

Interview: Donald Hays, Principal Deputy High Representative: "Future of BiH is in the hands of BiH politicians"

Dnevni list: Some politicians, especially the ones from RS, are pessimists in regard to the Bulldozer Committee. To what extent is OHR, i.e., are you personally, satisfied with this process?

Donald Hays: I'm extremely pleased and enthusiastic about this activity. Of course none of us is going to be completely satisfied with the *results* nor should any citizen of BiH be satisfied with incremental change. However, the Bulldozer Process is original (a "made-in-BiH" product) and has proved to be amazingly effective. It has given businesspeople in this country a clear mechanism through which they can make create change through political lobbying.. The businesspeople identify what needs to be done; they educate the politicians in the need for change regarding specific regulations and clauses of individual laws that need changing. Because they are well organized they shape the process from beginning to end.. These businesspeople know what they are talking about; they are the ones who are actually running companies, paying taxes, creating jobs, keeping customers satisfied. The proof? Those 50 reforms that were presented to the governments in Bulldozer Phase 1 were all enacted by the State, the two entities and District Brcko. They have all been published in the official gazette and BiH businesspeople can now see the benefits first hand. Just the other day, someone called us to let us know that he had registered his building permit to build a

warehouse, and in fact he no longer needed to pay the atomic bomb shelter fee.

Dnevni list: The public is more than confused about the selection of the Indirect Tax Authority Director (ITA). How is it possible to appoint to such important position a person who was involved in various affairs and who has had criminal charges brought against him?

Donald Hays: That process has not been completed. The ITA is a key element in the modernised institutional framework that BiH needs in order to function efficiently and in order to meet European norms. It has taken BiH politicians a long time to get this far, and there are other steps in this process to complete prior to anyone being appointed to the post of ITA director. This process, ultimately will be in the hands of elected politicians. They will be accountable for the outcome in the final analysis.

Dnevni list: Since you have started the site visits of the successfully privatised companies with the entity prime-ministers jointly, what have you discovered in the field and how do people react to your visits?

Donald Hays: First of all, let me say that these joint visits demonstrate the growing unity of vision between the two entity governments on the economy and their recognition of the necessary synergy that must exist between the Federation and the RS.. Both Prime Ministers recognize that they have to promote economic reform and they have to get results fast. Both of them are committed to the same package of reforms, agreed at Bjelasnica. The same reforms are needed throughout BiH – from Foca to Fojnica, from Bihac to Trebinje, from Tuzla to Mostar – cleaning up the business environment, boosting exports, re-launching the privatisation process.

What we have discovered in the field is that when privatisation is properly carried out it works – for the

benefit of workers, for the benefit of company managers and entrepreneurs, for the benefit of the local community and for the benefit of the overall economy of BiH as a whole. What does successful privatisation mean? It means that an investor takes on a company, applies the capital that company needs in order to upgrade its product or service so that it can compete and make a profit. What does that mean for workers? Simple. A profitable company gives its workers job security. A profitable company expands and hires new workers.

Dnevni list: In April this year the representatives of the Community of Cantonal Associations and the Craft workers Chambers in the Federation were requesting a new Bulldozer small business package. What has been done so far in that regard?

Donald Hays: The Bulldozer Committee is working on such a new package of 50 reforms. By its nature, the Bulldozer process is responsive to and reflects the needs of small businesses in this country. The Committee is attentive to the concerns of craftsmen and small entrepreneurs. One proof of that is that during the first phase of the Bulldozer Initiative, the craft chamber fees, that were compulsory, were recommended to be made voluntary. This was a request by the many small entrepreneurs that felt that it was unfair to be obliged to pay a fee to a chamber with no say as to how the chamber would use that money. Now, the entrepreneurs and craftsmen can choose to join, based on how good the services provided by the chambers are. Today, the Bulldozer Committees are engaged in a second phase of reforms. Through six regional committees and a committee specialized in agriculture, the initiative continues to tackle issues that hinder investment, growth, and the proper functioning of companies. In that sense, it keeps advocating on behalf of craftsmen.

Dnevni list: If one of your US friends would ask you where to invest the money in BiH, what would you recommend?

Donald Hays: The possibilities are numerous – from tourism to food processing to software development – I would not begin to single out specific sectors, but any US investor interested in small and medium-sized enterprises will recognize this area to be a growth sector in this country, for example light industry and high-tech, and I would expect that to be the focus of investment interest coming from outside BiH.

Dnevni list: Even though OHR has nothing particular to do with Vc corridor construction, how do you, as the economic expert, estimate this issue, i.e., we can openly say the political problem, which arose in BiH because of the construction of the highway?

Donald Hays: BiH needs to upgrade its infrastructure and reconnect to the rest of the Balkans. It has to find the most cost-effective way of doing that. The World Bank, EC and EBRD have indicated their willingness to provide proper professional advice in this matter. OHR is not involved.. It's up to the BiH authorities to address this issue.

Dnevni list: Is there anything particular that you would like to say in regard to the better future of BiH?

Donald Hays: There *is* a better future. I can see the outlines of that future today in the face of the many Bosnians I see, who have engaged in the reform process, be they businessmen, local politicians, civil servants or members of interest groups. And this future is well within reach. A partial road map for that journey is already in development – the Mrakovica Action Plan in the near term, the complete Jobs and Justice Agenda, the Poverty Reduction Strategy Plan and the European integration process. These strategies itemize, often in considerable detail, what has to be done. There is a broad political consensus on what has to be done. In this respect BiH has the edge on many other countries. The political establishment in this country has not had a very positive track record on its commitments in the past. Clearly that has

to change. I am beginninig to believe that may be changing. If the politicians stop undermining change just for short term political gains and concentrate on implementing the very sensible policies that have been proposed then I believe within two or three years BiH could have made substantial progress in turning the corner economically. There should be no doubt in anyone's mind that this country can and will ultimately succeed. . It can become a prosperous democracy. All that needs to happen is that politicians concentrate on solving problems and getting the right laws and legislation enacted. It's time for the people to tell them to stop the nonsense and started doing what they the citizens elected them to do..