Opening Remarks by High Representative and EU Special Representative Valentin Inzko At the Vienna Economic Talks

Job Creation Will Not Lose Votes

Ladies and Gentlemen,

This gathering to "Meet Bosnia and Herzegovina in Vienna" presents a timely opportunity to connect BiH policymakers and businesspeople with their counterparts from Austria and other parts of the region.

Despite the damage that has been done to the BiH economy by the twin blows of protracted political deadlock at home and the global market downturn – the country continues to have enormous investment potential, and this potential is very largely untapped.

The BiH authorities and business community have it within their power to turn this potential into new investment and new jobs – and there is no reason why they should not begin doing this now, seven months before the next general election.

If there is one thing I would want you to remember from this it would certainly be this: in key strategic economic sectors

Bosnia and Herzegovina can compete and competes very successfully with its neighbours – and indeed, even with countries much further afield. Let me just name a few examples here.

This country is, after all, the only net exporter of electricity in Southeast Europe. It has an established and competitive hydropower and wind power infrastructure, and the scope for developing these clean energies further is very substantial.

The forestry industry has begun to recover from the disruption and subsequent rise of illegal logging that emerged during the instability of the 1990s. We are now looking at the potential for restoring the comprehensive production cycle, from forestry to furniture, which sustained a profitable industry in Bosnia and Herzegovina before the war.

It is not only a catchy tourism slogan that "Bosnia and Herzegovina is Europe's Best Kept Secret!" That is an accurate description of the country's potentially lucrative market in rural, cultural and alternative tourism. This is another sector where structural changes in the business environment twinned with targeted investment can yield not simply incremental economic benefits but growth that has the potential to be transformative.

At the same time, the comprehensive upgrade of rail and road infrastructure, including mega-projects such as Corridor Vc, has the potential to deliver benefits across the board, in terms of job creation and business generation during actual construction work, and through a long-term business impetus as a result of improved transport and communications.

We were seeing progress in all of these areas until policymaking was effectively shut down by the political gridlock that descended on Bosnia and Herzegovina after the 2006 elections.

That gridlock is a self-inflicted wound. Four years down the road in another crucial election year the parties in power have the capacity to learn from the past and undo much of the damage political standstill has caused.

I am not simply calling for a change of heart or for a general renewal of commitment to economic reforms that will attract investment and create jobs.

I am calling for practical steps to implement reforms that have already been prepared and agreed.

These include

- enacting a 21st century commercial code that provides for legal certainty and business predictability and thus encourages investment and jobs. The State Law on Obligations is ready to be debated in Parliament, as soon as Prime Minister Spiric and his colleagues ensure political support for it in Republika Srpska. This is a European Partnership requirement and the obstruction to its adoption is hindering not only business development in Bosnia and Herzegovina but the country's European prospects as a whole.
- modernizing and streamlining the banking supervision system, so as to increase public confidence in the banking sector and boost its contribution to development, particularly through supporting SMEs; and
- establishing a BiH Social and Economic Council as a mechanism for dialogue among governments, employers and employees, to make sure that the voices of businesses and labour are heard and heeded in the policymaking process.

These steps are part of the overall effort to ensure complete freedom of movement of persons, goods, services and capital in Bosnia and Herzegovina – which is required by the Constitution and which is the cornerstone of European integration.

They are part of the EU accession process which all of the major parties contesting the October election claim they support, and which has the overwhelming support of the people of Bosnia and Herzegovina.

Equally important, they are sensible steps to reduce the hardship hundreds of thousands of families in Bosnia and Herzegovina are experiencing as we speak. If the parties in power are determined *not* to take these steps, they should explain to the BiH electorate why they are determined not to do so.

I hope that our discussion here can circumvent generalities and get down to specifics. It is important that those who are interested in investing in Bosnia and Herzegovina engage in a real and detailed dialogue with BiH policymakers so that we can transform that interest into actual jobs on the ground.

It is time for BiH policymakers to make a persuasive case for their own ability to facilitate that progress through rapid and decisive steps to improve the business environment. How to do this?

The solution at hand is to use the seven months before the October elections to enact and implement reforms that have already been prepared and that will have a positive impact on the economy.

No one is going to lose votes because of that.

Thank you