

OHR's Statement at the International Agency's Joint Press Conference

Indirect Tax Policy Commission

Tomorrow evening at a reception in the National Museum, Joly Dixon, the Chairman of the Indirect Tax Policy Commission, will present a draft Law on the Indirect Taxation System in Bosnia and Herzegovina to the High Representative. As you know, the ITPC has been meeting over the summer in order to draw up the necessary steps for establishing a modern European-standard fiscal system in BiH.

The draft law will provide the institutional and organisational basis for the single indirect taxation system that BiH needs in order to achieve economic stability and efficient and solvent administration.

I believe the EU Commission will be issuing a media advisory later today.

PDHR in Mostar

Tomorrow, the Principal Deputy High Representative, Donald Hays, will travel to Konjic and Mostar. In Konjic tomorrow morning, Ambassador Hays will visit the UNIS Tativ company. UNIS Tativ is a major producer of nuts and bolts – its infrastructure was badly damaged during the war and its problem now is that while it has the expertise to increase production to supply strong international demand, it doesn't have the necessary working capital to expand operations and take on more workers. Capital can, however, be raised through privatisation and UNIS Tativ is currently in the process of being privatised. Ambassador Hays will find out first hand

the challenges the company is facing and hear about its post-privatisation plans.

The BiH privatisation process has been slow until now and has delivered disappointingly modest benefits, yet in other Central European countries privatisation has proved to be indispensable in the transition to a prosperous market democracy. It can't be allowed to drag on inconclusively in BiH – which is why the governments have committed themselves to promoting a series of successful privatisations before the end of this year. UNIS Tadić is among the companies that have been identified as promising privatisation candidates.

At 11.30 Ambassador Hays will take part in a roundtable conference at the Federation Government Building in Mostar which will consider issues related to the core medium-term targets identified by the governments – to boost exports, clean up the business environment and relaunch the privatisation process. At the roundtable, businesspeople will give their perspective on this process. The governments have committed themselves to achieving results before the end of this year. Businesspeople will identify what the authorities should be doing in order to honour this commitment.

Ambassador Hays will also hold talks with other business representatives and local authority officials. He will hold a press conference at the conclusion of his visit. Journalists are invited to cover Ambassador Hays' visit to UNIS Tadić and the roundtable in Mostar. We will be issuing a media advisory later today.

Final point (also related to privatisation) the Serbia and Montenegro Director of Privatisation Branka Radovic-Jankovic will be in Sarajevo on Thursday to take part in a roundtable at which representatives of other countries in Central Europe will brief BiH officials on how they explained privatisation policies to the general public. Mrs Radovic-Jankovic will also have a meeting with Ambassador Hays. We will provide details

about that meeting closer to the time.