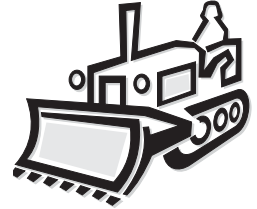


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A letter to our government, from local business representatives of the Bulldozer Committee

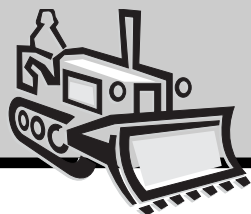
Eliminating Barriers to Job Creation

The 50 reforms recommended by the Bulldozer Committee

The adventures of Max

How to keep lobbying and create a working partnership with elected representatives.

Bulldozer Roadblock Submission Form



Foreword

Dear friends,

It is a great pleasure for me to introduce the work of the Bulldozer Committee.

I used to work in the private sector, so I know what it takes. Every month, you wonder: "Are the orders going to come in? Are the customers going to be happy? Will I be able to pay the bills?" You go on, month after month, struggling, until one day, you realize that you are actually creating something that is worth all this effort.

Not worth it to you only, but also to others. Because businesses underpin a society. They mean long-term jobs for many. They mean taxes that will be used to provide valuable services to all citizens. They mean more exports, thus ensuring the viability of the country on the world market, and especially in Europe.

So when the businesspeople of BiH expressed a desire to do something to improve the conditions in which they run their companies, I was happy to answer their call and to help set up the Bulldozer Committee.

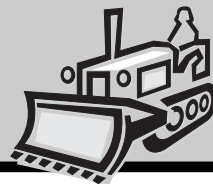
Now, the Bulldozer Committee has taken on a life of its own. It is not an International Community committee. The OHR and agencies such as the IMF, the World Bank, USAID and the European Commission have been involved only to the extent of making sure that reforms presented by local businesspeople don't diminish safety standards or fall short of international norms, or contradict European standards or Bosnia and Herzegovina's agreements with other countries.

No other country, as far as I know, has ever attempted an effort as ambitious and specific as that undertaken by the Bulldozer Committee - to enact 50 economic reforms in 150 days. One reform every three days!

This is a remarkable initiative. I commend it unreservedly. I also commend the BiH political leadership, which has so far responded so positively to the reforms put forward by the Bulldozer Committee. One of the most significant achievements of this exercise is that it has given the business community a powerful voice in the kind of dialogue with government which exists in every advanced Western democracy. And this begins to create at last a true civic society in Bosnia and Herzegovina. I am sure that this is just the beginning of a new type of relationship between the political and business communities - a dialogue that will serve every citizen of this country, ensuring a sustainable and better future for all.

Paddy Ashdown

A letter to our governments from the Bulldozer Committee



Dear elected representatives,

We formed the Bulldozer Committee on 12 November last year with two goals:

1. To get 50 economic reforms enacted in 150 days.
2. To create a dialogue with you, our political representatives, which could be sustained over the long-term so that together we can change the economic environment in BiH for the better.

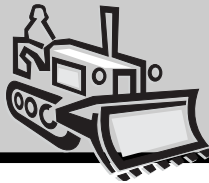
The Committee canvassed suggestions from hundreds of businesspeople throughout BiH. It held many public meetings all across the country. The common theme that emerged was that many of the problems faced by BiH businesspeople are actually caused by legislation, not solved by legislation. In some cases, the legislation is generally helpful but contains clauses that are counterproductive. In other cases, the legislation has been drawn up by people who do not understand market economics and is fundamentally flawed. The end result is that some laws make it harder, not easier, to do business in BiH; they discourage investment; they destroy jobs.

Over the last 110 days, the Bulldozer Committee has reviewed this job-destroying legislation and has come up with 50 specific recommendations for legislative change.

We haven't simply drawn up a list of legislation that businesspeople don't like, or a list of regulations that businesspeople find it too much trouble to comply with. Each of these 50 recommendations has been carefully analysed. No recommendation in the final list of 50 involves a legislative change that would diminish safety standards or diminish product quality control or diminish the basic requirements that all businesspeople must fulfil, to be honest and responsible corporate citizens.

The 50 recommended changes to State, Entity, Cantonal and Municipal legislation will remove pointless bureaucratic barriers to doing business in Bosnia and Herzegovina.

We, businesspeople, are coming forward and suggesting constructive action to improve the business environment in BiH so that we can start attracting more investment and creating more jobs.



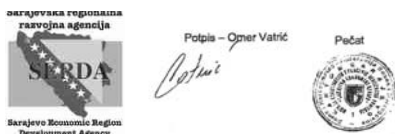
A letter to our governments from the Bulldozer Committee

We believe the business environment in BiH can be significantly improved and the chances of creating jobs can be vastly improved -- if you act upon these recommendations. There is no reason you shouldn't, and there is every reason you should.

Thank you,

The Bulldozer Committee

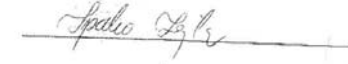
SERDA Sarajevska regionalna razvojna agencija



RAIFFEISEN BANK



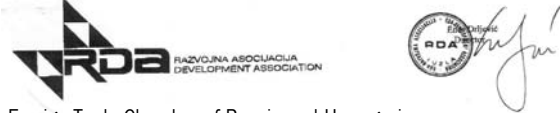
BIH Women Economic Network
Bosanskohercegovačka Zenska ekonomska mreža



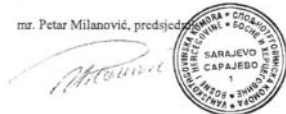
FIPA - Agencija za unapredjenje inostranih investicija u BiH



RDA Tuzla - Razvojna Asocijacija



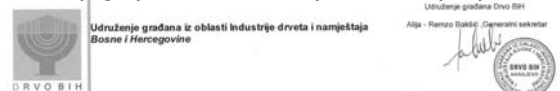
Foreign Trade Chamber of Bosnia and Herzegovina -
Vanjskotrgovinska/spoljnotrgovinska komora Bosne i Hercegovine



FIA Inostrana agencija za ulaganje



DRVO - BiH- Independent Wood Association
Udruženje građana iz oblasti Industrije drveta i namještaja BiH



RABD - Razvojna agencija Brcko Distrikta



AMFI - Agencija za mikrofinansiranje



REZ - Razvojno Ekonomska Zajednica

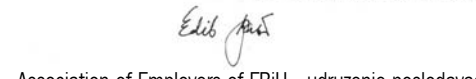


BLERDA Banja Luka - Banjaluka
agencija za regionalni razvoj



Corporate Governance Forum - Forum za korporativno upravljanje

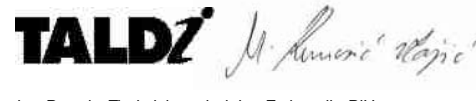
Dijalog i partnerstvo javnog i privatnog sektora za unapredjenje poslovnog okruženja u Bosni i Hercegovini



Association of Employers of FBiH - udruženje poslodavaca
u Federaciji BiH



TALDi Tuzlanska agencija za lokalne razvojne inicijative



BiH State Tourism Promotion Board - Turisticka zajednica Federacije BiH



State PRSP
Program strategije za smanjenje siromastva



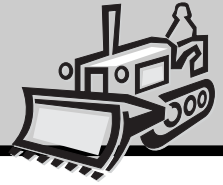
PROHUM - UDRUŽENJE HRVATSKIH PRIVATNIH PROIZVODJACA



LRC Am Cham - Americka trgovačka komora u BiH



The 50 Bulldozer reforms



Enterprise:

- R01 Harmonization of LLC Minimum Capital Requirement
- R02 Double Corporate Profit Taxation
- R03 Counterproductive Amendments in the RS Law on Privatization of State Capital
- R04 Eliminating Investment Barriers through FBiH Law on Business Companies Reform
- R05 Clarifying audit requirements of Auditor General in RS
- R06 Removing mandatory fee for shelter in FBiH
- R07 Removing mandatory fee for shelter in the RS
- R08 Breaking monopoly of RS Geodesy and Property-Legal Affairs administration
- R09 Easing law firms operation through amendments to the Law on Lawyer Profession
- R10 Easing barcode issuing requirements for publishing companies

Environment and Forestry:

- R11 Removing Double Taxation of Revenue for FBiH Forest Industry
- R12 Introduction of new water standards at State level
- R13 Protecting the stock of BiH fruit & nut trees
- R14 Promoting recycling business and environmental protection in FBiH

Tourism:

- R15 Rationalization of Tourism Companies Contributions and Accommodation Tax in FBiH
- R16 Improving Mechanism of Tourism and Hospitality Inspection in FBiH
- R17 Easing BiH Entry Visas regime for Foreign Nationals
- R18 Improving tourism through enrollment of BiH in InterRail Pass program

Labor:

- R19 Easing RS craft companies operation and reducing red tape through amendments to the Craftsmanship Law
- R20 Statewide amendments to provisions on training and volunteer labor
- R21 Harmonize pre-conditions for Bar exam across BiH to ensure equal opportunity in access to market
- R22 Harmonizing conditions for company activity registration

Trade:

- R23 Principles on Moving Sales Tax Point of Collection
- R24 Easing export of drugs and medicines from BiH
- R25 Reducing import cost and delays relating to phyto-sanitary certificate
- R26 Free trade zones operation under the BiH Law on free trade zones
- R27 Harmonizing vehicle trade mechanisms across BiH

Registration:

- R28 Removing need for registration of foreign representative office in both entities
- R29 Simplifying registration procedure of foreign direct investments in FBiH
- R30 Simplifying registration procedure of foreign direct investments in RS
- R31 Enabling company de-registration in FBiH
- R32 Enabling company de-registration in RS
- R33 Enabling company de-registration in Brcko

Chambers:

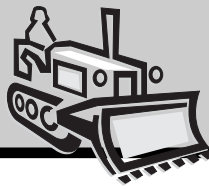
- R34 Transform FBiH Chambers Membership from Compulsory to Voluntary
- R35 Transform Chambers Membership in RS from Compulsory to Voluntary
- R36 Help Family Businesses by Removing Compulsory FBiH Craft Chamber Membership
- R37 Help Family Businesses by Removing Compulsory RS Craft Chamber Membership
- R38 Transform cantonal chambers membership from compulsory to voluntary

Finance:

- R39 CAPITAL in Federation laws and practice
- R40 Enabling original use of Bill of Exchange in FBiH
- R41 Simplifying procedures for conveying Banks assemblies in FBiH
- R42 Execution on Claim on Bank Accounts
- R43 Easing collateral transferability
- R44 Shortening procedures for increasing Bank capital

Transport:

- R45 Liberalization of Bus Scheduling in the Federation
- R46 Removal of Reciprocity Rule in Inter Entity Transport
- R47 Liberalization of Inter Entity Transport Regulations for Helping Refugee Return Transportation
- R48 Facilitating the process of obtaining CEMT Truck Licenses
- R49 Streamlining Regulations for Oversize Truck Loads in BiH
- R50 Unfair competition in RS oversized transport fees against FBiH companies



Eliminating barriers to job creation

We live in a world where

- ⇒ Economic competition is stronger than ever.
- ⇒ Prosperity is the key to political stability.
- ⇒ Ensuring security for our children can only be achieved by building a flexible modern economy.



**There is only one option:
We have to do the same
kinds of things our neighbors
are doing, but we
have to do them better.**

An investor seeking competitive labor costs and natural resources can find these things in many countries. Some of Bosnia and Herzegovina's neighbors - competitors in the race to attract foreign capital - have already joined the European Union, others are on the fast track to membership. These countries are entering the club of rich nations - that makes the likely candidates for more and more investment.

What does Bosnia and Herzegovina have to offer ? Competitive labor costs aren't enough. Plentiful natural resources will not by themselves attract foreign investors, nor will rust-belt industries that were once world leaders.

We have the talent...
We have what it takes to succeed...

THE ADVENTURES OF MAX

HI, MY NAME IS MAX, AND PEOPLE ONCE LAUGHED AT ME WHEN I SAID I WANTED TO START MY OWN BUSINESS.



"THIS IS BIH AND YOU'LL NEVER MAKE IT HERE" THEY SAID. ONCE YOU HAVE READ MY STORY, YOU WILL JUDGE FOR YOURSELF...



IT ALL STARTED ONE EVENING, WHEN I WAS GOING TO A REHEARSAL OF MY BAND.



Eliminating Barriers to Job Creation



Can anybody follow these directions? This is what investors in BiH are faced with.

It's not the people of BiH who are failing - it's the business environment of BiH that is failing.

The business environment is the first thing a potential investor looks at. A good business environment brings in investment; investment brings in jobs. As it is, the BiH business environment brings in nothing at all.

We should welcome anyone who wants to invest - local or international - because when we

welcome investment we welcome jobs. Yet investors who want to start a business here run a gauntlet of contradictory rules and pointless bureaucracy. Our politicians have promised to reform the system, get rid of the antiquated rules that stop companies from operating efficiently and replace them with laws for the 21st century - laws that will help BiH companies compete in the global economy.

Have they made the necessary changes ? No, they haven't.

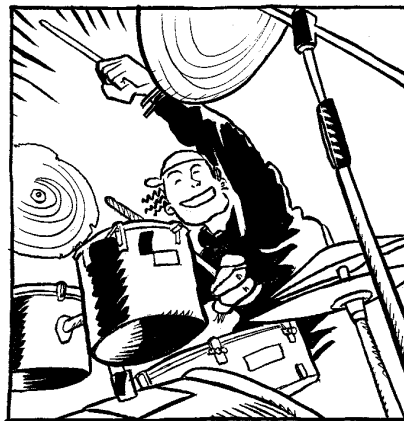
How long can this inertia last ?

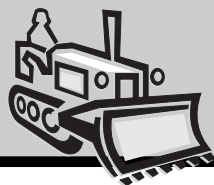


Positive changes in legislation will unlock business potential.

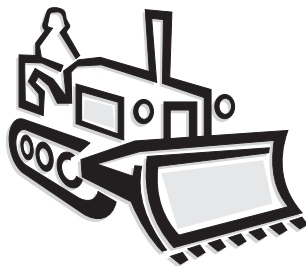
Citizens have to take the initiative if they want to get things done - if they don't take the initiative, this country's future will be frittered away.

THE ADVENTURES OF MAX





Eliminating barriers to job creation



The Bulldozer Committee is a dynamic response to inertia.

We need a working partnership with politicians.

That is why, on 12 November 2002, we launched the Bulldozer Committee. The object has been to build a working partnership with politicians. We, the businesspeople of BiH, want to be more involved in the reform process, because we think a good government needs input from those who actually run companies if it wants to pass effective business legislation.

With the help of the High Representative, Paddy Ashdown, we have held meetings with businesspeople throughout the country, receiving input from more than 500 firms on reforms that they believe can transform the economic environment in BiH.



We have set out to achieve something that has never been achieved before:

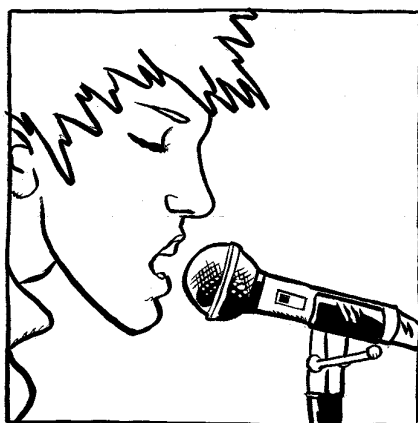
50 economic reforms in 150 days.

We received about 250 submissions.

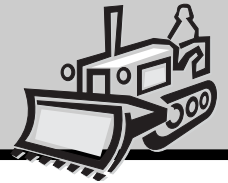
How did we go about this? First, we asked businesses to tell us their problems. We heard lots of general complaints: the economy is weak, interest rates are too high, the grey economy is everywhere, workers are not well trained. Of course, identifying problems is pointless if you don't come up with solutions.

Businesspeople who engaged in the process quickly began to home in on specific items of legislation, identifying what needed to be changed. We started to get specific submissions, relating to fees, double taxation, administrative procedures, labor practices, that all arose from flaws in the relevant legislation.

THE ADVENTURES OF MAX



Eliminating barriers to job creation



Then each proposal was worked on by a qualified group of lawyers and economists, who studied the recommendation in detail, developed legal solutions and assessed the likely consequences for the economic environment.

In order to discuss those proposals, the Bulldozer Committee met three times in Plenary Session:

On December 17th 2002 we adopted 8 proposals.

On January 29th 2003 we adopted 15 proposals.

On February 25th 2003 we adopted 27 proposals.



The Bulldozer Committee in Plenary Session, debating a proposal before the final vote

Consensus was achieved through long and detailed - often heated - discussion. Representatives of more than 20 organizations from all over the country, together with five international organizations, worked through each proposal, which was then voted on. On 25 February 2003, we had our 50 reforms.

THE ADVENTURES OF MAX



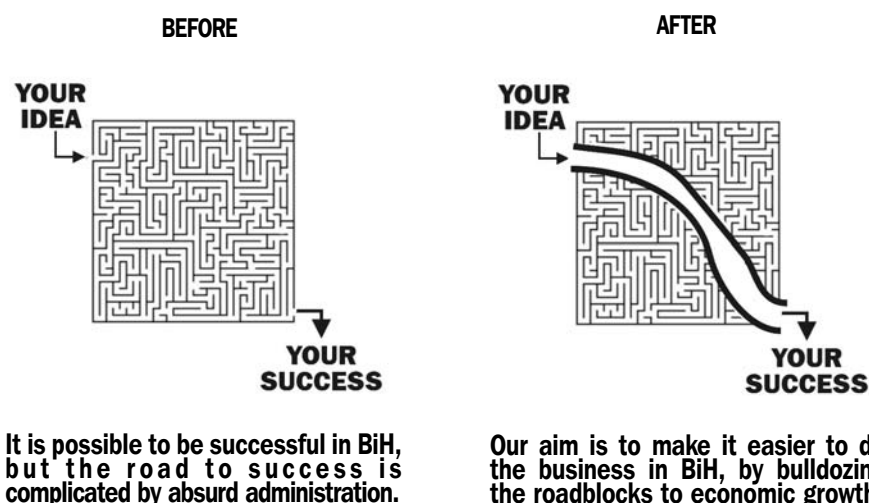


Eliminating barriers to job creation

It took the Bulldozer Committee just 110 days to draw up and finalize these recommendations for reform.

At a special joint session of the three governments we presented the 50 recommended reforms to Chairman of the Council of Ministers Terzic and Entity Prime Ministers Hadzipasic and Mikerevic, and handed the process over to them. They had 40 days to complete the task we had started, in order to reach our target of 150 days. Their job was to review the recommendations and to send them to the relevant committees in their respective assemblies.

Our government understood our goal: Simplify the life of the entrepreneur. Bosnia and Herzegovina has too much legislation that is not suited to 21st century business requirements



THE ADVENTURES OF MAX

I AM AFRAID I WILL BE LATE. WE NEED TO GO LOOK FOR A NEW STUDIO.



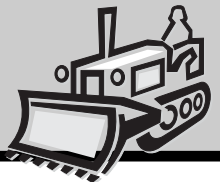
AGAIN! WHEN WILL YOU GROW UP? MUSIC IS NOT A SERIOUS JOB.



BE PATIENT WITH HIM. YOU ARE BOTH YOUNG AND YOU HAVE PLENTY OF TIME AHEAD.



Eliminating barriers to job creation



Are those 50 reforms really important?

"Reforms aren't enough to fix the problem of the grey economy", someone said during one of our Public Meetings. "If the grey economy accounts for 40 percent of the whole economy, that's because 40 percent of BiH citizens are crooks", he concluded.

That is wrong!

Because when people can go the legal way, they won't choose the illegal way. For the most part, people are not to blame for BiH's economic problems - flawed legislation is to blame. And through the Bulldozer Campaign we have sought to eliminate some of the key pieces of flawed legislation that until now have prevented businesspeople from running successful companies and creating more jobs.

Look carefully at the 50 reform proposals, which are explained in this brochure. You will see that they have been submitted by people just like you.

Do those reform solve ALL the problems of the country ? No, they don't. But they are a first step. As such, they serve as examples of what could be achieved if businesses and governments were more effective partners.

Therefore we now turn this over to our politicians.

We trust our governments and our assemblies to sustain a clear public debate on economic reforms and we hope to see most of the Bulldozer reforms enacted by the parliaments.

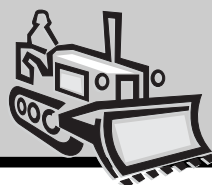
While you read about these reforms, you will also be able to follow the adventures of Max, a young entrepreneur who decided to take the risk of starting his own business. Will he be able to develop his company without unnecessary obstacles? Find out!

The 50 proposals address issues in the following sectors:

- Business operation
- Environment and Forestry
- Tourism
- Labor
- Trade
- Registration
- Chambers of Commerce
- Finance
- Transport

THE ADVENTURES OF MAX





Enterprise

Harmonization of LLC minimum capital requirement

Reform n° 1

THE SITUATION

The Limited Liability Company (d.o.o.) is the most popular form of business in BiH. One or more physical or legal persons can form a limited liability company by a founding act. In the Federation, the minimum statutory capital requirements are 2000 KM for a single proprietor and 10,000 KM for an establishment with multiple partners. In the R.S. and in Brcko District, the minimum statutory capital requirement is 5000 KM for all LLCs. The statutory capital is divided between the founders, who each have a minimum share. This minimum share defines the maximum number of people that can start a company. In the Federation, the minimum share is 2000 KM (meaning that founders of a company are limited to 5 persons). In the R.S., the minimum share is 500 KM (meaning that founders of a company are limited to 10 persons). In the Brcko District, the minimum share is 100 KM (meaning that founders of a company are limited to 50 persons).

WHY IS IT A PROBLEM

There is an unfair advantage in FBiH for single proprietors and an unfair advantage in the RS and Brcko for multiple partners. To create a single economic space, BiH needs harmonized fees, as investors generally refuse to deal with three different regulations for the same country. And with such a high start-up cost, it diminishes the number of people who choose to start a new business.

THE SOLUTION

Harmonize the legislation by setting the minimal statutory capital requirement to 2000 KM in all instances (single proprietor or multiple partners) as well as lowering the minimum share price to just 100 KM. It will enable small businesses to start with more partners (e.g. a small group could reach the proposed threshold of 2000 KM by having 20 individuals bring contributions as small as 100 KM to start the business).



Mevlida Kunosic-Vlajic
Director
TALDI
(Tuzla Agency for
Local Development
Initiatives)

WHY DID YOU SUBMIT THIS ROADBLOCK?

"Rules should be the same for starting a business throughout the country because at the end of the day, BiH is one single market. And wealth in this country is to be found within people. By lowering the start-up cost, we will unlock that wealth: More entrepreneurs will open companies."

Amendments to be enacted in:

FBiH: Law on Business Companies (Official Gazette FBiH 23/99; 45/00; 2/02) Article 314

RS: Law on Enterprises RS (Official Gazette RS 24/98; 62/02) Art. 331 Law on Enterprises

Brcko District: (Official Gazette BD 11/01; 10/02) Art. 343

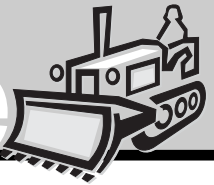
THE ADVENTURES OF MAX



Reform n° 2

Enterprise

Eliminating Double Corporate Profit Taxation



THE SITUATION

Currently, corporate taxation lies at the Entity and District level. The implication is that for corporate tax purposes, there are three tax jurisdictions in BiH. It is as though there were three countries from the taxpayer's point of view, as each Entity collects corporate tax for all business done on its territory. If a company has its headquarter in Entity A but also does business through physical means (permanent place of business, warehouse...) in Entity B, then the company is requested to open a branch in Entity B. As a "permanent establishment", this branch becomes liable for corporate profit tax towards Entity B's tax administration.

WHY IT IS A PROBLEM

The need to file a separate corporate tax return in Entity B is a significant barrier to doing business, as ONE company has to do TWO separate filings. It is as if a company based in one country decided to do business in a different country. Companies should be able to expand their market inside BiH without such administrative barriers. The current system promotes the "three countries" concept. This requirement also means that for one account of profit and loss, a company is required to report for corporate taxes more than once. This problem can be very expensive for businesses in the following case: if corporate tax is charged in Entity B (where the "branch" is located) while in Entity A, (the company's main seat) there is an overall loss, the current system means that a company making overall losses is liable to corporate tax. This is absurd as BiH is a single country, with a single economic space.

THE SOLUTION

Remove this double taxation system. Collection of corporate profit tax for all Entities should be made by the Entity in which the business head office is registered. Businesses would file only ONE tax return. It will include specifying the amount of revenues corresponding to sales made on the territory of each Entity. Once all tax returns are received by the Entities, with information shared between both, a one-time money swap will occur between the Entities to equilibrate balances. Entity revenues will not be reduced.



WHY IS THIS IMPORTANT FOR YOUR MEMBERS?

**REZ - Razvojna
Ekonomska Zajednica -
Regional Association of
14 Business Associations
in Canton 4 and 6**

"We represent businesses that have outlets in both Entities. It is important to reduce their administrative burden. Why should they pay their tax to two different offices, when one office could easily collect them all and then pay the other one? The administration should do the job. Not the businesses."

Amendments to be enacted in:

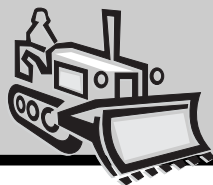
FBiH: Corporate Tax Law (Official Gazette FBiH 32a/97; 29/00)
Articles 3, 4, 31, 32, 33, 46, 58

RS: Law on Profit Tax (Official Gazette RS 51/01) Articles 2, 3, 28, 34, 39

Brčko District: Corporate Tax Law (Official Gazette BD) Articles 3, 4, 31, 32, 33, 46, 58

THE ADVENTURES OF MAX





Revising counterproductive amendments to the RS Law on Privatization of State Capital

Reform n° 3

THE SITUATION

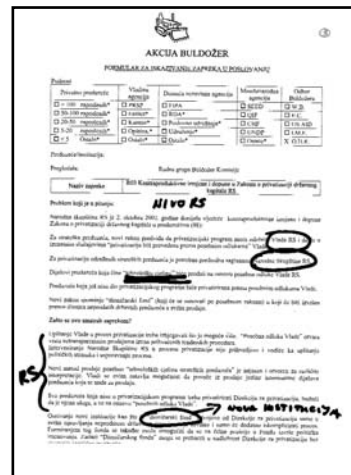
In October 2002, counterproductive changes were passed by the RSNA to the Law on Privatization of State Capital in Enterprises. The new law specifies that "in exceptional cases, privatization will be conducted according to special decisions" of the Government and prior approval of the RSNA. These "exceptional cases" appear to be not so exceptional as they concern the sale of companies not yet part of the privatization program, privatization of specific strategic enterprises, and sale of parts of enterprises that constitute a "technologic unit". The new law also refers to a "Stock Fund" (to be established under a separate law) to which the unsold government-owned company shares will be transferred in view of sale.

WHY IS IT A PROBLEM

The intervention of parliamentary procedures in the privatization process is not acceptable. It should be avoided, as it could lead to party political interference and could slow down the process, which is key to the creation of new jobs. The "special government decisions" opens the doors to non-transparent sales outside the accepted tender procedures. The new method of sale specifically for the "technological units of strategic companies" is unclear and open to wide interpretation. It may enable the RS Government to withdraw the only interesting parts of the companies offered for sale. The creation of a new institution such as a "Stock Fund" separate from the Directorate for Privatization to administer the unsold State holdings is superfluous and will add to the complexity of the process. It may allow for "political appointees" to be nominated to manage the Fund.

THE SOLUTION

It is the Directorate for Privatization that should be in charge of all companies that are not yet in privatization procedure. The tasks of the "Stock Fund" should be given to the existing Directorate for Privatization without creating a parallel institution. The Law needs to be amended to go back to the previous situation, where the Directorate of Privatization solely controls privatization.



WHY IS THIS IMPORTANT?



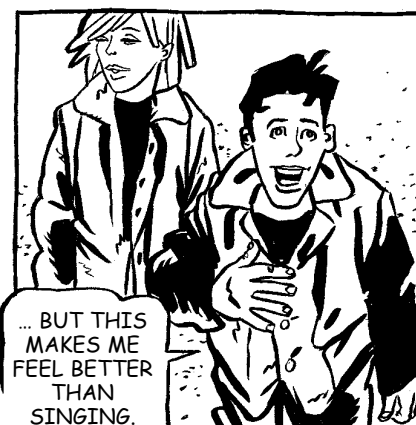
Dr. Alfred Matzka
Managing Partner
Horizonte Venture
Management, d.o.o.

"Privatization must be totally transparent and independent from political control. It is a requirement to attract foreign investors, such as us, to BiH."

Amendments to be enacted in:

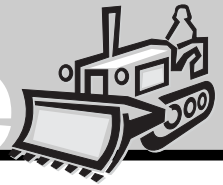
RS: Law on changes and amendments of the Law on Privatization of State capital in Enterprises (Official Gazette RS 62/02) Articles 4, 9, and 16

THE ADVENTURES OF MAX



Reform n° 4

Eliminating investment barriers through reform of FBiH Law on Business Companies



The FBiH Law on Business Companies was developed in order to create a legal framework for the establishment, management, and operations of private sector business. But with amendments made in 1999, 2000 and 2002, it became a very long and cumbersome document that sometime leads to confusion for entrepreneurs

THE SITUATION



Edib Basic
Ekonomika Zajednica -
Board Member
Corporate Governance
Forum

WHY IS PRECISION AND DEFINITION SO IMPORTANT IN THIS LAW?

"Without precision, it leaves too much up to interpretation - interpretations can be very different between local businessmen, authorities, courts, and foreign investors. We need clarity to be sure of an even, clear, and fair playing ground for all involved and so that managers can make conscious decisions by taking into account a clear overall legal framework that governs the activities of private companies."

Amendments to be enacted in:

FBiH: Law on Business Companies (Official Gazette FBiH 23/99, 45/00, 2/02) Articles 2, 4, 21, 45, 51-63, 65-66, 292, 85, 130, 133, 201, 135, 142, 146-151, 213-215, 375, 175, 195, 197-199, 280, 210-211, 217-218, 239-248, 255, 381-385

The current law creates high barriers for entrance into the market; it is confusing and often ambiguous or contradictory. This unclear situation creates uncertainty for business owners and managers and is not attractive for foreign investors. An example of this is the issue of employee shares. Some companies wish to offer shares as an incentive to employees. This topic is mentioned in the law, but there is no clear and precise definition of how these shares may be obtained or distributed. Hence, this great incentive mechanism, which is used all over the world to allow employees to share in the profit of the company, cannot be used effectively here.

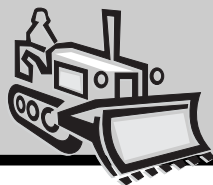
WHY IT IS A PROBLEM

Extensive amendments to the law are required. We are proposing 19 specific, concrete clarification reforms that must be made in order to assure that the growth of the private sector in BiH is not hindered by ambiguous or confusing legislation. Those 19 changes will ensure that there are no varied interpretations and implementations of the law.

THE SOLUTION

THE ADVENTURES OF MAX





Enterprise

Clarifying audit responsibilities of the Auditor General in RS

Reform n° 5

THE SITUATION

The RS Auditor General, who is the controller of the expenditures of public institutions in the RS, is required by law to carry out ANY special audit requests made by the RS Parliament or Government, government agencies or municipal assemblies.

WHY IS IT A PROBLEM

This has allowed for different actors to request as many audits (even frivolous ones) as possible in order to overload the Auditor General's Offices with assignments and thus preventing it from performing its regular task of auditing the RS public sector as requested by the Supreme Audit Institution and the Prime Minister. Public sector finances are thus in danger of being carried out without any audits taking place and are thus non-transparent to the public. This state of affairs encourages corruption and is not likely to encourage confidence of the taxpayer in public institutions, nor does it encourage those working in the gray economy to become legal and taxpaying enterprises.

THE SOLUTION

Legislation needs to be amended to clearly indicate that the RS Auditor General is able to refuse audit requests deemed frivolous, along with guidance on how and why audit requests may be declined, so that the Auditor General could not intentionally avoid important but controversial cases. Amendments are also needed to clarify funding of special audit requests, more transparency in the process of removal of the Auditor General, and in the appointment of Deputy Auditor General.



Mr. Bosko Ceko
RS Auditor General
TALDI
(Tuzla Agency for
Local Development
Initiatives)

WHY DID YOU APPROACH THE BULLDOZER COMMITTEE?

"The Auditor General is here to serve the people of the RS by ensuring correct and sanctioned expenditures in the public sector, which is an important part of the economy. Businesses understand that it is important to preserve our core function for a better transparency of the public institutions."

Amendments to be enacted in:

RS: Law on Auditing the Public Sector of the RS (Official Gazette RS 18/99) Articles 7, 10, 15, 18

THE ADVENTURES OF MAX

HEY, I HAVE THIS NEW GUY AROUND. HE WOULD BE PERFECT FOR THE INSULATION JOB YOU MENTIONED...



Reform n° 6,7

Removing mandatory fee for atomic-bomb shelter in FBiH and RS

[illegible]

THE SITUATION

When building or acquiring new premises, companies are required by law to pay a mandatory fee for the construction and/or maintenance of a municipal bomb shelter.



ARE YOU TRYING TO AVOID PAYING DUES TO THE AUTHORITIES?

Stojan Presic
Owner
PFC - Presic

"I don't mind paying my taxes but this is an absurd -- and expensive - fee, when there are no atomic-bomb shelters being built or maintained anyway, and when there is no atomic-bomb threat. It was clearly a leftover from a long, long time ago."

Amendments to be enacted in:

FBiH: Law on Defense (Official Gazette FBiH 15/96) Art. 179
RS: Law on Civil Protection (Official Gazette RS 26/02) Art. 48

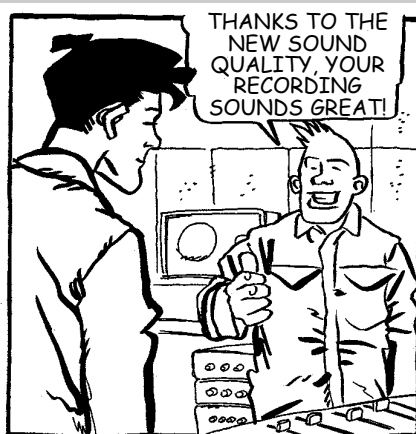
These shelters most often do not exist and the fee is therefore absurd. The fee hinders investments in production facilities as it increases the construction costs by the cost of a non-existent municipal service. For instance in FBiH, to build a factory of 2000 m², one has to pay 2% of the estimated construction value per every square meter (in the RS it is 1%). This is approximately $2000 \text{ m}^2 \times 800 \text{ KM} \times 2\% = 32.000 \text{ KM}$. This amount is equal to the net annual average salary of six workers.

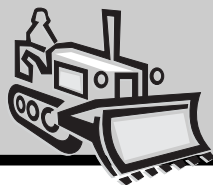
WHY IT IS A PROBLEM

Delete the obsolete provisions in this old legislation in both Entities to remove the mandatory bomb-shelter fee. Instead of going towards nonexistent services, the 1 or 2% of the investment saved by investors will go towards real business growth.

THE SOLUTION

THE ADVENTURES OF MAX





Breaking the monopoly of the RS Land Survey and Property-Legal Affairs Administration

Reform n° 8

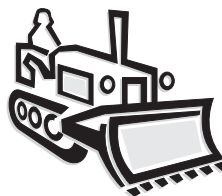
THE SITUATION

Companies operating in the field of land surveying (geodesy) could become important players in the growing construction and infrastructure market. However, private enterprises dealing with land surveying are faced with the impossibility of operating at full capacity due to monopolistic interpretation of relevant laws and bureaucratic behavior of the RS Administration for Geodesy and Property-Legal Affairs. According to its interpretation of the law, the Administration reserves for itself exclusive rights to control all operations in the field of land survey and geodesy.



WHY IS IT A PROBLEM

By ensuring its exclusive rights to all field works related to geodesy, the Republic Administration for Land Survey and Property-Legal Affairs harms private initiatives and maintains a monopoly in this market. Land surveying work could be performed through contracting smaller private companies to do the work.



WHY NOT KEEP THE MONOPOLY?

"This monopoly is unfair, blocking those of us in the private sector from making a living, even if we are able to provide an efficient and reliable service."

**11 private land surveying
companies
Bulldozer Committee**

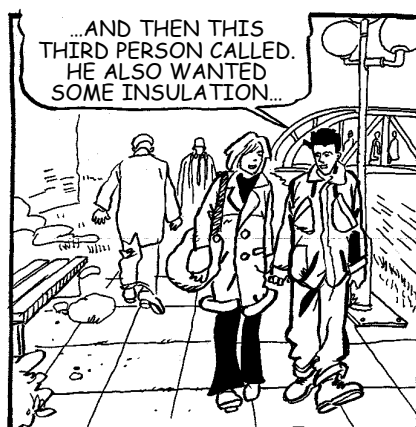
THE SOLUTION

Enable normal market-oriented operation of firms dealing with land surveying/geodesy through re-definition of position of Republic Administration for Land Survey/Geodesy and Property-Legal Affairs.

Amendments to be enacted in:

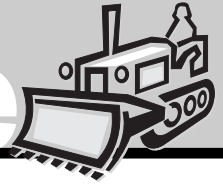
RS: Law on Survey and Cadaster of Real Estate (Official Gazette RS 19/96) Articles 18, 31, 19, 32, 163, 164, 165, 166, 172 Law on Maintenance of Survey and Land Registry (Official Gazette RS 19/96) Article 7 Law on Cadaster of Communal Devices (Official Gazette RS 19/96) Articles 8, 22

THE ADVENTURES OF MAX



Reform n° 9

Easing law firms operation through amendments to the Law on Legal Practice in FBiH



THE SITUATION

The Federation Law on Legal Practice regulates businesses in the legal profession in FBiH. But as it is, this law hinders the efficient work and development of the legal sector, which is key to the development of a healthy business environment. To be founders of a Law Firm Partnerships, a minimum of two attorneys must have equal shares and equal liability from their personal properties. Law firms (both Attorney's Offices and Partnerships) may only open one office in the territory of FBiH. The law requires a fee of 10,000 KM for a lawyer to join the Bar Association, but lacks definition for the status of those who have not joined yet. If the attorney does not pay the 10,000 KM within two years, he could lose his qualification. Despite the high fee, the law does not clearly define the internal organization of the Bar association.

WHY IT IS A PROBLEM

All of the above poses huge problems to the development and modernization of the legal profession and the legislative and judiciary system in BiH. This legislation hinders the efficiency of services provided by legal professionals. Additionally, without giving special status to lawyers who have passed their Bar exam but who have not paid the 10,000 KM fee to join the Bar Association and who wish to work as Legal Specialists (and not as Attorneys), new positions cannot be created in this field, to the detriment of individuals and of the legal profession as a whole.

THE SOLUTION

Several changes must be made to the law in relation to the registration and organization of Law Firm Partnerships and in relation to giving the status of Legal Specialist to individuals who have passed the Bar exam but do not register with the Bar Association as Attorneys. In this way, many new jobs may be created and the whole system will operate more efficiently.



Miralem Porobic
Attorney-at-Law

WHAT WOULD THIS CHANGE BRING TO THE PROFESSION?

"We need these changes, in the interest of legal professionals and in the interest of our clients, to make our business more efficient. The development of European-style law firms, for instance, would give a major boost to the commercial sector."

Amendments to be enacted in:

FBiH: Law on Law Practice of the Federation of BiH (Official Gazette FBiH 25/02) Articles 8, 33, 36

THE ADVENTURES OF MAX





Enterprise

Easing barcode issuing requirements for publishing companies

Reform n° 10

THE SITUATION

Barcodes are international product codes used on labeling of all sorts of products. They are very important for all producers who sell goods in the retail sector. For instance, without a barcode it is difficult to get a publication sold in a supermarket or exported for sale abroad. In order to get a barcode, the current legislation requires a publisher to send up to 12 copies of each publication to various national libraries. In the case of the RS, copies are also sent to libraries in Serbia and Montenegro.

WHY IS IT A PROBLEM

Let's take the example of a weekly magazine that has existed since 1995 and that wants to apply for a barcode: since the law requires it to send all previous issues for library archiving, the company would have to send more than 4,000 copies in order to be issued with a barcode number. This is almost impossible to achieve. To provide libraries with 10 or 12 copies of a book is a lot for a small publisher, especially in the RS case, where superfluous copies are required so that libraries in Serbia and Montenegro can get free copies.

THE SOLUTION

Publishing companies need to gain faster access to market. The law should be amended to require fewer copies to be sent, especially in the case of periodicals, when previous issues need to be provided to libraries. It is crucial to the publishing industry that the process of obtaining barcodes be simplified. It is also crucial that administrative requirements are limited to BiH and do not include foreign institutions in the procedure, as in the RS case.



Dusan Bastasic
General Manager
Menadzer d.o.o.

WHY IS IT IMPORTANT TO REFORM THE BARCODE LEGISLATION?

"If we cannot get a barcode for our classified ads MALI OGLASI, we will lose a lot of sales. To submit 12 copies of each issue is detrimental to our business."

Amendments to be enacted in:

FBIH: Amendments to be enacted in: FBIH: Law on Libraries (Official Gazette, R BiH 37/95) Article 40

RS: Law on Libraries (Official Gazette RS 52/01) Articles 43, 44, 46

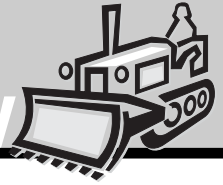
THE ADVENTURES OF MAX



Reform n° 11

Environment and Forestry

Removing double taxation of revenue for FBiH forestry



THE SITUATION

The latest Law on Forests imposes fees on all businesses on the basis of 0.10% of their total revenue for Federation and Cantonal Funds for Forests.



ARE YOU TRYING TO PROTECT YOURSELF FROM PAYING TAX?

Mr. Zijad Krnjic
Manager
Niz-k, d.o.o.

"Not at all. Business owners have no problem with paying taxes, but we do object to paying double taxes and fees-especially when these are based on turnover and not on profit, which is ridiculous! Taxation must be controlled centrally."

WHY IT IS A PROBLEM

This tax is unfair on several levels. It is unfair to tax a company's turnover when it comprises also all other expenditures and taxes. Most importantly, a line item about forestry exists in the Federation budget, of about half a million KM. It is not acceptable to have sectoral laws establish sectoral taxes, especially when these taxes are to be administered by a sectoral fund that does not yet exist.

THE SOLUTION

The Federation Law on Forests should be amended to remove the general turnover levy. If the Federation thinks that more services should be provided in the forestry sector, then the budget can be increased through the line item in the general Federation budget, explicitly describing the use of the funds.

Amendments to be enacted in:

FBiH: Law on Forests (Official Gazette F BiH 20/02) Article 60

THE ADVENTURES OF MAX





Environment and Forestry

Reform n° 12

Introduction of new water standards at State level

THE SITUATION

BiH is operating under decades-old SFRY regulations governing mineral water, but with discrepancies between the Entities in interpretation and development of standards. BiH standards are not harmonized between the Entities, let alone with EU Directives.

WHY IS IT A PROBLEM

The current legislation is obsolete and causes a serious threat to business growth in this sector. For instance, the leftover SFRY regulations do not sufficiently tackle bottled waters. Lack of harmonization of standards between Entities results in inequitable treatment and protectionism within BiH, between the Entities, as well as non-compliance with EU bottled water standards. And although domestic consumption of bottled waters in BiH is strong, the market is saturated. Growth potential lies in the export market, which would bring cash and jobs into an economy in desperate need of thriving industries. But the failure to conform to EU Directives effectively locks BiH out of a vast potential market in the rest of Europe.



WILL A NEW STATE WATER LAW SOLVE THE PROBLEM?

Mirna Velagic
Chief Financial Officer
Coca Cola Company

"Yes, it will do this definitively. The industry is really waiting for this, since right now the market is split in half, by different regulations. If a water is good according to EU standards, it is absurd not to be able to sell it everywhere in BiH. And this new law will also enable us to export our products."

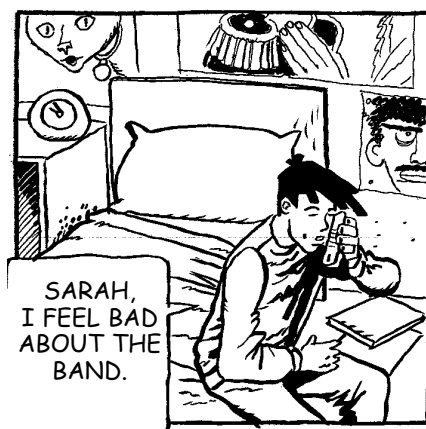
THE SOLUTION

The best way to support the bottled water industry in BiH is to develop a credible regulatory environment, incorporating EU standards, which would apply clear and concise requirements to all producers. A State-level regulatory regime must be created to set standards and vigorously monitor water purity in a consistent way throughout BiH.

Legislation to be enacted in:

BiH: Adopt new State-level "Law on Bottled Water," transposing relevant EU Directives; Create a regulatory authority under the Ministry of Foreign Trade and Economic Relations within the Consumer Protection Agency; Apply uniform standards and testing regimes to guarantee product purity and process integrity.

THE ADVENTURES OF MAX




Reform n° 13

Protecting the stocks of BiH's fruit/nut trees



(4)



AKCIA BULOŽER

PŘÍKLADY A VÝKRESY ZAPRAVĚNÍ

| Podrobně | | Shrnutí | | Měření | | Měření | |
|-----------------------------|------------------------|----------------------------|------------------------|----------------------------|------------------------|----------------------------|------------------------|
| Přístroj používaný | | Měřicí přístroj | | Měřicí přístroj | | Měřicí přístroj | |
| 1. 200 | 200 | 1. 200 | 200 | 1. 200 | 200 | 1. 200 | 200 |
| 2. 100 | 100 | 2. 100 | 100 | 2. 100 | 100 | 2. 100 | 100 |
| 3. 50 | 50 | 3. 50 | 50 | 3. 50 | 50 | 3. 50 | 50 |
| 4. 25 | 25 | 4. 25 | 25 | 4. 25 | 25 | 4. 25 | 25 |
| 5. 12,5 | 12,5 | 5. 12,5 | 12,5 | 5. 12,5 | 12,5 | 5. 12,5 | 12,5 |
| 6. 6,25 | 6,25 | 6. 6,25 | 6,25 | 6. 6,25 | 6,25 | 6. 6,25 | 6,25 |
| 7. 3,125 | 3,125 | 7. 3,125 | 3,125 | 7. 3,125 | 3,125 | 7. 3,125 | 3,125 |
| 8. 1,5625 | 1,5625 | 8. 1,5625 | 1,5625 | 8. 1,5625 | 1,5625 | 8. 1,5625 | 1,5625 |
| 9. 0,78125 | 0,78125 | 9. 0,78125 | 0,78125 | 9. 0,78125 | 0,78125 | 9. 0,78125 | 0,78125 |
| 10. 0,390625 | 0,390625 | 10. 0,390625 | 0,390625 | 10. 0,390625 | 0,390625 | 10. 0,390625 | 0,390625 |
| 11. 0,1953125 | 0,1953125 | 11. 0,1953125 | 0,1953125 | 11. 0,1953125 | 0,1953125 | 11. 0,1953125 | 0,1953125 |
| 12. 0,09765625 | 0,09765625 | 12. 0,09765625 | 0,09765625 | 12. 0,09765625 | 0,09765625 | 12. 0,09765625 | 0,09765625 |
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| 15. 0,01220703125 | 0,01220703125 | 15. 0,01220703125 | 0,01220703125 | 15. 0,01220703125 | 0,01220703125 | 15. 0,01220703125 | 0,01220703125 |
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| 18. 0,00152587890625 | 0,00152587890625 | 18. 0,00152587890625 | 0,00152587890625 | 18. 0,00152587890625 | 0,00152587890625 | 18. 0,00152587890625 | 0,00152587890625 |
| 19. 0,000762939453125 | 0,000762939453125 | 19. 0,000762939453125 | 0,000762939453125 | 19. 0,000762939453125 | 0,000762939453125 | 19. 0,000762939453125 | 0,000762939453125 |
| 20. 0,0003814697265625 | 0,0003814697265625 | 20. 0,0003814697265625 | 0,0003814697265625 | 20. 0,0003814697265625 | 0,0003814697265625 | 20. 0,0003814697265625 | 0,0003814697265625 |
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THE SITUATION

FBiH is currently facing the problem of uncontrolled and possibly very damaging cutting of fruit trees (especially walnut and cherry trees), whose raw logs and timber are exported abroad. While in the RS the government has imposed a temporary measure to protect these species, there are no mechanisms in FBiH to regulate the cutting, trade and rate of exploitation of those species. A solution that would properly protect these trees is lacking.



WHY SHOULD EXPORT OF THESE LOGS BE REGULATED?

“Because walnut and cherry trees will be endangered in BiH if something is not done immediately to curb the wild cutting and export of our trees! And it’s not only the trees that need to be preserved, it is also the BiH woodworking sector.”

Armin Niksic
Manager
Braca Niksic d.o.o.

Amendments to be enacted in:

RS: Amend Order on temporary prohibition of cutting and trading fruitwoods in state owned and private forests (Official Gazette RS 10/97)

Legislation to be enacted in:

FBiH: Issue Order by FBiH Ministry of Forestry, Agriculture and Water Management

BiH: New decision by Council of Ministers on Temporary Moratorium on export of fruitwood

There is a danger that these species will become severely endangered or nearly exhausted in this country. In addition to environmental issues, the uncontrolled export of fruitwood logs and raw timber presents a clear threat to investment in and the development of local furniture and other wood-processing companies. Revenue from exporting 1m³ of walnut tree logs is about 300 KM/m³. But the same 1m³ could be used to produce finished or semi-finished products, which could then, in the case of a table, be exported for 2,500 KM. It would also provide work for local craftsmen.

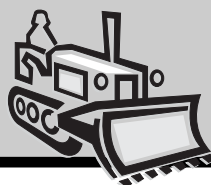
WHY IT IS A PROBLEM

A temporary prohibition of cutting and exporting fruitwoods in state-owned and private forests would enable industry and political representatives to devise an optimum solution. In the meantime, this moratorium would both ensure sustainability of the stock and preserve local industry.

THE SOLUTION

THE ADVENTURES OF MAX





Reform n° 14

Environment and Forestry

THE SITUATION

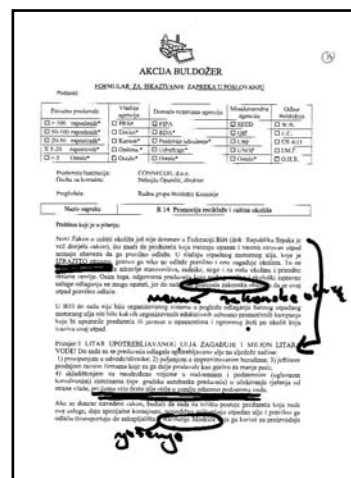
The new Law on Environmental Protection (which is EU compliant) was enacted in the RS but has still not been enacted in FBiH. This means that companies dealing with dangerous and highly toxic waste, such as used motor oils, are not required to dispose of this waste properly, and it is generally being poured down drainpipes, polluting the land, rivers, and groundwater, or is ignited, resulting in highly toxic fumes going into the air. Up to now in BiH, no organized system relating to disposal of hazardous waste motor oil has existed, nor have there been any organized campaigns of education that would alert the businesses involved or the general public to the hazards and horrendous environmental damage done by this waste.

WHY IS IT A PROBLEM

This situation is not only dangerous for the health of the population and the workforce, but for the environment as a whole. Since no one is required by law to dispose of this kind of waste properly, new waste-management and recycling companies find it difficult to get their businesses off the ground, expand and hire workers. In addition, without legislation, the Cantons cannot create rulebooks and by-laws related to this that will include fines for non-compliance. Also, BiH cannot join European institutions without such legislation that covers the whole country.

THE SOLUTION

Immediate enactment of the package of environmental laws, in addition to all of the overall ecological benefits, will require companies to care for the environment, will create jobs in the recycling sector, and will supply recycling oil to BiH's refineries. It will protect the health of workers in the automotive sector, and health of the country as a whole (as oil infiltrate soils and pollutes water).



Nebojsa Opancic
Manager
CONNECOIL, d.o.o.

HOW WILL WE ALL BENEFIT FROM THIS MEASURE?

"The recycling and waste management sector holds great potential for BiH in job creation and environmental protection, but we need proper ecological protection legislation that will help ensure enforcement and bring BiH closer to EU standards."

Amendments to be enacted in:

FBiH: Package of environmental laws (Framework Law on Environmental Protection, Nature Protection Law, Air Protection Law, Law on Waste Management and Law on Water Protection).

THE ADVENTURES OF MAX



Reform n° 15

Rationalization of tourism company contributions and accommodation tax in FBiH



THE SITUATION

Federation-based enterprises within the tourist sector pay membership fees and, where applicable, accommodation tax. Both are paid separately to tourist associations at the municipal, Canton, and FBiH level. Tourist associations at all levels are independent of each other, and each and every municipality has its own association. The councils that manage tourism associations do not necessarily include both private and public sector tourism representatives.

WHY IT IS A PROBLEM

The independent status of tourist associations at all levels causes an absence of coherent tourism development planning and duplication of effort. The three separate payment obligations are cumbersome and time-consuming. All municipalities have such associations, even those without substantial tourism potential, and spending is disproportionate. Since the associations are not accountable to the tourist industries they should represent, the quality of programs and the efficiency of spending are not ensured.

THE SOLUTION

Membership contributions should be paid only to the FBiH Tourism Association. The FBiH level should disperse funding to the Cantonal associations contingent on the satisfactory performance of these associations, thus ensuring quality control of tourism development activities. Independent municipality associations should be dismantled. Cantonal associations should establish branch offices in select municipalities as appropriate. Councils managing tourism associations should be systematically composed of private and public sector tourism industry representatives.

WHY WOULD THESE CHANGES HELP THE TOURISM SECTOR?

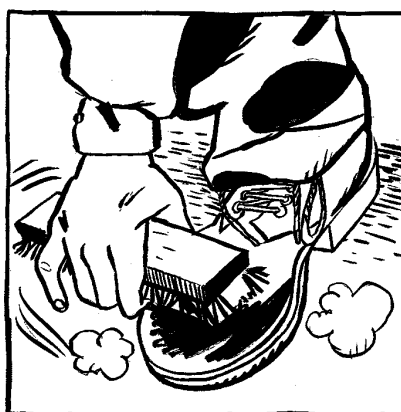
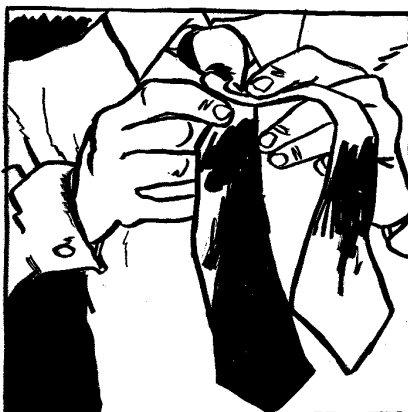
"There is too much bureaucracy and too much unnecessary spending. Many municipalities have no true tourism or need for such an association. This should be done at the Cantonal level, and municipalities that deserve special attention should be fully represented with branch offices. This will ensure that spending is proportionate with potential and that the Associations truly develop a concerted effort to represent tourism-based businesses in their areas."

Bulldozer Committee Working Group

Amendments to be enacted in:

FBiH: Law on Tourism Communities and the Promotion of Tourism in the FBiH (Official Gazette FBiH 19/96) Articles 3, 4, 6, 9, 33, 34, 37-42, 51, 52, 54; Decree on Residence Tax (Official Gazette FBiH 19/96) Articles 9, 10, 13, 17; Decree on Membership Fees in Tourist Communities (Official Gazette FBiH 02/00) Articles 16, 21

THE ADVENTURES OF MAX





Tourism

Improving mechanism of tourism and catering inspection in FBiH

Reform n° 16

THE SITUATION

Tourism and Catering Inspectors are at liberty to punish enterprises heavily for minor irregularities and blatantly interrupt regular business during routine checks. If irregularities are found, tourist enterprises may be asked to finalize any corrective action within tight deadlines.

WHY IS IT A PROBLEM

Entrepreneurs in the tourism or catering business face an uncertain future as they are at risk of being punished heavily - or even of being closed down - for minor irregularities. It is often not possible to complete corrective action within deadlines set by inspectors, because of BiH's slow bureaucracy. Routine checks that interrupt the flow of business in this service sector are indiscreet and disturb customers. Overall, the current legislation maintains high barriers to entry, to formalization, and to investment in this sector.

THE SOLUTION

The Law on Tourist and Catering Activities should be modified to ensure that fines or punishment are proportionate to the offence; that enterprises can only be forced to close for extreme violations; and that deadlines refer to initiating rather than finalizing corrective action.



Semsudin Dzeko
Member of Presidency
BiH Tourism Promotion
Board

WILL QUALITY AND SAFETY STANDARDS STILL BE UPHELD UNDER THESE PROPOSED CHANGES?

"Definitely. These changes only make the routine inspection process more discreet and efficient, allowing companies to continue to serve their guests as usual, except in cases of extreme health or safety risks. They will also allow businesses to resolve issues within realistic deadlines. Reform and efficiency of inspections will improve the success of tourism businesses, creating more jobs and more benefit to the economy as a whole."

Amendments to be enacted in:

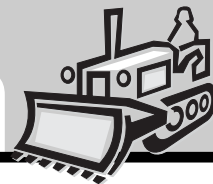
FBiH: Law on Tourist and Hospitality and Activities (Official Gazette FBiH 19/96) Articles 107, 108

THE ADVENTURES OF MAX



Reform n° 17

Easing BiH entry visa regime for foreign nationals from several Central European countries

[illegible]

Tourism is a sector with high potential and should be developed and encouraged in BiH in order to stimulate the economy and also because tourism creates jobs. Additionally, because of the high level of tourism to the coastal areas of Croatia bordering BiH, there is a large potential for transit through BiH, combined travel to both countries, and side-trips from the coast. In addition to citizens of EU member states, there are ever-increasing numbers of tourists from Central European EU accession countries visiting the region who have expressed interest in visiting BiH.

THE SITUATION



WILL THIS TRULY CREATE AN INCREASE IN TOURISM IN BIH?

"Absolutely! The citizens of these countries are visiting Croatia and have money to spend on their holidays. Many wish to make side-trips to visit Sarajevo, Mostar, Medjugorje, and other areas close to the border. Others would like to transit via BiH, meaning that people will automatically visit our country and spend some money here. I am sure that we will see huge results and revenues as early as this Summer!"

Semsudin Dzeko
Member of Presidency
BiH Tourism Promotion
Board

Legislation to be enacted:

BiH: New Decision on establishment of standing no-visa regime for citizens of the Czech Republic, Hungary, Slovakia and Poland on entry, exit or transit via BiH.

Ministry of Foreign Affairs to issue request to State Border Service to ensure consistent enforcement and uniform criteria in procedures for tourists at all border crossings as per Law in force regarding no-visa regimes, ID-card-only regimes, and issuing group visas

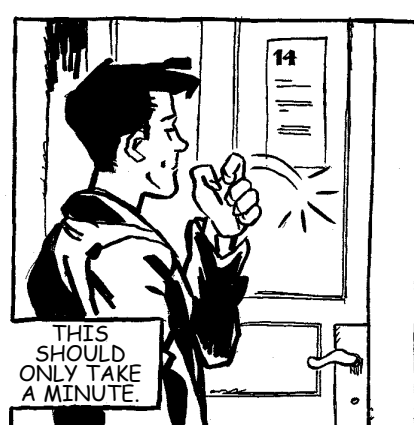
The existing BiH visa regime is very restrictive and discourages many tourists from visiting the country. This problem pertains mostly to tourists from Central and Eastern Europe (the Czech Republic, Slovakia, Poland and Hungary) who spend their summer holidays in Croatia. Around 1.6 million citizens of these countries visited Croatia during 2001. Citizens of these countries are required to have a visa, and it is very difficult for them to get one at the border. If the tourist's country does not have a BiH embassy or consulate, it becomes just too hard for him/her to visit BiH.

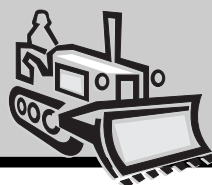
WHY IT IS A PROBLEM

Reenact the previous 2002 Council of Ministers Decision on a Temporary No-Visa Regime for Citizens of the Czech Republic, Hungary, Poland, and Slovakia as a Permanent Decision abolishing visas for these citizens.

THE SOLUTION

THE ADVENTURES OF MAX





Tourism

Improving tourism through enrolment of BiH in InterRail Pass program

Reform n° 18

THE SITUATION

InterRail is an agreement among 29 European railways to provide unlimited travel throughout the railway networks of the member countries railways to anybody who buys an InterRail Pass. The 29 member countries include the railways of all European (and Eastern European) countries except BiH and Albania.

AKCJA BULDOŻER
FORMULARZ ZA WNIOSKOWANIE O WSTĄPIENIE DO PROGRAMU INTERRAIL

| Podmiot | Właściciel | Adres | Telefon | Adres e-mail |
|--------------------|-----------------------|-----------|-------------|-------------------|
| 1. Nazwa podmiotu | 2. Nazwa właściciela | 3. Adres | 4. Telefon | 5. Adres e-mail |
| 6. Nazwa podmiotu | 7. Nazwa właściciela | 8. Adres | 9. Telefon | 10. Adres e-mail |
| 11. Nazwa podmiotu | 12. Nazwa właściciela | 13. Adres | 14. Telefon | 15. Adres e-mail |
| 16. Nazwa podmiotu | 17. Nazwa właściciela | 18. Adres | 19. Telefon | 20. Adres e-mail |
| 21. Nazwa podmiotu | 22. Nazwa właściciela | 23. Adres | 24. Telefon | 25. Adres e-mail |
| 26. Nazwa podmiotu | 27. Nazwa właściciela | 28. Adres | 29. Telefon | 30. Adres e-mail |
| 31. Nazwa podmiotu | 32. Nazwa właściciela | 33. Adres | 34. Telefon | 35. Adres e-mail |
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| 86. Nazwa podmiotu | 87. Nazwa właściciela | 88. Adres | 89. Telefon | 90. Adres e-mail |
| 91. Nazwa podmiotu | 92. Nazwa właściciela | 93. Adres | 94. Telefon | 95. Adres e-mail |
| 96. Nazwa podmiotu | 97. Nazwa właściciela | 98. Adres | 99. Telefon | 100. Adres e-mail |

Podpisano: _____
Data: _____

Proszę o przesłanie formularza do: _____
Adres: _____
Telefon: _____
Adres e-mail: _____

WHY IS IT A PROBLEM

The current situation presents an image of BiH as a country at the very bottom of the ladder of East European destination countries. Also, it gives the impression that the railways here have remained out of operation since the war, that normalcy has still not returned to the country, and even that it may be dangerous to travel to BiH. This image seriously hinders the development of youth tourism and tourism in general. With the re-opening of the Samac bridge, BiH railways are re-establishing the rail passenger service to the Budapest hub, which will also make it possible to connect to other destinations throughout Europe. Inclusion in the InterRail pass agreement would be useful to promote the availability of BiH rail passenger services and BiH as a possible destination.



Mr. Semsudin Dzeko
Member of Presidency
BiH State Tourism
Promotion Board

WHAT IS INTERRAIL AND WHY IS IT IMPORTANT?

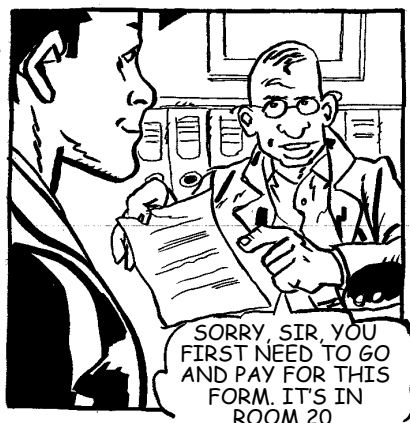
"InterRail is a pass sold to youth travelers to allow them to travel on all European railways with only one ticket. The only two countries on the continent that do not participate in the InterRail program are BiH and Albania - and Albania has no railway!"

THE SOLUTION

The BiH Railways Public Corporation should make a formal request to the UIC (Union Internationale des Chemins de Fers - International Railway Union) to have BiH railways included as members of the InterRail agreement. The InterRail Pass is discussed annually every September at a special UIC meeting on the subject. BiH Railway Public Corporation should see to it that their request is made and that BiH railways are fully prepared for admittance at the September 2003 meeting.

BiH: A simple written submission should be prepared by the BiH Railways Public Corporation to request admittance of BiH railways to the InterRail family of railways.

THE ADVENTURES OF MAX



Reform n° 19

Easing RS craft companies' operation and reducing red tape through amendments to the Law on Handicraft Enterprises



THE SITUATION

Under the recently adopted RS Law on Handicraft Enterprises there are a number of requirements for original documents that need to be fulfilled in order to register a craft shop. In particular two requirements cause concern. These requirements are proof that the person is not employed full-time and proof that the person meets a certain level of education or training for registering a craft shop.

HOW CAN THESE CHANGES HELP CREATE JOBS?



Slavko Prosan
Owner and Master
Locksmith
ELBA

"These changes will allow persons who are already employed but wish legally to set up a small business while continuing to work at their regular job to do so. Successful entrepreneurs often start as small craft-shop owners, and become larger, employing more people. Also, for many crafts, the issue is not a certain education level but rather talent. The market - customers - will decide who is qualified."

Amendments to be enacted in:

RS: Law on Handicraft Enterprises (Official Gazette RS 16/02)
Articles 2, 14/1, 17.

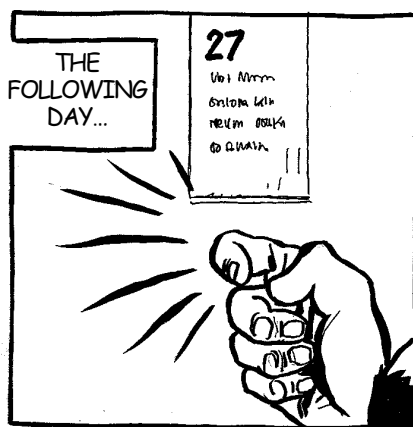
WHY IT IS A PROBLEM

These issues discourage (and often prevent) the registration or re-registration of craft shops. This is forcing many craft shops to operate illegally and it prevents new craft-shop start-ups by establishing steep barriers for emerging entrepreneurs. These barriers may also encourage bribery and corruption. In addition, there is no institution that can issue a Certificate of Unemployment to a private craftsman (as they are self-employed). Additionally, there is no reason that someone already employed full-time should not start a second or side-business, and education or training levels should only be required for very specific activities.

THE SOLUTION

Harmonize articles related to the two issues with FBiH legislation, which does not require specific education level or certificate of unemployment.

THE ADVENTURES OF MAX



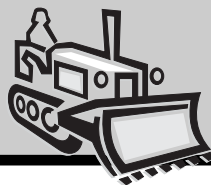
WELL SIR, WE WILL
LOOK AT YOUR FORM
LATER THIS WEEK AND
CALL YOU BACK.



3 WEEKS
LATER...

STILL NO
ANSWER... WHAT
AM I GOING
TO TELL
CUSTOMERS..?





Labor

Reform n° 20

Statewide amendments of provisions on training and volunteer labor

THE SITUATION

Volunteer labor (often referred to as "internship") presents an important opportunity to young people in BiH to gain practical experience after the completion of their education. However, existing labor legislation doesn't contain clear provisions for young people as they are trying to enter the work force. Since practical experience is almost always a precondition for employment in BiH and current youth employment rates are extremely low, labor legislation should include provisions that ease youth access to the labor market and benefit employers at the same time. In FBiH, RS, and Brcko District legislation regarding volunteer status (and all areas of labor relations) is not harmonized.

WHY IS IT A PROBLEM

There is no precise legal regulation or countrywide strategy for an enterprise-based youth employment program. Job-seeking young people get no support from government institutions. As there are no incentives for employers to hire young educated people, they often exploit "volunteerism" by hiring persons to work as volunteers in order to avoid costs and social security payments, etc. This malpractice clearly is at the expense of young people trying to gain practical experience, and it stimulates black-market employment practices.



Siniša Sarac
Successor Generation
Initiative

WILL THIS REALLY HELP CREATE EMPLOYMENT OPPORTUNITIES FOR YOUTH?

"These changes would make getting important practical experience through volunteer internships more accessible to youth and more attractive to entrepreneurs. In developed countries, this is one of the most important steps in developing one's career, giving young people hands-on experience in business in addition to the theoretical knowledge gained at school or university."

THE SOLUTION

Amendments are necessary to promote the development of true internships and volunteerism. For instance, internships and "junior professional" programs should be allowed in public institutions. Preconditions to qualify for such employment should include completed education consistent with the relevant profession and required testing for independent work. Modification and harmonization of all existing laws regarding volunteer work should take place across BiH.

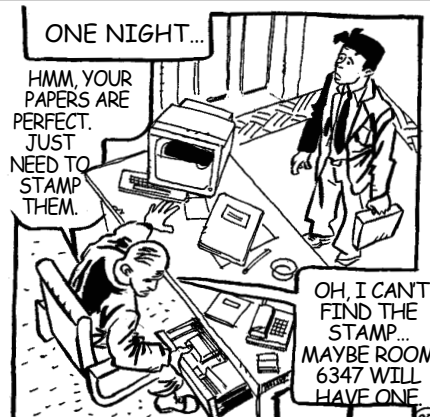
Amendments to be enacted in:

FBiH: Labor Law (Official Gazette FBiH 43/99; 32/00) Articles 26-28

RS: Labor Law (Official Gazette RS 38/00; 40/00; 41/00; 47/02) Articles 29-32

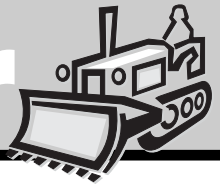
Brcko District: Labor Law (Official Gazette BD 7/02) Article 21

THE ADVENTURES OF MAX



Reform n° 21

Harmonize preconditions to take the Bar exam across BiH to ensure equal opportunity in access to market



THE SITUATION

Bar exams from FBiH and the RS have reciprocity, meaning that a lawyer who has passed the Bar exam in one Entity can practice law in the other one. Although the two Bar exams may have slight differences, they provide the same standard qualification. However, the preconditions for taking the exam are not harmonized in FBiH and the RS. In order to take the Bar exam, a person who has graduated from a Law Faculty needs a certain number of years of legal experience. In FBiH a lawyer can take the Bar exam after two years if this time was spent in court or in a private law practice, and after four years if it was spent in private companies or other government or international bodies. However, in the RS, a lawyer can take the exam after two years of experience in legal affairs spent at any workplace.



Miralem Porobic
Attorney-at-Law

WILL HARMONIZATION FIX THE PROBLEM?

"Yes it will. If this change is enacted, all lawyers will have equal rights, regardless of where they live in BiH."

WHY IT IS A PROBLEM

The lack of harmonization means that an FBiH Law Faculty graduate who spends his/her years of experience in a private company, a public institution other than a court or an international organization, would be at a disadvantage vis-a-vis an RS lawyer. The FBiH Lawyer would need to have four years of experience before he/she could sit for the Bar exam, compared to just two years required for the RS lawyer. This represents an unfair advantage for the RS lawyer. Harmonization is key to ensuring equal opportunity in market reach and access to openings of private attorney practices, which could stimulate employment opportunities.

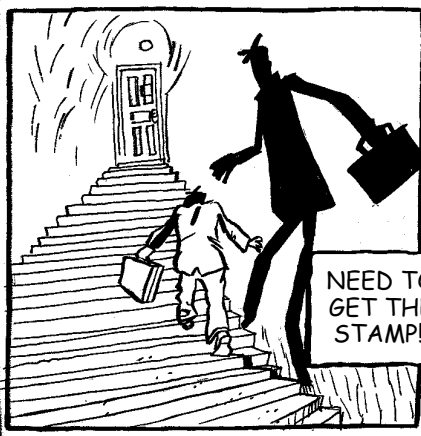
THE SOLUTION

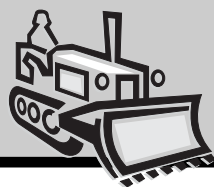
Amendments to be enacted in:

FBiH: Law on Bar Examination (Official Gazette FBiH 2/95) Articles 2, 3

Amend FBiH Law to harmonize legislation in both Entities so that only two years are required to take the Bar exam, regardless of where the experience in legal affairs was acquired.

THE ADVENTURES OF MAX





Labor

Reform n° 22

Harmonizing conditions for company activity registration

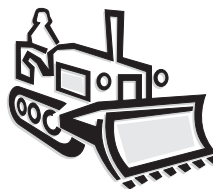
THE SITUATION

Entrepreneurs in FBiH engaged in the construction business have problems with the requirement that they must employ a minimum of 15 workers full-time. There are no such requirements in RS legislation.



WHY IS IT A PROBLEM

The requirement of having a minimum of 15 workers is hampering the ability of smaller, private companies with seasonal workers to enter a market that is dominated by predominately large companies. They are not able to register their activities as "construction," and are therefore not able to bid on tenders that require the company to be a "construction" company. This represents unfair competition from larger, often state-owned companies. RS companies, however, are able to register construction activities without similar requirements and are able to bid and operate as any construction company.



WHY DOES THIS REQUIREMENT CREATE DIFFICULTIES FOR YOU?

Marko Zivkovic
Manager
Zidmar d.o.o.

"I have fewer than 15 full-time workers, but I provide a lot of seasonal employment to many other workers, since there is hardly any work that can be done in the winter months. It is unfair that an even smaller company from the other Entity can come and bid as a construction company and we cannot!"

THE SOLUTION

Although there may be other stipulations regarding quality, insurance, and safety requirements in order to perform construction works, the number of employees should not play a role. Legislation should be harmonized in both Entities so that construction entrepreneurs have equal access.

FBiH and RS:

Responsible Ministries in both Entities will set up a commission immediately in order to review the current legislation and to harmonize legislation within 60 days.

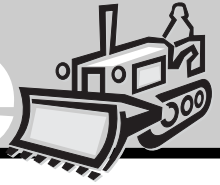
THE ADVENTURES OF MAX



Reform n° 23

Principles of moving sales tax point of collection

Trade



THE SITUATION

Tax Administrations are struggling to administer the system of collecting sales tax on excisable goods at the retail level. This should be a fair method of accounting sales tax. However, this system creates a massive tax-control problem for all Tax Administrations in BiH and has helped "fictitious" companies develop a complicated and almost untraceable chain of sales from one "wholesaler" to another.



Marinko Sulic
General Manager
Bobita Co. d.o.o

WHY WOULD THIS DIFFERENT TAX STRUCTURE BE GOOD FOR BUSINESSES LIKE YOURS?

"It will allow those doing legitimate business with these goods to survive and be profitable. Clean business cannot be viable when faced with such rampant, unfair competition from those who are continuously able to evade paying tax."

Amendments to be enacted in:

RS: Law on amendments to the Law on Sales and Excise Taxes (Official Gazette RS n.25/02; 30/02) Articles 1-11

FBiH: Law on Excise on Oil derivatives (Official Gazette FBiH 6/95; 27/98; 41/98; 51/99; 29/02) Articles 1-18; Law on Excise on Coffee (Official Gazette FBiH 6/95; 51/99; 52/01) Articles 1-14; Law on Excise Tax on Beer (Official Gazette 6/95; 51/96; 52/01) Articles 1-14; Law on Excise Tax on Alcohol (Official Gazette FBiH 6/95; 51/96; 52/01) Articles 1-15; Law on Excise Tax on Nonalcoholic drinks (Official Gazette FBiH 6/95; 51/99; 52/01) Articles 1-17

Brcko District: Law on amendments to the Law on Sales Tax on Products and Services of the Brcko District (Official Gazette BD 7/02) Articles 1-11

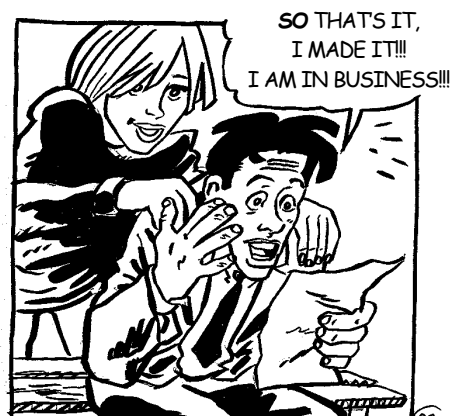
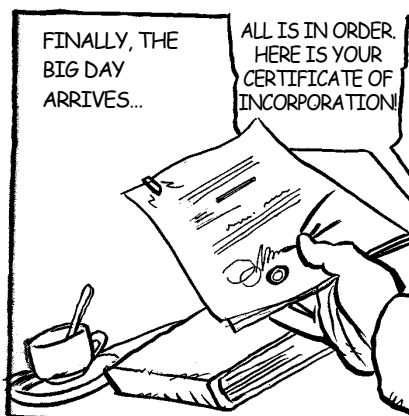
WHY IT IS A PROBLEM

The current system not only negatively impacts on the public budgets in BiH at all levels, but also prevents the creation of a business friendly environment for the legitimate trade of excisable goods. It also creates a distortion of trade competition and has a negative impact on the public budgets in BiH, at all levels. When amendments were implemented for tobacco last year, the extra revenue realized the first month after implementation was 1400% more than the previous month.

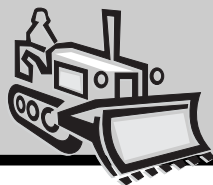
THE SOLUTION

The solution is to revert the point of collection of sales tax on excisable goods to import or production. Goods to be included in this system should include, in addition to tobacco products: oil (petroleum) derivatives; alcoholic and non-alcoholic beverages (except for mineral water and natural juices without preservatives); and coffee. The changes proposed require full cooperation and coordination between the RS, FBiH, and Brcko District.

THE ADVENTURES OF MAX



SO THAT'S IT, I MADE IT!!! I AM IN BUSINESS!!!



Trade

Reform n° 24

Easing export of drugs and medicines from BiH

THE SITUATION

The pharmaceutical industry is a very successful export industry in the country, it is very important to the BiH economy, and it provides many jobs. Pharmaceutical companies rely on their ability to export their products and samples quickly and efficiently to foreign partners and buyers, and ON TIME. However, in December 2002 the Council of Ministers changed the regulations governing the import and export of medical products. Now an additional export license is required from the State Ministry of Foreign Trade and Economic Relations, in addition to the licenses obtained from the Entity Ministries of Health for these and other goods.



WHY IS IT A PROBLEM

This Decision results in one more step in obtaining the license, creating another unnecessary procedure, which takes valuable time from entrepreneurs. The process takes 10 - 15 days more, just for procedural reasons. Nothing changes; the same license is issued on a different letterhead. These unnecessary but extensive delays reduce BiH's competitiveness on the export market.



Edin Arslanagic
CEO
BOSNALIJEK

COULD YOU TELL US WHAT THE CURRENT REQUIREMENTS MEAN FOR YOUR COMPANY?

"Since January this year we have not been able to meet the deadlines promised to foreign partners and we are losing business. The new administrative barrier added in December 2002 has made exporting even MORE difficult for us than before!"

THE SOLUTION

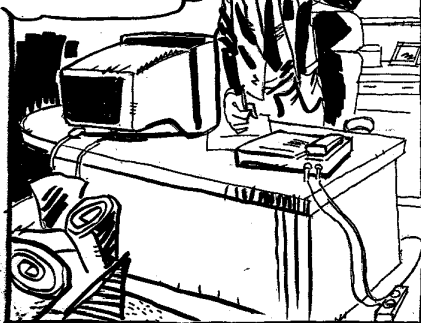
Entity Health Ministries should continue giving the licenses. These ministries should be obliged to send an ex-officio copy to the Ministry of Foreign Trade and Economic Relations for their information/statistics. This would remove the burden from the entrepreneur and result in less time lost.

Amendments to be enacted in:

BiH: CoM Decision on amendments and changes to the Decision on classification of goods for export and import regime (Official Gazette BiH 40/02) Item 3

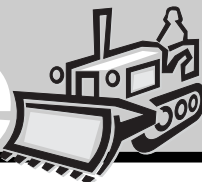
THE ADVENTURES OF MAX

OF COURSE SIR, I CAN TAKE YOUR ORDER. WE WILL DO A GREAT INSULATION JOB FOR YOU



Reform n° 25

Reducing import costs and minimising delays relating to the phyto-sanitary certificate as per EU Directive 2000/29/EC



THE SITUATION

Currently, textile production in BiH relies on imports of cotton fibers. The cotton is often imported via intermediaries in Europe, rather than directly from the producers who are usually in Africa. The governments of these countries (mostly EU) provide their own phyto-sanitary certificates for re-export of those fibers. However, current BiH legislation requires that the original or notarized copy of the phyto-sanitary certificate of the country of origin shall also be provided at the border, together with the EU certificate.



WHY DO YOU FEEL THAT THESE REQUIREMENTS ARE UNFAIR?

Jean-Paul Bondaz
Director
NERFIL d.d. MOSTAR

"A phyto-sanitary certificate issued by Italy should be as valid as an original from Burkina Faso or Mali, but we are still required to give both!"

WHY IT IS A PROBLEM

The cotton is purchased from traders either directly from the country of origin or from stocks constituted in another country for future sale and re-export in lots (for instance, Italy). As the original phyto-certificate (from the country of origin) relates to the total quantity, Italian authorities issue a new individual phyto-certificate for each lot sold. BiH authorities' unnecessary requirement for a notarized copy of the original (notarization done only inside country of origin) increases administrative costs and causes extensive delays for the importing company in BiH. This raw material, however, is crucial for producing high-quality thread and textiles that will be exported at high value.

THE SOLUTION

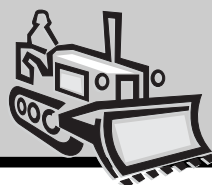
Amendments to be enacted in:

BiH: Rulebook on health control of plants in transport across the State border (Official Gazette SFRJ 59/91) Article 4

BiH should harmonize its laws to EU standards as per the EU Directive related to plant products. This accepts as sufficient the phyto-sanitary certificate of the re-exporting country.

THE ADVENTURES OF MAX





Trade

Free Trade Zones operation under the BiH Law on Free Trade Zones

Reform n° 26

THE SITUATION

Seven free trade zones operate in BiH. They were set up to encourage business development, production, and export. The Vogosca Zone alone comprises about 40 companies, including the TAS plant, a Volkswagen investment. The Vogosca Free Trade Zone employs approximately 450 people. Free trade zones legislation is, however, not harmonized between the Entities and the State.

WHY IS IT A PROBLEM

Due to conflicting wording within the BiH Law on Free Trade Zones, there is a risk of closure of free trade zones for purely administrative and procedural reasons. Entities have not yet adopted the by-laws necessary for the implementation of this law, but free trade zones have already received a deadline to comply with these procedures. Closure of the zones would mean the loss of many jobs and the loss of foreign investment already operating within these zones.

THE SOLUTION

Allow a six-month extension of the compliance order. This would enable the free trade zones to operate while putting in place the necessary changes required by the by-laws.



Zijad Kafedzic
Director
Vogosca Free Trade Zone

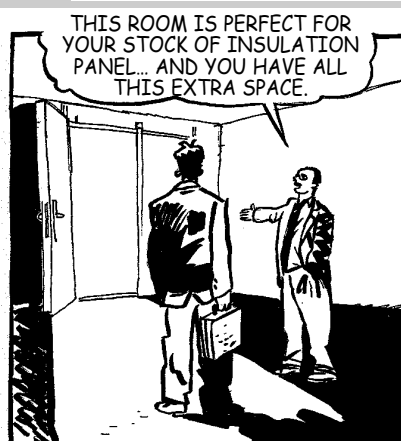
HOW MUCH IS AT STAKE IF THESE ZONES ARE CLOSED?

"These zones have allowed us to develop. We want to comply with the law, but when 450 jobs are at stake, as in Vogosca, the administrative procedures should ensure that a transition period enables us to keep operating while trying to comply with the new requirements."

Amendments to be enacted in:

BiH: Law on Free Trade Zones (Official Gazette BiH 22/02) Articles 31, 38

THE ADVENTURES OF MAX



Reform n° 27

Harmonizing vehicle trade mechanisms across BiH

Trade



THE SITUATION

There are significant differences with regard to the taxation of second-hand vehicles between the Brcko District, FBiH and the RS. Problems occur due to different interpretations regarding who the taxpayer should be, the buyer or the seller.



Mr. Sahib Huseinspahić
Manager
Sabe Komerc

BUYER OR SELLER, WHY DOES IT MATTER?

"Those simple details in the law make life hell for people who trade second-hand vehicles. It is really absurd that a car sold one way carries no sales tax, but when sold the other way, gets taxed twice!"

WHY IT IS A PROBLEM

The different existing legislation leads either to double taxation or to tax-free trade in second-hand vehicles in cases of inter-entity trade. For example, if the seller is from FBiH and the purchaser from the RS, both sides are obliged to pay sales tax. If the seller is from the RS and the purchaser from FBiH, neither is obliged to pay sales tax. This leads to distortions in the market and disables fair inter-entity trade.

THE SOLUTION

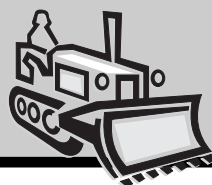
The existing legislation (definitions of the taxpayer in the existing FBiH, RS, and Brcko District laws on sales tax) needs to be fully harmonized so that payment of the sales tax becomes consistently the responsibility of the buyer.

Amendments to be enacted in:

FBiH: Law on Sales Tax on the Turnover of Goods and Services
(Official Gazette FBiH 6/95, 25/97, 13/00, 36/00, 54/00, 22/01, 49/02) Article 14

THE ADVENTURES OF MAX





Removing need for registration of foreign representative office in both Entities

Reform n° 28

THE SITUATION

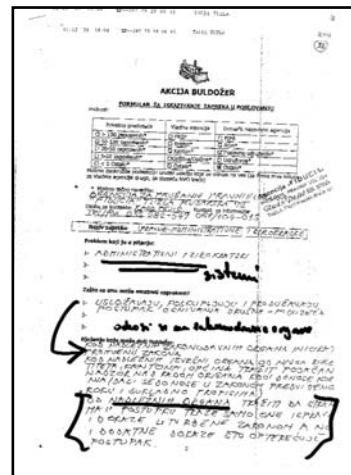
According to the legislation in force, it is impossible to register a foreign representative office for the whole territory of BiH with the state Ministry of Foreign Trade and Economic Relations (MoFTER) without also registering in the Entities. The registration procedures require that foreign companies register in three different places: MoFTER (Sarajevo), RS Ministry of Trade and Foreign Economic Relations (Banja Luka) and FBiH Ministry of Trade (Mostar). This means filling out three sets of forms, traveling to three different locations, and paying three sets of fees. These requirements are absurdly unnecessary as the activities of representative offices are limited to market research, advertising, public information, and identifying investment/market potential, as well as general representation. Foreign representative offices do not perform production or sales transactions.

WHY IS IT A PROBLEM

Representative offices are often used as a first step by foreign investors. This first step should be made as easy as possible in order to encourage foreign companies to invest further in BiH. It is also extremely important to ensure that these offices can operate smoothly throughout the country. Otherwise, foreign investors get a sense that the BiH market is composed of two countries, and therefore very complicated. Existing Entity regulations require unnecessary additional registration procedures that are extremely time consuming and serve only administrative purposes.

THE SOLUTION

New legal solution (Council of Ministers Decision) should be adopted, streamlining the whole process, with the BiH MoFTER as the only point of registration for foreign representative offices.



Sead Basic
Manager, Sarajevo Office
Unilever

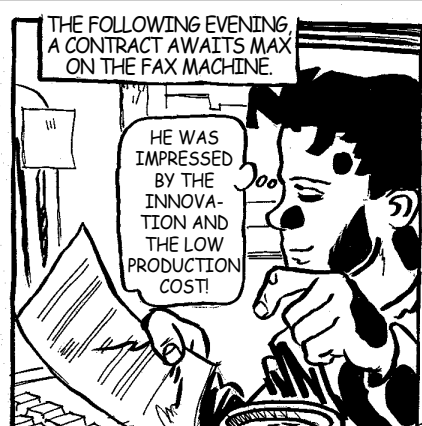
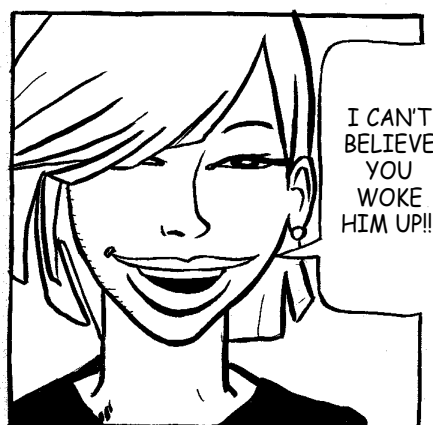
WILL THIS HAVE ANY IMPACT ON FOREIGN INVESTMENT IN THE COUNTRY?

"Simplifying the registration of representative offices will be a significant step towards encouraging investors to come to BiH. It will avoid giving them the impression that our already small market is divided in two."

Amendments to be enacted in:

BiH: MoFTER to propose Council of Ministers Decision on the Conditions for Establishment and Work of the Representation Offices of Foreign Entities in BiH.

THE ADVENTURES OF MAX



Reform n° 29, 30

Simplifying registration procedure of foreign direct investment in FBiH and RS



A foreign investor who wants to invest and operate in both Entities has to follow long procedures. To register the investment in court, the investor needs to go to several places and obtain similar but separate decisions from each, on separate letterheads: one issued by the State Ministry of Foreign Trade and Economic Relations (located in Sarajevo), one issued by the Federation Ministry of Trade (located in Mostar) and one by the RS Ministry of Foreign Economic Relations (located in Banja Luka). Once the investment is operating, the investor will have to go again to the three ministries and get separate papers if any change, for instance an increase in capital, occurs to this investment.

THE SITUATION



Salko Kulukcija
"Wulle & Partner" d.o.o.
Mostar

DOES THE COMPLICATED SYSTEM DISCOURAGE FOREIGN INVESTORS?

"Of course. How can BiH compete for investment with the rest of Central Europe when it has such a complicated system? If an investor has to run across the country every time he wants to put more money into a business, he'll simply stop and go elsewhere."

Amendments to be enacted in:

BiH: Law on the Policy of Foreign Direct Investment (Official Gazette BiH 17/98) Article 5

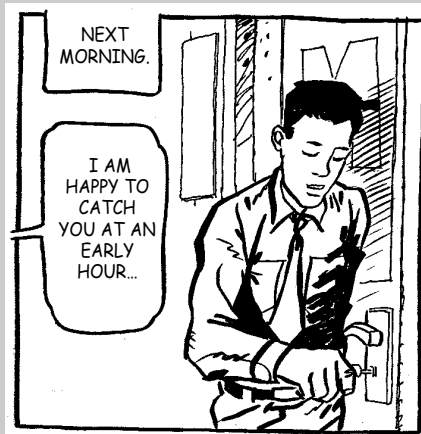
Getting separate decisions costs time and money (notarized or certified photocopies of different documents, previous ministry decisions, lawyers time, fees, etc.). This is all very frustrating and time consuming for a foreign investor, who may easily lose patience.

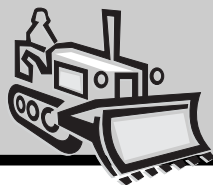
WHY IT IS A PROBLEM

In accordance with the Constitution of BiH, Foreign Trade Policy is the responsibility of the BiH State institutions. In the Law on the Policy of Foreign Direct Investment in BiH the primary purpose of registration within Entity ministries is only to collect statistical data on foreign investments. Legislation should be amended to allow registration at State level only and for Entity ministries and courts to be informed of this by the State Ministry. This will greatly simplify the life of the investor.

THE SOLUTION

THE ADVENTURES OF MAX





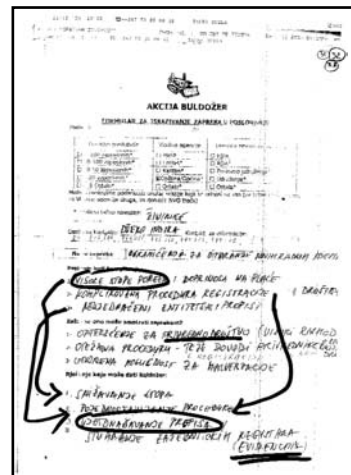
Registration

Enabling company de-registration in FBiH, RS, and Brcko District

Reform n° 31,32,33

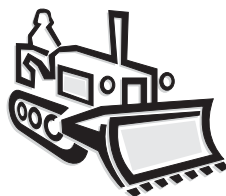
THE SITUATION

Currently there is a proliferation of fictitious companies throughout the country, resulting in unfair competition in the market, and substantial distortion of market conditions. Honest businesspeople find themselves in an unfavorable position compared to those involved with fictitious companies. When the authorities discover a fictitious company, it can be removed from the register of companies only if the owner shows up for court proceedings and signs in person for deregistration. However, in the case of many fictitious companies, the owner, as registered, does not exist, and these companies stay on the register and continue to be used for further tax evasion and money laundering.



WHY IS IT A PROBLEM

This generates unfair competition in the market, punishing honest businesspeople for paying their dues, and making their survival in the market more difficult. It might even push honest traders into the gray market in order for them to survive. The situation is distorting the market by making it possible for dishonest traders to reap the benefits of higher profit margins, or by lowering the prices of their products and making them more attractive to customers. Fictitious companies can be further used for money laundering, and possibly other criminal purposes, thus increasing crime rates in BiH.



WHY DID YOU SELECT THESE ROADBLOCKS?

"Because fictitious companies are the cancer of our economic system, we need to make sure that there is an easy way for the judges to erase them from the books."

THE SOLUTION

Set up a fast-track de-registration procedure, which, under special circumstances, does not require the owner's signature. This will help the FBiH, RS, and Brcko District officials to remove the existing fictitious companies from court registers, thus avoiding further use of these companies for evasion or fraud purposes.

Bulldozer Committee Working Group

Amendments to be enacted in:

RS: Law on Amendments and Supplements to the Law on Registration of Legal Entities in the Court Register of RS (Official Gazette RS 24/98, 37/01) Articles 1, 2, 63

FBiH: Law on Amendments and Supplements to the Law on Procedure for Registration of Legal Entities in the Court Register of FBiH (Official Gazette FBiH 4/00, 19/00) Articles 1, 2, 52

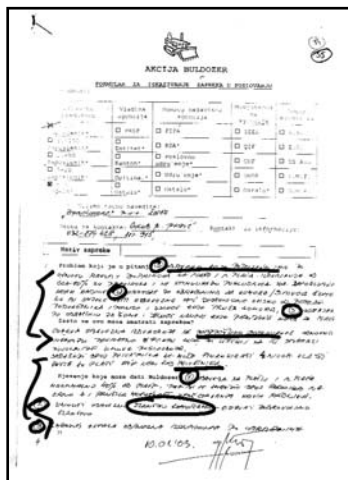
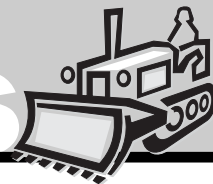
BD: Law on Register of Enterprises and Entrepreneurs of the Brcko District (Official Gazette Brcko District 9/01, 10/02) Articles 2, 38

THE ADVENTURES OF MAX



Reform n° 34,35

Transform FBiH and RS Chamber membership from compulsory to voluntary



THE SITUATION

In the FBiH, all registered businesses must pay membership fees to three levels of chambers: Cantonal, FBiH, and State-level. In the RS, according to the law, businesses must also pay compulsory membership fees to the Chamber of Commerce of the RS. Chamber members have limited say in the chambers' activities because of non-transparent governing structures (assemblies, managing boards, etc.). With secured financing originating from compulsory membership, chambers are not really focused on representing the business sector properly; their members get weak or no support.

WHY IT IS A PROBLEM

Chambers are taking money from many unwilling members. Bad practice is inherent in the system and there is little will for reform from within. Even businesses in difficult financial circumstances must pay; as long businesses pay salaries, they pay the membership fee, which is absurd. Instead of supporting and enabling a favorable business environment, chambers insist on collecting funds and give back poor service to members, and are actually slowing down their growth. Had they been true partners of businesses there would have been no need for the Bulldozer Committee.

THE SOLUTION

Amend legislation in both Entities to allow voluntary membership.



Mr. Zoran Gazibabic
"Nobil", d.o.o Travnik
Mr. Stojan Presic
STRZ "PFC - Presic"

WHY DO YOU HAVE A PROBLEM WITH COMPULSORY MEMBERSHIP?

"The fact that we had to form our own associations is proof of the failure of the current chamber system. We are not against Chambers. We just want them to provide a service good enough to attract members to join their initiatives voluntarily."

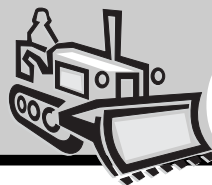
Amendments to be enacted in:

FBiH: Law on Chamber of Commerce (Official Gazette FBiH 35/98) Article 2, 6, 22

RS: Law on Amendments to the Law on Chambers of Commerce (Official Gazette RS 20/92, 18/99, 51/01) Articles 1 - 5

THE ADVENTURES OF MAX





Help family businesses by removing compulsory Craft Chamber membership in FBiH and RS

Reform n° 36,37

THE SITUATION

The current FBiH and RS Laws on Crafts provide for the continuation of the existing chamber system by obliging craft companies to pay membership fees to the Craft Chambers. This provides guaranteed financing to the chambers while no quality standards or governance transparency mechanisms are set by the law. Individual entrepreneurs have no involvement or say in the work of the chambers.

WHY IS IT A PROBLEM

The chambers do not give sufficient quality of service to justify a mandatory fee. Members get poor or no support, and chambers do not lobby effectively for the entrepreneurs. The mandatory fee does not entice chambers to change their bad practice and improve the system from within. This fee is really expensive for small and family businesses, as it is charged as a percentage of the gross salaries of all employees of a company. This is detrimental to the job market. The money spent on the chamber fee could, for instance, be used to raise employee salaries.

THE SOLUTION

Ensure amendments to the laws in both Entities to enable craft companies to pay the fee on a voluntary basis. This would force the chambers to attract members with better performance and services, more reform advocacy, and more transparent governing structures.



Ibrahim Bosnjakovic
Owner
TUP Omiska

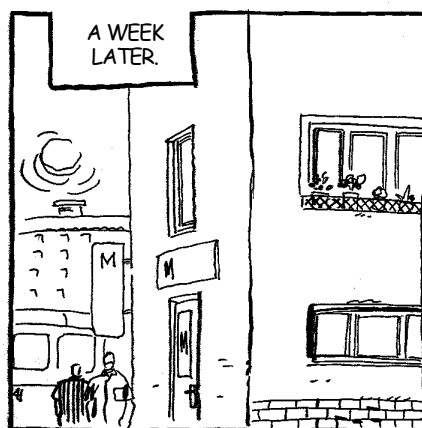
WHAT MADE YOU DECIDE TO REQUEST THIS BULLDOZER RECOMMENDATION?

"We are tired of paying for membership in organizations that are not representing our interests. With voluntary membership, chambers will have to show that they provide services that are worth the cost of the membership fees. If they cannot provide valuable services to their members, there is no need for them in the market."

Amendments to be enacted in:

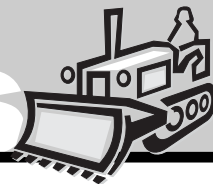
RS: Law on Crafts (Official Gazette RS 16/02) Articles 50, 54
FBiH: Law on Crafts (Official Gazette FBiH 52/02) Article 42

THE ADVENTURES OF MAX



Reform n° 38

Transform Cantonal Chambers membership from compulsory to voluntary



THE SITUATION

All registered businesses in the FBiH must pay membership fees to three levels of chambers: Cantonal, FBiH, and State. Private entrepreneurs have no access or say in the work of the chambers because of their totally non-transparent governing structure. With secured financing originating from compulsory membership, these chambers are not really concerned with making efforts to represent businesses properly; members get weak or no support. Furthermore, even if a business is in a difficult situation, as long as it pays salaries, it has to pay membership fees.

DON'T YOU BENEFIT FROM THE CANTONAL CHAMBERS?



Mr. Ivica Curic
"NBI Curic," d.o.o

"The cantonal chambers are just another level of bureaucratic administration that costs businesses money but has little or no value for entrepreneurs."

WHY IT IS A PROBLEM

Too many chambers, including the cantonal ones, are collecting money from members who feel that they are not getting any benefit from them. Instead of supporting and enabling a favorable business environment, the chambers are simply collecting funds and giving back very little. These bad practices are nearly impossible to fix from within the system. The chambers should have been the real partners of businesses so that a Bulldozer Committee would not have been needed.

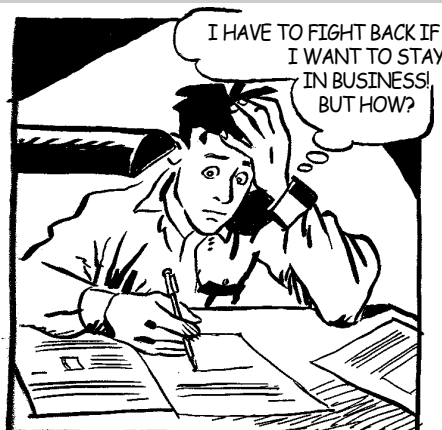
THE SOLUTION

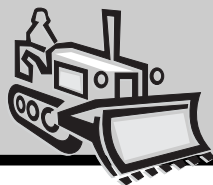
Amendments to be enacted in:

FBiH: Law on Chambers of Commerce (Official Gazette FBiH 35/98) Article 7

Amend the law to allow voluntary membership instead of current compulsory membership by enforcing implementation of Article 7.

THE ADVENTURES OF MAX





Finance

The meaning of the word "CAPITAL" in FBiH laws and practice

Reform n° 39

THE SITUATION

The term "capital," with or without additions, must have the same meaning in both legal and accounting senses. Contradictory or inconsistent terminology causes misunderstandings between entrepreneurs, bankers and lawyers. In order to set the foundations of a good business environment, the legislation should clearly identify and define the legal requirements for this terminology.

WHY IS IT A PROBLEM

There are different meanings in different legislation in the FBiH Law on Business Companies and in the Codex of Accounting Principles of the Law on Accounting. These include the definitions of Statutory Capital (osnovni kapital) and Equity Capital (vlasnicki kapital). In one law, there is even an incorrect translation. It can cause enormous administrative problems when two parties need to refer to the term "capital" in their daily operations, which happens often in the case of enterprises, banks, and governmental organizations.



Edib Basic
Board Member
Corporate Governance
Forum

IS IT SO IMPORTANT TO CLARIFY THESE DEFINITIONS?

"There are many players in the business environment. If we don't play by the same rules, the game isn't fair. Legislation needs to be consistent."

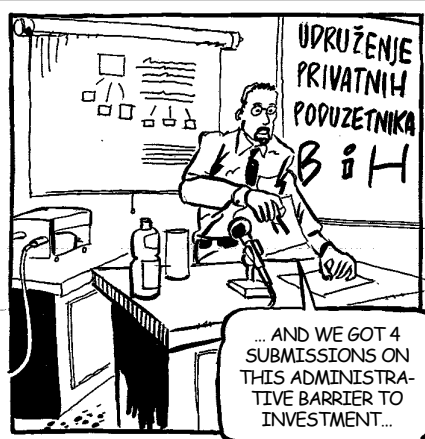
THE SOLUTION

Amend necessary laws to define precisely, and harmonize, the terminology used to describe these types of capital in FBiH.

Amendments to be enacted in:

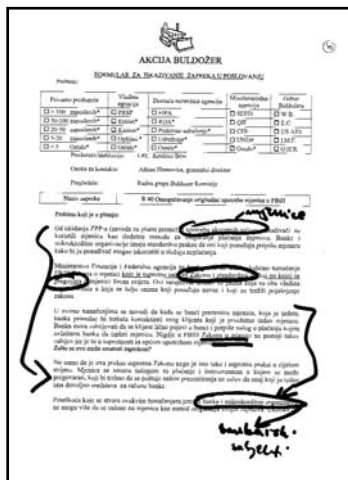
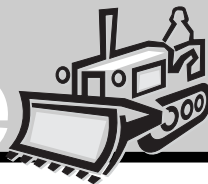
FBiH: Law on Business Companies (Official Gazette FBiH 23/99, 45/00, 2/02) Articles 38, 56 Law on Accounting (Official Gazette FBiH 2/95, 12/98) Item 95 of Codex of Accounting Principles

THE ADVENTURES OF MAX



Reform n° 40

Enabling original use of Bill of Exchange in FBiH



THE SITUATION

Since the elimination of ZPP (Central Payment Bureaus), banks and micro credit organizations have been using Bills of Exchange as an additional method of securing repayment of loans. But the current interpretation of the FBiH Law on Bill of Exchange does not allow a bank to make payment on a Bill of Exchange until the original issuing customer physically comes in person to sign a payment order. This totally contradicts the standard ways by which Bills of Exchange are used around the world.

WHY IT IS A PROBLEM

Not only is this practice contrary to the law, but also contrary to standard international practice. A Bill of Exchange is considered a payment order and a negotiable instrument, which should be honored upon presentation, provided that the issuer has sufficient funds in his or her bank account. The difficulty that this misinterpretation creates is that banks and micro-credit organizations may no longer rely on Bills of Exchange as a method of securing their loans. If this happens, this could result in many small or micro-businesses no longer qualifying for loans.

THE SOLUTION

This unconventional interpretation should be corrected quickly, before the problem becomes widespread. Standard practice by which Bills of Exchange are negotiated around the world should be implemented. The FBiH Ministry of Finance and Federation Banking Agency should revise the incorrect and prohibiting interpretation of the Law.



Adnan Hrenovica
General Director
LRC Credit Bureau

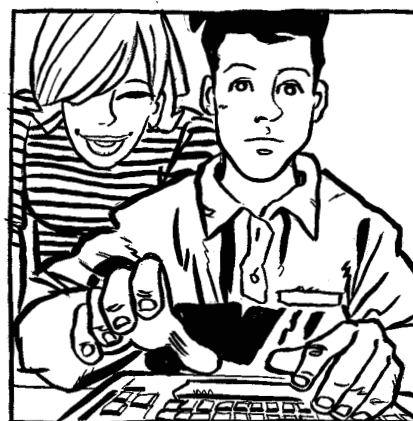
HOW WOULD THIS REFORM HELP THE FINANCIAL SECTOR IN BIH?

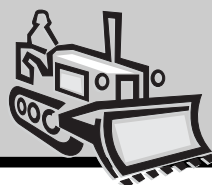
"This is an important reform to help bring our financial sector up to global standards and to improve access to credit for many more entrepreneurs by maintaining Bills of Exchange as clear options for securing loans."

Amendments to be enacted in:

FBiH: Law on Bill of Exchange (Official Gazette FBiH 32/00) Law on Payment Transaction (Official Gazette FBiH 32/00) Article 39
FBiH Ministry of Finance and FBiH Banking Agency to revise interpretation of the Law.

THE ADVENTURES OF MAX





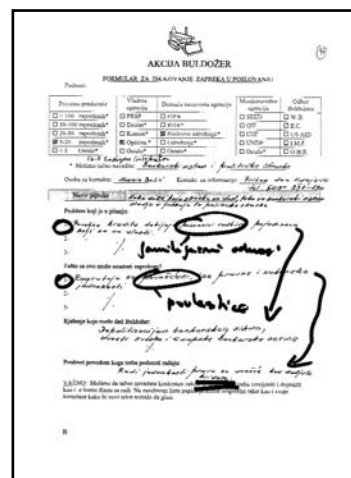
Finance

Reform n° 41

Simplifying procedures for conveying banks' assemblies in FBiH

THE SITUATION

According to FBiH law, notification of the agenda, place, date and time of a General Shareholders' Assembly session must be announced in at least one of the daily newspapers published within the FBiH, no later than 30 days before the date determined for the General Meeting of Shareholders session, even if there is only one shareholder. The members of the management and supervisory board must attend the assembly.



WHY IS IT A PROBLEM

This represents a roadblock since there is no point in announcing the General Shareholders Assembly in daily newspapers if, for example, there is only one shareholder. This prolongs the procedure and makes it more expensive. In cases where foreign investors are involved, as a rule, members of management reside in BiH while most members of the supervisory board do not; requiring the attendance of those living abroad creates unnecessary expense and makes the organization of the session more complex.



Franz Friedl
CEO
HVB Bank Bosnia and
Herzegovina d.d. Sarajevo

HOW DOES CURRENT LEGISLATION REGARDING ASSEMBLIES AFFECT BANKS

"It makes it impossible for a bank to function normally when forced to wait to make sure that all of the members of the supervisory board can travel to the country on a certain day only in order to hold a general shareholders' assembly. Additionally, if the bank is 100% owned by one entity, it is ludicrous for us to have to announce the meeting in the press!"

THE SOLUTION

Delete the requirement for announcing sessions 30 days in advance in daily newspapers for banks that have only one shareholder. Delete the obligation of the members of the supervisory board and management to attend General Shareholders Assembly sessions.

Amendments to be enacted in:

FBiH: Law on Banks (Official Gazette FBiH 39/98, 32/00, 48/01, 41/02) Article 29

THE ADVENTURES OF MAX



Reform n° 42

Finance

Execution on claim on bank accounts



| Redni broj | Ime i prezime | Adresa | Ime i prezime | Adresa |
|------------|---------------|--------|---------------|--------|
| 1. | ... | ... | ... | ... |
| 2. | ... | ... | ... | ... |
| 3. | ... | ... | ... | ... |
| 4. | ... | ... | ... | ... |
| 5. | ... | ... | ... | ... |
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| 7. | ... | ... | ... | ... |
| 8. | ... | ... | ... | ... |
| 9. | ... | ... | ... | ... |
| 10. | ... | ... | ... | ... |

THE SITUATION

Many companies who are owed money by clients who have not paid are forced to collect their outstanding claims through court proceedings. The court decision on execution currently states the exact number of the specific account of the debtor from which the bank will make payment to the account of the creditor. If the debtor has cleared out the account specified in the court decision, the creditor must attempt to identify another account number of the debtor and obtain another court decision. It can be like a game of "hide and seek."

WHY IT IS A PROBLEM

Unscrupulous debtors, aware of "informed" of the court proceedings, do not hesitate to empty their accounts a few days before the court decision is rendered. The lack of funds in the account of the debtor prolongs the already long court procedure of collecting outstanding claims. In addition to the frustration, costs, and time, creditors are faced with cash-flow shortage resulting from the practical difficulties in recovering their claims.



Ante Suton
General Director
HERCEG TISAK - Printing
and Trading Company

HOW WILL THIS CHANGE HELP?

"Many debtors to companies try to avoid having to pay what is owed even after a court decision ordering them to pay. If they move their funds on time, they can avoid having to pay and force those to whom the money is owed to have to make a random search to find out where the funds are!"

THE SOLUTION

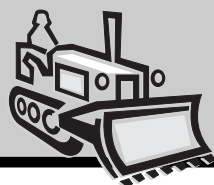
The new (draft) Law on Executive Procedure in the Federation and RS should be amended. This (draft) Law is expected to be in force very likely before May 2003. Co-ordination between the Bulldozer Committee and the drafters of the Law on Executive Procedure is needed. The Brcko Law on Executive Procedure (8/00, 1/01 and 5/02) should be amended similarly.

Amendments to be enacted in:

FBIH: Draft Law on Executive Procedure FBIH, Articles 166, 169
RS: Draft Law on Executive Procedure RS, Articles 166, 169
Brcko District: Law on Executive Procedure (Official Gazette 8/00, 1/01, 5/02)

THE ADVENTURES OF MAX





Finance

Easing collateral transferability

Reform n° 43

THE SITUATION

According to the Law on Obligations in force in the FBiH and RS, any creditor, in order to transfer his claim and accessory pledge rights to a third party (i.e. a different bank), is required to obtain the consent of the owner of the collateral (who may or may not be the debtor - i.e. a guarantor). An obligation taken over by a third party where this consent has not been obtained is fundamentally an unsecured claim.

WHY IS IT A PROBLEM

This requirement inhibits financial institutions (inter-bank) and investors (secondary markets) from purchasing the loans of other financial institutions, limiting the movement and effective use of financial resources.



Peter Nicholl
Governor
Central Bank of Bosnia
and Herzegovina

WHY IS IT SO IMPORTANT FOR COLLATERAL TO BE TRANSFERABLE?

"Allowing collateral to be transferred without problems is key to ensuring financial discipline in BiH and improving access to capital for businesses."

THE SOLUTION

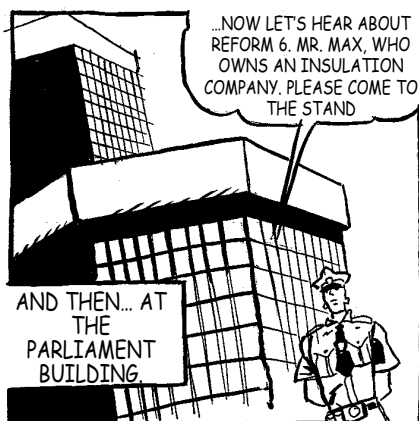
Amend the Law on Obligations in FBiH and RS to omit the consent requirement for the transfer of collateral from creditor to third party. The new owner of the debt would then update the public/court registries with this information (if necessary) and inform the debtor and guarantor/collateral owner. Ensure that in drafting the new Law on Obligations there is co-ordination between the Bulldozer Committee and the working group in charge of the draft law. For harmonization and clarity, the respective Laws on Legal-Property Relations of both Entities and the Brcko District should be amended.

Amendments to be enacted in:

FBiH: Law on Obligations (Official Gazette FBiH 2/92; 13/93) Articles 437, 438 Laws on Legal Property Relations (Official Gazette FBiH 6/98) Article 71

RS: Law on Obligations (Official Gazette RS 17/93, 3/96) Article 437, 438 Law on the Basis of Legal-Property Relations (Official Gazette SFRY 6/80, 36/90) Article 66

THE ADVENTURES OF MAX



Reform n° 44

Shortening procedures for increasing bank capital



THE SITUATION

The procedure for increasing capital in banks is extremely long since in addition to registration of shares with the Securities Exchange Commission, it is necessary to get the prior consent of the FBiH Banking Agency, which makes the procedure more complex.

HOW WILL THIS HELP YOUR BUSINESS?



Franz Friedl
CEO
HVB Bank Bosnia and
Herzegovina d.d. Sarajevo

"This will allow banks to increase capital more quickly in order to accommodate foreign investors who are entering the BiH market and bringing much needed capital with them. Banks need to react quickly to market conditions and amendments to this provision will help us be more efficient in offering financial services."

Amendments to be enacted in:

FBiH: Instructions for Issuance of Licenses and other Consents of the FBiH Banking Agency, (Official Gazette FBiH 52/02) Chapter XIX/26

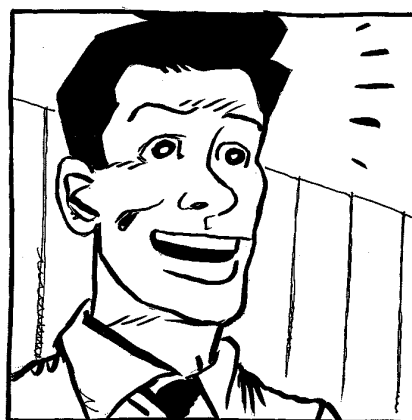
WHY IT IS A PROBLEM

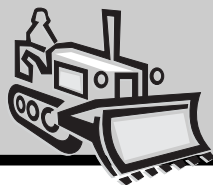
It is inappropriate for a domestic or foreign investor to wait 30 days (the time period allowed to the FBiH Banking Agency to approve or decline the request for capital increase), contributing to unnecessary delay. This is not conducive to foreign investment in FBiH.

THE SOLUTION

Shorten the deadline from 30 days to 7 days.

THE ADVENTURES OF MAX





Transport

Reform n° 45

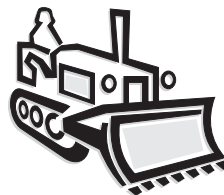
Liberalization of bus scheduling in the Federation

THE SITUATION

Currently, bus schedules for services crossing entity lines and international borders must be approved by the BiH Licensing Commission established under the recently passed State Law on International and Inter-entity Road Transportation. This schedule approval process is only done once a year.

WHY IS IT A PROBLEM

This is a roadblock because bus companies must follow the same schedule throughout the year and cannot vary them according to market demand, differences in patterns of use, changing seasons, etc. This requirement does not allow bus companies to operate as effectively as they could under more flexible circumstances. Approvals for schedule changes are only given once yearly due to the resource limitations of the already swamped BiH Licensing Commission.



WILL LIBERALIZED BUS SCHEDULING BENEFIT PASSENGERS?

"Companies will be able to set their schedule according to passenger demand. Routes will become more cost-effective, and the bus transport industry will benefit as a whole."

Bulldozer Committee Working Group

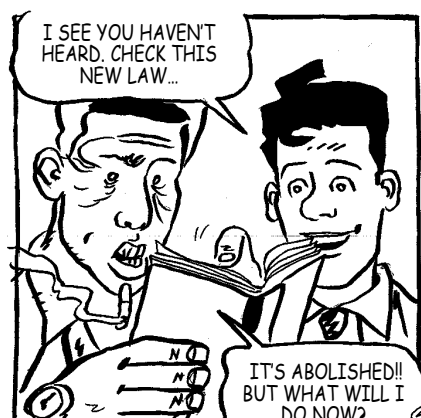
THE SOLUTION

Requirements for approvals of operating schedules for city bus services crossing the inter-entity boundary line (such as those within Sarajevo) should be removed. The elimination of this requirement would do away with this unnecessary red tape and free up resources of the Licensing Commission to do more important tasks. Bus schedules should be a matter of operational procedures that follow market demand. Schedules must be made clearly available to the public and bus companies must adhere to these schedules. The approval requirement should remain for international services, which is standard international practice.

Amendments to be enacted in:

BiH: Rulebook on harmonization of timetables of bus lines passed by the BiH Minister of Communications and Transport (Official Gazette BiH 9/02) Articles 1, 7, 8

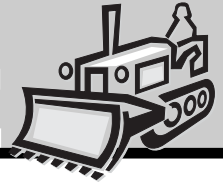
THE ADVENTURES OF MAX



Reform n° 46

Transport

Removal of reciprocity rule in inter-Entity transport



THE SITUATION

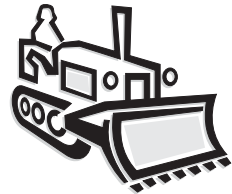
Currently, under the BiH Law on International and inter-Entity Road Transportation, reciprocity is required between bus companies in order to operate services that are inter-Entity in nature. This means that if an RS company wants to open a new bus route that goes from the RS to FBiH, then an FBiH company would have to open a similar route from FBiH to the RS.

WHY IT IS A PROBLEM

Although the Book of Rules on Transportation recently adopted by Ministry of Civil Affairs and Communications does allow for operation of a route by one carrier where there is no second operator, the reciprocity requirement in general has fragmented the bus market in BiH. It has also meant that bus companies of the RS and FBiH share routes that clearly can only be cost-effective for one operator. The sharing of revenues among operators has meant that lines are not profitable and there are insufficient funds available for maintenance and fleet renewal. This is the reason that the average age of the bus fleet in BiH is approximately 17-20 years.

THE SOLUTION

This requirement creates a basic restriction on freedom of movement within BiH, which contradicts the Constitution. The BiH Law on International and Inter-entity Road Transportation should be amended to repeal the reciprocity requirements for inter-entity bus services.



IS THIS IMPORTANT FOR THE TRANSPORT INDUSTRY?

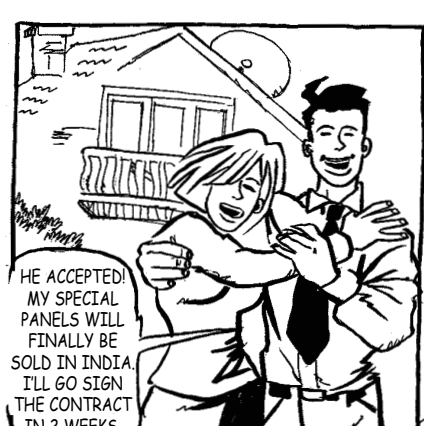
Bulldozer Committee Working Group

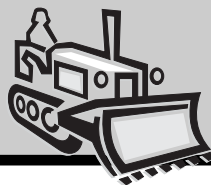
"The industry needs to be liberalized, especially when it comes to inter-Entity transport. It is absurd to use cumbersome international transport rules when it comes to ensuring traveling within BiH, which is one single country."

Amendments to be enacted in:

BiH: Law on International and Inter - Entity Road Transport (Official Gazette BiH 1/02) Articles 3, 5, 10, 21

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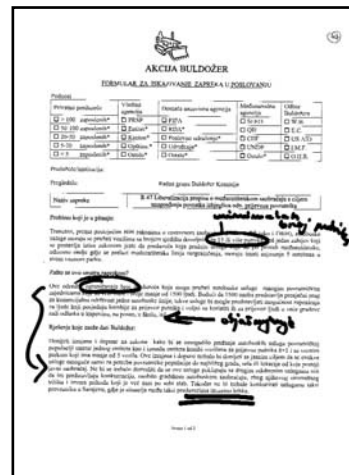


Liberalization of inter-Entity transport regulations for helping refugee return

Reform n° 47

THE SITUATION

Currently, as per the road transport laws of BiH (both RS and FBiH), bus service may only be provided with vehicles with seating capacities of 15 passengers or more. Another requirement of the same law is that transport companies operating services across Entity lines must have a minimum of 5 buses in their fleets.



WHY IS IT A PROBLEM

These requirements limit the number of companies that can provide transportation services to many refugee return communities that have populations of fewer than 1500 people. As 1500 is the average population threshold for commercial viability of a bus route, transportation services could provide some source of employment for people with passenger vans willing to use them to transport people to larger towns for shopping, work, school, etc.



HOW WILL THIS SUPPORT REINTEGRATION OF REFUGEES?

"People are returning to their homes and need to have reliable and viable public transportation to access jobs and services that may not be available in their communities. This will give that opportunity to these communities and will create jobs for some returnees in providing these services."

THE SOLUTION

Amend legislation to allow the operation of intra and inter-Entity bus services to refugee return communities using 8+1 passenger vans and with fleets of less than 5 vehicles. These amendments would have to be introduced to allow service for refugee return communities to the nearest town/village or access to connecting public transport. They should not be allowed to overlap and compete with other existing bus routes, especially city bus operations, due to the dilution of their markets and already thin revenue basis. They should also not be allowed to compete with inner-city taxi services.

Omer Vatric
Director
SERDA

Amendments to be enacted in:

FBIH: Book of Rules of Federal Minister of Transport and Communications (Official Gazette FBIH 39/99) Article 8

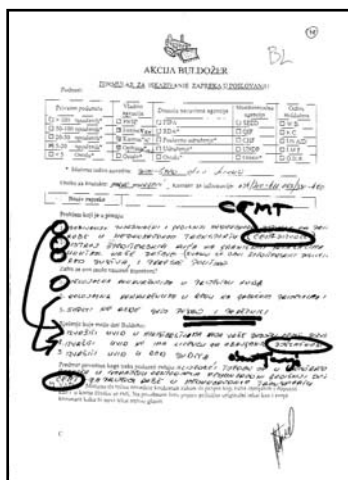
RS: Book of Rules of RS Minister of Transport and Communications (Official Gazette RS 23/00) Article 9

THE ADVENTURES OF MAX



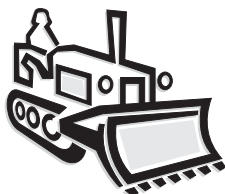
Reform n° 48

Facilitating the process of obtaining CEMT Truck Licenses



THE SITUATION

Many transport companies are having difficulties obtaining the international CEMT (Conference of European Ministers of Transport) truck licenses. They are in short supply due to limitations and environmental standards the EU is trying to impose on truck transport. Currently, the BiH Ministry of Communications and Transport gets a set number of licenses each year. It then allocates licenses to the Entities, who in turn pass them on to the Cantons and Municipalities for distribution to private companies.



HOW WILL THIS INITIATIVE HELP THE TRUCK-TRANSPORT SECTOR?

Marko Mihaljevic
Manager
Dumi-sped d.o.o.

"This initiative will improve the issuing system so that those of us with modern and safe fleets that deserve CEMT licenses most could obtain them without difficulty and without having to pay black-market premiums."

Regulation to be adopted as per:

BiH: Law on International and Inter-entity Road Transportation (Official Gazette BiH 1/02) Article 28; adoption of new Book of Rules

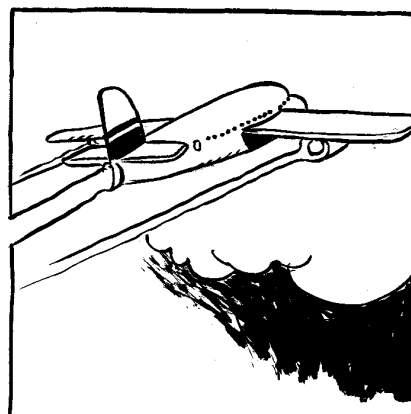
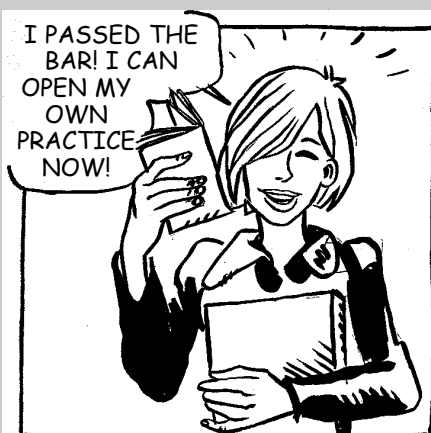
The distribution system is inefficient. With the current system, one Canton may end up with too many licenses, while a neighboring Canton will not have enough. Companies in Cantons with a surplus will buy the licenses and resell them on the black market to companies in other Cantons that need them. Additionally, there are no conditions that companies need to fulfill in order to get a license. They should be awarded to those companies that have fleets coming closest to meeting EU standards. These issues are exacerbated by the fact that EU licenses are awarded to BiH in diminishing numbers.

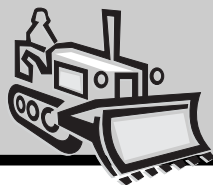
WHY IT IS A PROBLEM

The current State government provision should be implemented immediately and regulations should be adopted through the BiH Ministry of Communications and Transport. The Licensing Commission that was established last year should begin to deal with the matter of issuing truck licenses without delay. This will ensure a fairer distribution system of CEMT licenses.

THE SOLUTION

THE ADVENTURES OF MAX





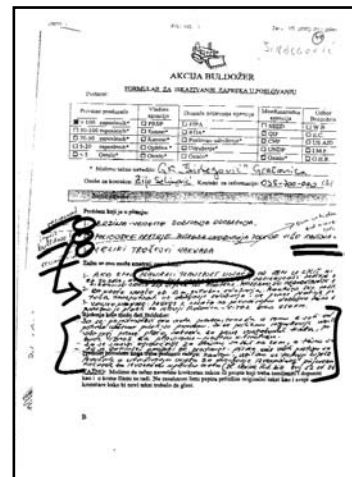
Transport

Streamlining Regulations for Oversize Truck Loads in FBiH

Reform n° 49

THE SITUATION

Obtaining licenses for oversize loads for trucks longer than 18.0 meters and over 40 tons requires a process of applications to individual entity road directorates. It also requires dealing with each cantonal police force involved to provide escort services and other approvals, in addition to the hundreds of KM paid in fees.



WHY IS IT A PROBLEM

This is a roadblock because companies doing business in construction and other fields where long and oversize loads are common must go through this largely bureaucratic procedure constantly and this results in many delays and increased costs of doing business. Depending on the load and the levels of authorities dealt with, it takes either 10, 15, or 20 working days for the license to be issued. In addition, companies are forced to coordinate logistics of police escorts and timing and pay separate fees to individual Cantons for the police escorts that switch upon entry/exit of each Canton.



Faruk Sirbegovic
Owner
Sirbegovic Holding

HOW CAN THIS LEGISLATION HELP YOU?

"We are a responsible company and we want to follow all laws and safety regulations. But the laws here are unnecessarily complicated and create a long, expensive, bureaucratic nightmare for us whenever we have an oversized transport - which is for us almost daily! We need a cost-effective system that ensures safety on the roads and revenues for the government for road upkeep, but the current regulations are absurd."

THE SOLUTION

Oversize loads are common in all countries but most allow escort by company vehicles in front and behind the oversized load truck, as long as they are equipped properly to warn others on the road. This should be employed as a minimum first step to streamline these procedures, rather than police escorts. It is also important to centralize the point of obtaining licenses and any necessary approvals that may be required. Companies must comply with all regulations governing oversized loads and be fined for non-compliance, but checks by police should not hinder their operations and should be limited to spot checks from time to time unless blatant violations are suspected.

Amendments to be enacted in:

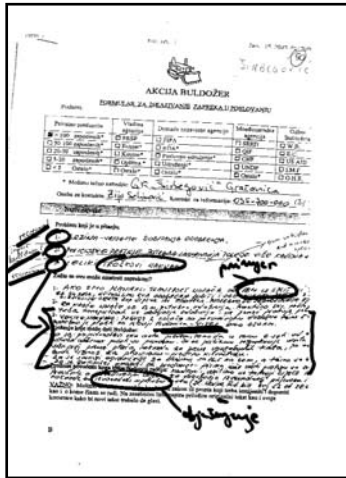
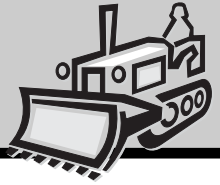
FBiH: Amendments to the Rulebook Specifying the Conditions for Special Regime Use of Roads (Official Gazette FBiH 52/02) Art.4, 11, 12, 35, 45

THE ADVENTURES OF MAX



Reform n° 50

Unfair competition in RS oversized transport fees against FBiH companies



THE SITUATION

The current RS Law regarding special regime transport creates unfair competition against companies from the FBiH, giving preference to companies from the RS or even from Serbia and Montenegro. Oversized transportation of goods in BiH requires the issuing of a license by the authorities, usually valid for one specific convoy. The license is obtained upon payment of a fee, among other administrative and logistic requirements. The RS law stipulates that a vehicle transporting an oversized load on RS territory will have an 80% discount on the oversized license fee if the vehicle was registered in the RS or in Serbia and Montenegro.

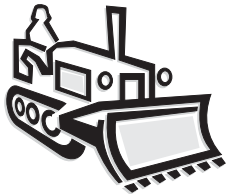
WHY IT IS A PROBLEM

This clearly means that companies with a truck fleet composed of vehicles registered in FBiH are charged 80% more than those registered in the RS or Serbia and Montenegro when passing through RS territory. This creates unfair competition and in fact even gives preference to vehicles registered in Serbia and Montenegro over domestic vehicles (FBiH).

THE SOLUTION

Amend text of Decree Regulating the Amount of Fees Charged for Special Regime Transport on RS Roads to make sure that any discount offered by the RS to foreign countries' companies will not create an unfair advantage against any BiH companies.

IS FAIR COMPETITION IMPORTANT FOR THE TRANSPORT MARKET?



Bulldozer Committee Working Group

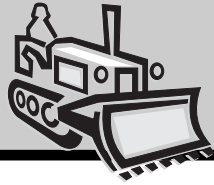
"Fair competition is key. We understand that the RS has special relations with Serbia and Montenegro, but it is unfair not to give at least the same treatment to vehicles from all over BiH, too."

Amendments to be enacted in:

RS: Decree Regulating the Amount of Fees Charged for Special Regime Transport on RS Roads (Official Gazette RS 19/99) Articles 2, 3, 17, 20

THE ADVENTURES OF MAX





How to keep lobbying and create a working partnership with elected representatives

Lobbying is not something abstract.

You have seen in those pages 50 concrete examples that demonstrate this. But lobbying is just the beginning. You could also become an active partner in the design of the next waves of Bulldozer reforms.

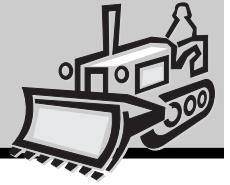
Why Me?

The answer is very simple: self-interest.

How many times have you been in a situation where you thought the law did not make sense? How many times have you scratched your head thinking: "Why doesn't it work this way instead of that way?" You surely realized then that a specific piece of legislation (the way it was drafted or the way it was implemented) or a specific political decision could adversely affect your job or hurt your business.

You want to protect your interests and encourage the best possible solutions to problems, but what do you do? What can you do? And if not you, then who?

The first thing is to become politically active. That means becoming better informed about the issues and communicating your views with people who share your concerns (for example, the Bulldozer Committee regional antennae or your local business association). This will offer you a means of establishing a relationship with your elected representatives.



What do I do next?

An essential part of any movement for economic change is the effort to create new legislation. To do this, you must know how to communicate your issues. The Bulldozer Roadblock Submission Form will help you do that.

Help your representatives in their decision-making process.

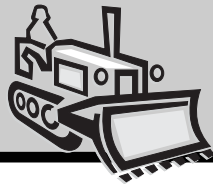
You have an important role to play in the decision-making of your representatives. It is impossible for them to have access to all of the information relevant to what is happening in the economy field or to understand fully the implications of legislation for the everyday life of BiH citizens. You can provide important information to your elected representatives so that their deliberations and decisions are a result of a thorough review of the relevant issues. You provide a critical perspective since you are the closest individual to the market and the economic reality.

You also have the right to express your support for or opposition to legislation.

Communicating your ideas through the Bulldozer Committee in your region can have an enormous impact. Detach the form at the end of this brochure and send it to the collection point closest to you.



Photo by Mufid Zivojevic



Bulldozer Roadblock Proposal collection points

Where to send the Form?

SARAJEVO

FIPA (Foreign Investment Promotion Agency)
Branilaca Sarajeva 21/III, 71000 Sarajevo
Fax: (+387 33) 278 081
E-mail: fipa@fipa.gov.ba

PRSP (Poverty Reduction Strategy Program)
Musala 9/II, 71000 Sarajevo
Fax: (+387 33) 714 011, 714 012
E-mail: info@prsp.info

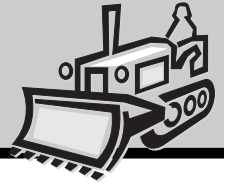
SERDA Sarajevo Economic Region Development Agency
Branilaca Sarajeva 21, 71000 Sarajevo
Fax: (+387 33 663 923, 214 025)
E-mail: office@ured-serda.org

BANJA LUKA

FIPA (Foreign Investment Promotion Agency)
Srpska 2, 78000 Banja Luka
Fax: (+387 51 212 611)
E-mail: fipa@fipa.gov.ba

Women's Economic Network BiH (Zenska Ekonomska Mreza BiH)
Jovana Ducica 74
78000 Banja Luka

Fax: (+387 51) 316 542
E-mail: STAR@worldlearning.ba



MOSTAR

PROHUM Association
Dr. Ante Starcevic 38
88000 Mostar
Fax: (+387 36) 325 078
E-mail: prohum@prohum.ba

TUZLA

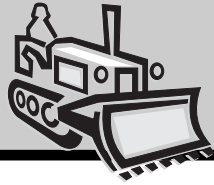
TALDi
Obala Zmaja od Bosne 10
75000 Tuzla
Fax: (+387 35) 250-045, 239-147
E-mail: taldi@max.ba

ZENICA

REZ (Razvojna Ekonomska Zajednica) Regional Association
Strosmajerova 11, 72000 Zenica
fax: (+387 32) 44 12 30
amelam@chfbh.org

BRCKO

BDDA (Brcko District Development Agency)
Bulevar mira 4, Brcko 76100
Fax: +387 49 21 78 01, 21 78 57
E-mail: nukovic@rabd.org



Using the Submission Form

Here are a few tips to keep in mind when contacting either the Bulldozer Committee regional antennae with a Roadblock Submission Form, or your elected representative directly.

Be concise. Messages should usually be limited to one issue. Title the submission with the subject, so that the person who reads it will be able to understand what it is about.

Be specific. It is not enough just to say that something is hurting or could damage your business. Explain the impact in simple terms. Explain how it impacts not only you, but others as well.

Be polite. Avoid presenting arguments in combative language. A rude communication may bring about the opposite of the desired result. Try to understand the side of the legislator, or of the government official. That will make it easier to convince the reader of the strong basis of your proposal.

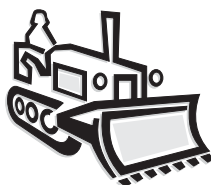
Be honest. Use facts and figures to substantiate your position and make sure they are accurate.

Give background. Explain who you are and give a brief description of what your company does.

Request Action. Do not leave it to "I hope we can count on you to do the right thing", or "I am unhappy about the situation." Propose the specific legal changes you want to see being implemented. This is particularly important, since the Bulldozer Committee regional antennae - and most politicians - have only a small research staff. The more precise the legal amendments are, the greater the chance of getting them enacted. Cite the specific legislation you are concerned about. Give the number of the Official Gazette where it was published if you can find it.

Thank You

The future of our economy, and the role of entrepreneurs in that future, is currently being debated and decided in our governments and in our parliaments. Communicating our positions on these issues at the District, Entity and State level has never been easier or more important. Thanks for being part of this effort. It will bring tremendous benefits to our country.



BULLDOZER EFFORT ROADBLOCK SUBMISSION FORM

Submitted by:

| Private Business Agency | Government Agency | Local Independent Agency |
|--|------------------------------------|--|
| <input type="checkbox"/> > 100 employees* | <input type="checkbox"/> PRSP | <input type="checkbox"/> FIPA |
| <input type="checkbox"/> 50 - 100 employees* | <input type="checkbox"/> Entity* | <input type="checkbox"/> RDA* |
| <input type="checkbox"/> 20 - 50 employees* | <input type="checkbox"/> Canton* | <input type="checkbox"/> Business Association* |
| <input type="checkbox"/> 5 - 20 employees* | <input type="checkbox"/> Municip.* | <input type="checkbox"/> Association* |
| <input type="checkbox"/> < 5 employees* | <input type="checkbox"/> Other* | <input type="checkbox"/> Other* |

* Please specify: _____
 Contact person: _____ Contact information: _____

ROADBLOCK TITLE:

Issue at stake:

- 1-
- 2-
- 3-

Why is this a roadblock?

- 1-
- 2-
- 3-

Bulldozing solution:

Action item:

IMPORTANT: Please indicate the precise law or regulation that needs to be amended as well as the article number. Insert on a separate page the original text as well as your suggested replacement text.

