

# **OHR's Statement at the International Agency's Joint Press Conference in Banja Luka**

## **High Representative to attend ITA opening**

The High Representative, Paddy Ashdown will visit Banja Luka tomorrow where he will attend the official opening ceremony of the ITA HQ. The High Representative will deliver a speech during the ceremony. As you are already informed, the opening ceremony begins at 14:00 hrs.

The timely establishment of the ITA and implementation of reforms in the field of indirect taxation is one of the pre-requisites for start of the accession negotiations with European Union, as specified in EU Feasibility Study.

Progress on the legislative and administrative preparations for the introduction of VAT has also been satisfactory. The fundamental responsibility of the ITA to ensure macro-economic stability must be respected.

There has been an extensive debate of what kind of the VAT rate should be applied in BiH. Let us be clear – this is a matter for the BiH authorities. The OHR hopes that the Budget and Finance Committee at the House of Representatives that is reviewing the draft law on VAT proposes a law that is both in line with EU standards and that can be implemented by Jan 1, 2006, as planned.

## **Economic Statistics for September**

Here I have copies of OHR's latest monthly economic report. As you know, this report brings together monthly figures that offer a snapshot of the BiH economy.

The report shows that the KM continues to enjoy investor confidence. From January to August 2004, the Central Bank sold a net total of KM 434.4 million. This means that the holders of Euro and other foreign currencies, on balance, exchanged more money into KM than the holders of KM exchanged into other currencies.

The report also notes that while BiH's Trade Figures do show a significant rise in exports year-on-year, the value of imports is still larger than exports and, that unemployment figures in the Federation remain stubbornly high.

I have brought along copies of this report with me, those of you interested will also find this report on the OHR web page at [www.ohr.int](http://www.ohr.int).