

AFP Article on Bulldozer Initiative: “Entrepreneurs get task of making Bosnia more business-friendly”

SARAJEVO, July 4 (AFP) – Bosnian entrepreneurs, struggling for years with administrative obstacles in the still largely divided Balkans country, have recently been given the opportunity by the international community to work on improving the business environment here.

Bosnia’s parliament passed in May 50 proposals formulated by businessmen which focused on harmonization of standards in Bosnia’s two post-war entities, removing double taxation and simplifying the procedure for foreign direct investment.

The initiative, dubbed Bulldozer Committee, gathered some 500 businessmen helped by representatives of the main international financial institutions in Bosnia, following the invitation of the international community’s top representative here, Paddy Ashdown, in November.

“Bulldozer initiative will help us attract foreign investors because they now see that businesspeople are asked about what hinders their work and that they can change things,” said Mirza Hajric, the director of the country’s Foreign Investment Promotion Agency.

Foreign investors are often discouraged by Bosnia’s cumbersome political system.

After Bosnia’s 1992-95 war the country has been divided into two entities – the Serbs’ Republika Srpska and the Muslim-Croat federation – each with its own parliament and government. The two entities are linked by weak central institutions.

Many laws and reforms often fall victim to political struggling between the ruling Croat, Muslim and Serb nationalist parties and the two

entities are in many cases regulated as two separate markets, with a flourishing gray economy as a result.

“Initially I had some doubts... the frustration has been building up in us for years and the belief that mindless of our needs someone else will call the shots,” Stojan Presic, owner of a trading company from the northern town of Doboj, told AFP.

Presic proposed the change in the defense law dating back to the Cold War era that required companies to pay a fee for maintenance of atomic bomb shelters in their area although the shelters were almost never used, not even during the war.

Although the initiative did not bring about major structural changes it succeeded in identifying the concrete problems the businessmen are facing which was its main goal, Benjamin Herzberg, Ashdown’s business development advisor, told AFP.

“These reforms affect people, they understand that there is a chance,” Herzberg said adding that the work of the Bulldozer initiative encourages business to go legal.

He stressed that nearly a half of Bosnia’s wealth is in the gray economy “because there is 40 percent of the working population which does not find an answer for what it wants to do in the law.”

Despite an influx of five billion dollars of international aid since the end of the war, Bosnia has not achieved significant economic growth and the unemployment rate is still around 40 percent.

“It is really interesting as an example how Ashdown has sought to create an alternative constituency for the reform, not rely just upon the national parties,” said Mark Wheeler, an analyst with the International Crisis Group.

After pushing through the first set of reforms, the Bulldozer Committee has continued its work and the new proposals are expected by mid-July.

“This is mobilizing civil society and getting interest groups which are based on something other than religion or nation,” he added.

“If they (businesspeople) suddenly got this idea... that they have it in their own capacity to make changes, that is a fantastic sign,” said Wheeler.

Bosnia-business-reform