

High Representative Calls on BiH Authorities to Take Decisive Action on Economy

Bosnia and Herzegovina faces disaster if the authorities do not act quickly and systematically to improve the business environment and attract investment, High Representative Paddy Ashdown told an audience of international and domestic investors in Sarajevo today.

“I do not believe this country will return to ethnic conflict, but I would not like to predict the outcome if, from failure of will or courage, we dodge the challenge of tough, deep and urgent reform to our economy,” the High Representative said at a lunch organised by the American Chamber of Commerce. “I know these will be difficult in the short term for some, perhaps many already living close to the poverty line. But it will be disastrous for us in the long term if we fail to act now.”

The High Representative said that if BiH wanted to follow the path taken by successful transition countries it must

- get business-friendly legislation onto the statute books and eliminate job-destroying legislation;
- create a single economic space; and
- establish a single customs service and a countrywide VAT system.

He noted the special audits being conducted in the public sector would enhance standards of corporate governance, a prerequisite for BiH's further integration in European economic structures. “This is not about selling off the family silver,” he said. “It's about running things properly, about serving the public as the public is entitled to be served. This is a process that will be extended to other public

utilities which, we believe can be in the vanguard of a systematic upgrading of the quality of corporate governance in BiH.”

The High Representative said the Bulldozer Committee, which has recommended to the authorities 50 specific legislative changes that will make it easier to run businesses in BiH, offers an effective strategy for improving the business environment, and he said that major improvements to the business climate will benefit law-abiding firms and penalise crooks. “Legitimate and honest businesses which are struggling to compete with firms from the grey and black economy want fairer taxation. One VAT for BiH would send a clear signal to those thinking of investing here that BiH is serious about making it easier to do business,” he said.

BiH must welcome investment with open arms, the High Representative said, instead of viewing it with suspicion and reserve, and he warned: “The world economy is not strong at the moment, and the events of the next 48 hours may create further uncertainty. It is not a good time to be looking for the investment BiH needs. And the murder in Belgrade a week ago will not have helped the reputation of the Balkans. So we are fighting against the stream. Our challenge is considerable, but simple. It is to make BiH the most friendly country in the Balkans for business and investment – and to start immediately.”