

# **Interview: Paddy Ashdown, the High Representative for BiH: “I am impressed by the good work that the Commission chaired by Jolly Dixon did”**

*30 July 2003*

After somewhat more than three hours of discussions with the Prime Ministers of both Entities and the State, Paddy Ashdown was satisfied with what he heard from his collocutors when it comes to efforts to bridge the differences over the decision-making mechanisms, headquarters of the ITA and its mode of operation at the state level.

**Paddy Ashdown:** If we had managed to ensure an appropriate way of taxation earlier, pensioners would have higher pensions today and would not protest. Instead, hundreds of millions of marks go into the pockets of criminals, politicians did not talk and pensioners have to go out on the streets – said the High Representative at the beginning of his interview with “Dnevni Avaz”.

## **Importance of VAT**

He points out that introduction of the value added tax is one of the solutions to the problem shared not only by pensioners but also by doctors, teachers, police officers, soldiers...

**Paddy Ashdown:** I am optimistic that we will finally put things in place that will change the situation for the better. I am extremely impressed by the good work that the Commission chaired by Jolly Dixon did. There are some remaining issues

and I am optimistic for the first time that compromise had its real meaning here, not the negative one – Ashdown says.

He further points out that the Commission resolved the central issue related to the revenues.

– Unhindered inflow of revenues for the functioning of the Entities has been ensured and some practical issues need to be resolved now – Ashdown says.

Asked how the issue of the headquarters and the layout of the regional centres was resolved, as well as decision-making in the Authority, the High Representative said that an agreement was reached about the revenue distribution.

## **Primacy of State**

**Paddy Ashdown:** The State will have primacy when it comes to the collection of customs, and the Entities when it comes to VAT, while the international chairman will have the casting vote in administrative matters for the next five years. As for the headquarters of the Authority, if we wish to show that BiH is a “devolved” state, then state institutions must be located outside Sarajevo. Where that will be remains to be seen, but the HQ will surely not be where we meet obstructions to the implementation of the Peace Agreement.

How regional centres are going to be designated remains a big question. Article 6 of the Law on Indirect Taxation, agreed to by all the Commission Members, lays down the principles for the establishment of the regional centres. These principles are economy, taxpayer convenience and creation of a single economic space.

This is the framework within which this issue is being resolved. Can we justify having two customs and VAT administrations in Sarajevo? I think not. Therefore, whatever decision is made on this, we will observe the principles from Article 6 of the Law – Ashdown said.

## **Construction of Vc corridor does not violate the law**

I will not speak about the Vc corridor today in Zagreb. This is a bilateral issue and what interests me in all this is that the law is not violated. No one from my assistants told me that it happened yet.

There is a difference between what is correct legally and politically.

If I were a protector and BiH a protectorate, perhaps I would interfere, but this is not the case. As far as the situation with the corridor Vc construction is concerned, laws are not violated and it is up to the BiH authorities how they are going to pursue this matter.

I believe we will discuss a wide spectrum of issues in Zagreb – from strengthening cooperation on catching criminals to better coverage of the borders. Also, we may talk about the status of Croatian Serbs who are refugees in BiH at a time when Croatia has embarked on the road to Europe...