

Letter from the EU Presidency on BiH State Budget

H.E. Mr. Mario Filip Ljubic; Speaker of the House of Representatives of BiH

H.E. Mr. Nikola Spiric; Speaker of the House of Peoples of BiH

Excellencies,

The European Union is greatly concerned about the difficulties that are preventing the approval of the 2002 BiH State Budget. This subject still remains unresolved, despite the fact that has been pending for months and that it is a crucial matter for the stability and normalisation of Bosnia and Herzegovina.

No modern State can function appropriately without a Budget. Besides, as you know, the adoption of the BiH State budget is one of the conditions of the International Monetary Fund to approve the BiH Standby Agreement at the meeting of the IMF Board set for 14 June 2002. If this Standby Agreement is not approved on June 14, it is extremely unlikely that the IMF will seek to renegotiate another one before the October 2002 elections.

Failing to adopt the State budget and secure the IMF Standby Agreement also means that the vast majority of other loans, credits and donations, led by those from the World Bank and the European Union will also not be made available to BiH. An approved IMF Standby Arrangement is an essential precondition for such credits and donations being made available.

Lack of approval of the State budget is also impeding that Bosnia and Herzegovina meets all the requirements of the European Union Road Map, as a necessary precondition for the EU to be able to begin the Feasibility Study that would

eventually allow Bosnia and Herzegovina to conclude an Association and Stabilisation Agreement with the European Union.

It is therefore absolutely necessary that the State Budget becomes enacted immediately. Therefore, the European Union urges all BiH political leaders to ensure that the Budget is passed in both the House of Representatives and the House of Peoples, at their sessions of 30 May 2002. This is the time to overcome existing political discrepancies and to combine efforts in the interest and for the benefit of all citizens of Bosnia and Herzegovina.

Sincerely,

Rafael Valle Garagorri
Ambassador of Spain
EU Presidency