

High Representative Issues Decision on Industrial Electricity Tariffs

The High Representative, Paddy Ashdown, yesterday issued a Decision setting out a general framework for resolving situations where industrial companies and their electricity providers have failed to reach a price agreement.

This is a temporary decision, providing a non-discriminatory basis for determining an appropriate electricity price in such cases. It will remain in effect until the Federation Government has put in place a proper regulatory structure for the electricity market and a fair and commercially viable framework for strategic companies.

The High Representative has issued this Decision because the Federation Government has failed to resolve a dispute concerning the provision of electricity to Aluminiji Mostar. The breakdown of negotiations between Aluminiji and its electricity provider threatened to undermine the electricity grid and lead to the closure of BiH's largest exporter. This would have provoked an economic and political crisis in the Federation.

The OHR has therefore been forced to put in place a temporary framework for the continued provision of electricity to the company, by bringing Aluminij into the standard electricity tariff system for FBiH companies.

It is now for the electricity companies and the relevant ministry to calculate that tariff on the basis of the procedure set out under the standard tariff system.

In his letter to the FBiH Prime Minister, Ahmet Hadzipasic and the FBiH Minister of Energy Mining and Industry, Izet Zigic,

of 31 December 2003, the High Representative said "I can scarcely imagine a worse start to a year in which the BiH authorities must show they can take responsibility, than that I should have to act today in order to save the economy from failures which put people's livelihoods at risk. I hope that, in future, [responsibility] will be exercised, not the interests of ethnic rivalry, but in a manner which puts the interests of the country and its long-suffering citizens first".