technologies, unimaginative product ranges and loss of faithful customers are i) pervasive; e) large investments are needed to upgrade the existing production facilities.

### **RS**

The sale of small-scale enterprises in the RS has not been as dynamic as in the FBiH with only 115 privatised businesses (42 % of the 276 offered). The pace is accelerating, however, and the targeted figure of approximately 60 % is expected to be reached by the end of the year.

In the category of large-scale enterprises, the appraisal of results achieved is somewhat more difficult than in the FBiH. As a matter of technicality, the acquisition of shares through vouchers is 55% in the RS and as such all the 648 companies of this class could be considered as successfully sold since the POS with vouchers has been completed. However, the IC only considers a company fully privatised when the portion of capital acquired for cash or FFCA (30%) is actually sold as well (the remaining 15% of capital being reserved to pension and restitution

funds). Under these criteria, only 106 (16% out of 648) companies have been fully sold. The objective of 50% until the end of the year will be difficult to achieve.

For the strategic companies the progress is as slow and disappointing as in the FBiH. Only four enterprises have been sold and two are in a close negotiation process (8% of the 52 – previous IAGP list). The reasons are similar to those highlighted in the section on FBiH above.

An additional reason for the sluggish results of the RS privatisation is the inadequate support of the authorities to the DfP (lack of adequate funding, small premises, little real privatisation expertise). This concern has been raised with the government and is being addressed with EU support.

An initiative originating from the RS Government concerning the write-off of certain government claims burdening the balance sheets of companies (already privatised or yet to be sold) is raising some concern in the IC. The amount of write-off is indeed massive (396 mio KM) and may be considered too generous with regard to the existing state of the RS finance capabilities. On the other hand, this would undoubtedly give a boost to the privatisation process and be a welcome incentive to the delicate post-privatisation phase. The discussion is ongoing and some modifications to the draft law have been recommended by OHR.

## **7. Social Sector**

### **BiH employment agency**

As the need has arisen to deal with certain employment issues on the state level, so has increased the level of preparedness in the Entities to start working on the establishment of a new BiH Employment Agency. The process was initiated by the BiH Ministry of Civil Affairs and Communications at the end of 2001.

Under the auspices of the this Ministry, a working group was formed consisting of top employment experts and officials from both entities as well as labor experts from the OHR. The product of these meetings is the Draft Law on the Establishment of BiH Employment Agency—unanimously accepted by all working group members and approved by both the World Bank and the OHR. The draft has been adopted by the Council of Ministers and forwarded to the Parliament for consideration.

The new BiH Employment Agency will perform several important functions. The aim of establishing this agency was not to replace the existing employment institutes of the two entities; their competencies will remain the same. The new agency will be charged with issuing permits to send BiH workers to work on different projects abroad, dealing with bilateral and multilateral agreements concerning labor and employment, coordinating the work of the employment institutes of the two entities and collecting employment statistics at the state level.

### **Inter-Entity health agreement**

In December 2001 the health officials of the two entities and Brcko District signed an agreement to secure access to health care to retired returnees moving from one entity to the other.

The initial complications and delays related to the implementation of the agreement have been overcome. Although the agreement was signed in December last year, the implementation started not sooner than April primarily due to the unwillingness of the RS Pension Fund to issue certificates to pensioner returnees from the RS to the Federation upon which the right to receive healthcare in the Federation would be established. It was necessary to convince the RS Pension Fund that it is not financially liable for paying health contributions to the Federation before it started to implement the agreement. The implementation has now begun and returnee pensioners should no longer suffer from the lack of health coverage at the point of return.

## **8. Taxation Issues**

### **RS Tax Administration Activities**

Since her December 2001 appointment as Director of the RS Tax Administration, Milica Bisic has been active with regard to senior level appointments in the RS Tax Administration. She has also set about pursuing tax debts to the

RS budget in an effort that has generated considerable publicity.

### **Excise Tax allocation mechanism and sales tax harmonization**

Significant progress was made towards both these goals during the first quarter of 2002. A range of meetings were held during March 2002 (Doboj, Brcko, Banja Luka) under the auspices of both the IMF (sales tax lead) and the World Bank (excise tax lead – conditionality for PFSCAC II 3<sup>rd</sup> tranche) with attendance from Finance officials from the FBiH, RS and Brcko District (BD). For the most part, sales tax rates on both goods and services were agreed to be harmonised between the three tax jurisdictions and the scope of the sales tax (i.e. items to which sales tax is applied at the higher and lower rates and exempted) will apply to the same types of goods and services across BiH.

Specifically focusing on the excise tax allocation mechanism (under inter entity trade, ensuring that excise is paid only **once** in the fiscal jurisdiction of final consumption), solid progress was made. Representatives of the RS, FBiH and BD negotiated and agreed on terms needed for the excise allocation mechanism to work in practice including specific invoicing formats, rules books, anti-fraud and anti evasion safeguard and necessary qualifications/specifications for excise payers.

Action awaited as of 31 March 2002 included the requirement for the RS to pass its combined Sales and Excise Tax Law, the FBiH to gazette its approval for harmonizing its excise rates applied to sundry petroleum products and heating oil and for the BD Assembly to pass its Sales Tax Law.

### **FBiH Tax Administration Law**

The FBiH draft Tax Administration Law passed in both the FBiH House of Peoples and House of Representatives in draft format. A range of comments were made, in particular during its procedure through the House of Representatives and the FBiH government/Ministry of Finance was asked to respond to these concerns. These need to be responded to so that the Tax Administration Law may be considered as a proposed law by both the House of Peoples and Representatives.

In order to enhance and ensure the integrity of the Tax Administration Law, the US Treasury has been working closely with senior FBiH Tax Administration and Ministry of Finance officials to ensure that major challenges to the contents of this law are rebutted. It should be noted that the much needed powers of the FBiH Tax Administration Law are being utilised in the broadly similar RS Tax Administration Law.

The BD passed its modernised Tax Administration Law in January 2002.

### **Income Tax Law**

GTZ initiated their microsimulation work in the BD with regard to economic modeling for an appropriate rate of personal income tax (taking into account that the existing wage tax would need to be abolished). Results and further work are expected during the 2<sup>nd</sup> quarter of 2002.

## **9. Budgets**

### **State Level**

The State Institutions still do not have an agreed budget. The stumbling block remains the financing from budgetary funds of a prosecutor against Serbia and Montenegro (approx KM 400,000), against which the RS has invoked its vital interest clause.

### **Entities and BD**

The IMF Mission of March 2002 reviewed the Entities' budgets and was able to sign a letter of intent for the new Stand-by Agreement at the end of March. Once agreed by the IMF executive board, financing from the IMF (as well as from other international financing institutions) should be operational and cover a 15 month period, following which a three-year program focusing on poverty reduction and structural reforms will be undertaken.

Concerning the Entities, the budget adopted by the FBiH was closely scrutinized by the IMF. While the budget

theoretically envisages total expenditures of KM 1559 million, KM 230 million of expenditures were deemed "deferred expenditures" and a view will be taken in the second part of 2002 to determine the viability of such deferred expenditures.

FBiH revenues have been disappointing during the first three months of 2002 at the Federal level while revenues for the Cantons present a more mixed picture. The RS tax collection situation appears to be generally on course.

In Brcko District, the collection of revenues to date has been more than anticipated for 2002.

## **10. Transport**

### **Air Transport**

An amendment of the Law on Aviation using urgent procedure for the establishment of an Operational Assistance (OPAS) Program, in accordance with an existing agreement and support by the EC and ICAO, was discussed and rejected by Parliament. The amendment is required in order to revise the administration of the BHDCA under one Director and two Deputy Directors instead of the current three Directors. This will now require regular parliamentary procedure to be followed.

The BiH Federation government recently approved the Program of Incomes and Expenditures of the BiH Federation Civil Aviation Directorate for this year, which includes some 9.5 million KM for the purchase of terminal radar for Sarajevo Airport.

The Tuzla Canton Government approved a 3.5 million KM credit to the airport in Tuzla for financing the construction of the airport's platform, which is one of four conditions required by SFOR for re-opening the airport. SFOR closed the airport for security reasons, following the September 11 attacks in the U.S. The credit will be realized from the funds made by company privatization in the Canton.

### **Rail Transport**

Republika Srpska's Minister of Traffic and Communications, Branko Dokic, and Portuguese Ambassador to BiH, Luis Barreira de Sousa, signed an agreement for financial assistance to the RS railway sector in the amount of approximately 8 million KM. The money will be used to purchase 31 special wagons for the RS Railways.

Representatives of the local authorities and Croatian Railways agreed to begin reconstruction of the 22 kilometer-long railway Ploce - Metkovic including reconstruction of the railway and crossings in Rogotin, Banja and Komin.

### **Road Transport**

The Initiative Board for forming an Association for Road Cargo Transport within the BiH Foreign Trade Chamber held its first meeting. The cargo haulers from the entire BiH expressed their full support for the formation of the Association, thus fulfilling one of the main conditions for implementing the TIR carnet system, which is required to haul goods across international borders without delay, when clearance will be done elsewhere.

### **Water Transport**

The Stability Pact convened the first meeting of the Sava Basin Initiative in Brcko on 12 March. Two working groups were formally established: 1) The International Framework Agreement Working Group and 2) Rehabilitation and Development Working Group. Bosnia-Herzegovina, Croatia, Slovenia and FR Yugoslavia had agreed in November 2001 to work together to re-establish navigation, maintenance of internal waterways and water management on the Sava River and its tributaries.

## **11. Agriculture Sector**

Following a successful similar event in Banja Luka last year, in February OHR Mostar invited local NGO's and their counterparts to a meeting on agricultural activities. Agropod, ARC, CARE International, CEFA, COSPE, Dubrava Prenj, IRC, JP-Konjic Milk, Malteser, Sunce Coop, Tresnja Produkt, UMCOR and UNHCR participated. The objective

was to both explain the role of OHR in agriculture and to exchange information on agricultural projects in Mostar and the surrounding region.

Among others, Spanish NGO's are involved in eco-system projects in the delta of Neretva River and the revival of agricultural production in Popovo field. Norway is active in trout fish farming with Norfish and the Italian NGO CEFA is involved in organic food production.

With regard to production opportunities, a wide range of potential crops could be produced in Mostar, from wine grapes to kiwis and other fruits, to various kinds of vegetables; vegetables are grown in the fields, under plastic tunnels and in greenhouses. In addition to conventional production, organic farming projects are also underway. Fish and meat production could also be found in the Mostar region. Development of these sub-sectors would have a strong positive impact on the huge trade deficit with agricultural produce.

Focusing on persistent trade deficit, OHR seeks to ensure that farmers receive the proper support to produce the agricultural products that are in market demand. Instead of merely getting rid of the surplus from subsistence farming, commercial farming must look to the market first. To understand the market, smallholders must have access to market intelligence when making production decisions. OHR is assisting projects on improving agricultural cooperatives and extension service; OHR's role is mainly the coordination of various key players and projects to encourage growers to adopt more efficient approaches, to provide relevant information particularly in the form of internationally financed reports, and to assist in drafting and revising legal framework laws.

As an example, a professional State Veterinary Office is a prerequisite to enable meat and fish exports to the European Union, both important products in the Mostar region. OHR is working with the parties involved to secure the necessary international accreditation for veterinary inspections. The same is relevant for a Phytosanitary Office that will also be responsible for imports of seeds and seedlings, an important issue for the organic food growers as they are in need of very specific organic seeds.

## **12. Stability Pact Update**

### **Regional Collaboration in Trade and Investment: Stability Pact Working Table II and the Investment Compact**

On 20 April 2002, the Special Coordinator of the Stability Pact welcomed the Free Trade Agreement concluded between FYR Macedonia and Bosnia-Herzegovina. A full text of the press release is available on the S P Website at [www.stabilitypact.org](http://www.stabilitypact.org). The release also contains a full update on trade MoU implementation. A complete description with links to key documents of the trade liberalization initiative is also given at [http://www.stabilitypact.org/stabilitypactcgi/catalog/cat\\_descr.cgi?subcat=1&prod\\_id=58](http://www.stabilitypact.org/stabilitypactcgi/catalog/cat_descr.cgi?subcat=1&prod_id=58)

Overall, substantial progress on trade liberalization was achieved in the past year under the S P framework through the Memorandum on Trade signed by S P beneficiary countries in June 2001. If progress continues smoothly, all countries should have concluded FTAs with each other by the end of this year, meeting a commitment to liberalize 90% of total trade in value by 2006. This includes all industry and agriculture sectors — only services are excluded. A "free trade zone" would thus be created in all of SEE, as part and parcel of WTO integration and eventual EU accession. Liberalizing trade will put pressure on all SEE governments to rationalize tax structures and reduce the current fiscal dependence on trade taxes.

The Investment Compact now aims to achieve a similar success as the trade MoU in promoting the creation of a harmonized "investment space" across SEE while approximating OECD regulatory standards. Officials are cautiously optimistic that current efforts to move in that direction will bear fruit by the time the next Working Table II meeting convenes on 22-23 June 2002 in Sofia.

### **Progress on the Investment Compact - Stability Pact Working Table II**

Following the *Investment Compact* Project Team Meeting held at the OECD in Paris on 12 April, the *Compact* could be on the verge of a significant breakthrough, providing a full "investment" echo to the success of the MoU on Trade Liberalization. In the same way IC attention is being directed at nurturing the complete and careful implementation of the Trade MoU, full support will be important to the Investment Compact in its effort to promote broad high-level commitment towards creating in SEE what it calls "A Common Space for Investment."



The originality and importance of this effort should not be underestimated. The benefits from a framework to stimulate trade are intuitively appealing but not always easy to capture. Investment flows proceed from much more demanding dynamics than goods or services crossing borders; many aspects of public and corporate governance, in addition to national resource endowments, come into play in the creation of a stable investment environment. Strong political commitments to greater policy convergence and better governance throughout the SEE economic region would be a tremendous boost to welfare and security by the message it would convey to the wider business community.

OHR has been working in BiH, within the Country Economic Team, to make the potential benefits from the Investment Compact better appreciated both by the local authorities and the IC and will continue to support this process.

### **13. BiH Economic Data January 2001 - January 2002**

Source: FBiH and RS Statistical Offices

<b>Indicator</b>	<b>Federation of BiH</b>	<b>Republika Srpska</b>	<b>BIH (OHR estimate)</b>
GDP nominal 2000	6,698 billion KM	2,463 billion KM	9,161 billion KM
GDP nominal 1999	6,141 billion KM	2,180 billion KM	8,321 billion KM
Nominal increase 1999-2000	+ 9,0%	+ 13,0%	+10,0%
Real increase 1999-2000 (minus inflation)	+7,8%	-0,6%	+5,5%
Index of Industrial Production			
03/02 compared to 2001	+6,2%	1,8 %	+4,7%
03/02 compared to 03/01	+5,6%	-9,0%	+0,7%
Retail Price Index			
03/02 compared to 2001	+0,5%	+2,5%	N/A
03/02 compared to 03/01	-0,2%	+3,4%	N/A
Average Net Salary 03/02	470,44 KM	334 KM	421,1 KM
03/02 compared to 2001 (averages)	+6,1%	+6,7%	+9,24%
Number of Employed 02/02 (RS 12/01)	404.318 persons	227.740 persons	632.058
Number of Registered Unemployed 02/02 (RS 09/01)	271.822 persons	153.231persons	425.053
Number of pensioners in 03/02 (RS 12/01)	287.840 persons	182.258 persons	459.194 persons
Average pension in 03/02 (RS 12/01)	190 KM	120,49 KM	162,6 KM
Imports Jan-Feb 02	0,691 billion KM	0,282 billion KM	0,973 billion KM
Exports Jan-Feb 02	0,182 billion KM	0,070 billion KM	0,252 billion KM
Trade deficit Jan-Feb 02	0,873 billion KM	0,352 billion KM	4,465 billion KM
Import/Export coverage	26,3%	24,8%	25,9%

This Newsletter is published under the authority of Wolfgang Petritsch, High Representative.

Editor-in-Chief: Patrice Dreiski, Deputy High Representative and Head of the Economic Department , OHR;

Managing Editor: Garold Larson, Economic Department, OHR;

(E-mail: garold.larson@ohr.int).

Assistant Editor: Almira Kulaglic, Economic Department, OHR

[2] RSG Report – Analysis on the RS Economy in 2001

[3] One should bear in mind that the official win/loss situation is the basis for tax payments. Therefore, the real situation might be better than the official data indicate.