

Opening Remarks by Principal Deputy HR Donald Hays at a BiH Agricultural Conference: “IC Supports Reforms to Boost Rural Employment”

Ladies and Gentlemen,

This conference will be addressed by experts, who will analyse specific problems in areas affecting BiH agriculture and propose possible solutions to the most critical problems facing those working in this sector. Anyone travelling around this country knows that the people in the villages and in rural areas need solutions now. What they need is – a hands-on, systematic and sustained effort to resuscitate the agriculture sector in this country.

This effort must have the Government’s and the International Community’s full support.

The problems related to the agricultural sector are critical and must be addressed as a crucial priority by the BiH authorities.

Because

- many of the deficiencies are entirely avoidable and can be fixed through sensible administrative and legislative changes;
- these deficiencies will only become *more* pronounced if they are not addressed now. They must be addressed in order for BiH to have an agricultural policy and program that ultimately leads into the Euro-integration process; and

- all of us must remember that more than half of BiH's population live in the countryside, live in rural poverty and face serious underemployment. This makes them one of the key factors in this country's economic and social stability.

You know the problem, and all of us need to come to grips with the true magnitude of the issue. But what about a solution? The good news that can come out of this conference is that there are solutions already on the way.

A new land registration system, that will ease the privatisation and transfer of agricultural land, has already been developed and is scheduled to be implemented in all 48 basic courts throughout the country by the middle of next year.

This is one of the basic, avoidable problems affecting BiH agriculture, and with the advent of this program this country can begin to address the land ownership issues that are hampering development in this region.

Publicly-owned agricultural land accounts for a minor portion of the total land available and while there are in fact problems with land management and these certainly need to be dealt with in this context, the basic problem of land management in the agricultural sector arises from the fact that the huge area of land *in private hands* is broken up into small plots. All too often these plots are just too small to make agriculture viable.. The average in this country is between two and five hectares. The current BiH Law on Inheritance appears to require that land holdings be divided equally among the property owner's heirs, in the absence of a will stating otherwise. This historically has been a problem for European agriculture and has led to major reforms in other countries and I believe it will have to be reformed if this country's agricultural sector is to succeed. The plots are simply not viable for commercial farming as they now exist.

In addition, cooperative farm initiatives are relatively underdeveloped as a countrywide concept and need both government and financial support if they are to succeed.

Here I want to emphasize that I am talking about cooperatives, not collectives.

It makes clear sense for farmers to share the use of heavy equipment that would be ruinously expensive for an individual farmer to buy or rent; it makes sense for farms to come together and secure cheap bulk transportation of goods; it makes sense for agricultural producers to reach marketing agreements en masse with agro-processing companies. Voluntary, market-driven initiatives like these benefit farmers – they have everything to do with modern, competitive business practice and absolutely nothing to do with the failed policies of the old state farms. I have seen successful examples of this in Gradiska and Zvornik. But we simply need to find a way to increase the participation in this field.

In October 2003, with the object of raising awareness about the role of agriculture in creating new jobs and sustaining return, OHR launched a public information campaign entitled “Agriculture and Profit”. The campaign consisted of radio and TV programmes detailing the experiences of small farmers in BiH and offering practical advice on how to move from subsistence agriculture to commercial agriculture; it was also designed to encourage young returnees and displaced persons from rural areas to consider agriculture as a way of sustaining their return, and it supported the efforts of the Agriculture Bulldozer Initiative in creating a favourable environment for agricultural development. This effort, like the most successful cooperative efforts was based on unleashing the energy, enterprise and endeavour that already exists in the farming community but which has been consistently thwarted by a problematic operating environment.

Another area that needs attention is the fact that there is a

plethora of overlapping laws that govern – or more accurately leads to *misgovernance* in the agriculture sector. This legal framework has to be rationalised. RS agriculture legislation is detailed and exacting but in practical terms often extremely difficult to comprehend. In the Federation there is the all too familiar problem of Cantons saying one thing and the Federation authorities saying another, compounded by vague legislation that is open to multiple interpretation.

It is time for us to work together to harmonize legislation and make sensible laws for the future.

BiH is now firmly on the EU integration path. I am informed that the EU as an organization will undertake an ambitious and far-reaching agricultural reform effort that will see a significant reduction in farm subsidies between 2007 and 2014 and a change in the way these subsidies are allocated. The aim of this is to create a continental farm sector that is more efficient, more versatile and more competitive – and that means that BiH, which is already lagging behind, simply cannot delay in introducing measures to increase the efficiency, productivity and competitiveness of its farm sector. If this is not done, BiH will be wholly unprepared to enter the EU within the prime minister's stated timeframe of the end of this decade.

The current situation in the agricultural sector fails to meet the requirements of rural inhabitants and of urban consumers. It has also led to the degradation of arable land (often through underuse) and the reckless exploitation of forestry stock (routinely through overuse), as a result of flawed legislation and inadequate supervision. I think all of us agree that something must change, and I hope this conference will be a decisive first step in making that change. I call upon all of you to work with farmers and with the rural population of BiH and find solutions that will help make their lives better. In doing so you will make this country better.

Thank you