

# Remarks by Principal Deputy HR Larry Butler at the Opening Session of a Conference on the Single Economic Space in BiH

## Implementation and Delivery: Making the Single Economic Space a Reality

Ladies and Gentlemen,

I believe it's fair to say that the logic of the Single Economic Space is already well understood and accepted by policymakers and citizens.

The case no longer has to be made in the abstract. We have roughly four million consumers, which is a small market: we can't afford to make it smaller. There are economies of scale at every level – for companies, for regulators, for the provision of certification and inspection services.

It is now an acknowledged fact of Bosnia and Herzegovina's economic life that we will attract investment only if the country is effectively presented to prospective investors and trading partners in the same way as any other country, as one economy. And as any salesperson will tell you – the product has to match its advertising. The prospective investors who hold the key to creating badly needed new jobs in BiH will see through advertising hype if it isn't an honest reflection of the reality. Investors are more than capable of making quick and effective assessments of the institutional, regulatory and operational environment – and then go somewhere else if more attractive.



Today, investors will find improvements in each of these three areas. They will also, as we all know, discover that a number of key steps still have to be taken. The bad news is that the speed and vigour with which these steps are taken will depend on the degree of political will that can be focused on them. The good news is that we have seen a trend – conspicuously not a uniform trend, but a trend nonetheless – whereby the political process has been made to deliver, in large part within the context of the Feasibility Study, key economic reforms that can make BiH more competitive and prosperous.

A significant body of legislation has already been enacted, premised on the effective operation of the Single Economic Space and in some cases specifically designed to maintain and strengthen the Single Economic Space.

The challenge in large part now is to focus political, administrative and financial resources on implementing what has already been agreed and ensuring that the Single Economic Space starts to deliver better standards of living.

- The Competition Council has been established and is now fully operational but the new Competition Law, which gives the Council the powers it needs in order to be effective, is still at the final parliamentary stage. The Law will make BiH's competition legislation fully consistent with that of the EU. As soon as the harmonization process is completed, the Law can be implemented, allowing the Competition Council to take binding decisions and prohibit activities that are anticompetitive or that constitute corporate abuse of market dominance.
- The Consumer Protection Law, which will pave the way for the Council of Ministers to establish a BiH Consumer Protection Ombudsman, has been presented to MoFTER. The Ministry, however, has not yet presented the law to the Council of Ministers. Consumer Protection is a key element in modernizing BiH's business environment and



bringing it into line with European best practice. The establishment of an Ombudsman's office will set in place a powerful advocate for product safety, advertising fairness and general consumer protection. This is good for consumers since it will oblige traders to provide comprehensive and truthful product details; it will also send a clear message to investors that the BiH market increasingly follows international commercial standards.

- The law establishing a Market Surveillance Agency, a Feasibility Study requirement, has been adopted. That's the good news. It hasn't yet been implemented. That's the bad news. The Market Surveillance Agency is another indispensable mechanism to ensure that products that are harmful or substandard are taken out of circulation. At the moment there is no efficient mechanism to prevent low quality or even dangerous goods from being dumped in BiH. If ever there were an example of a government service that has a direct and positive impact on people's lives this is it. A functioning Market Surveillance Agency will ensure that toddlers in this country are not playing with toys that have been made with toxic chemicals. Like the Single Economic Space itself, the theoretical arguments for establishing an MSA are clear and compelling. It's now just a matter of focusing political will to get this body up and running.
- The BiH Standardization Agency is another case where the benefits – for the public in general and for manufacturers in particular – are obvious, but where these benefits have not yet been delivered because of political and administrative gridlock. Manufacturers are duty bound to make their products to a certain basic standard of quality and safety. But they should not be expected to aim at moving goalposts. A functioning Standardization Agency can provide companies with guidelines on applicable standards, and help them implement European standards. This makes life easier for the company and safer and more satisfactory for the



consumer.

- The BiH Statistics Agency is now operational and working in tandem with the Entity Statistics Agencies. There is considerable institutional will, but limited institutional capacity on the part of the State, to deliver the kinds of credible and timely statistics that can be used to persuade international investors that BiH is an economy where business can grow. It is up to the State Agency to set priorities and methodologies, and therefore it needs to be staffed adequately and fully supported by politicians.
- The State Veterinary Agency, which was the subject of interminable delays in staffing, is now up and running. The law establishing the BiH Phytosanitary Agency was passed around two years ago, yet the Agency does not yet have premises, though this is a matter that we hope to see resolved over the summer. The service that these agencies will deliver to BiH agro-exporters and BiH food consumers is, quite literally, incalculable. Making these agencies operational isn't a luxury that the political establishment can get round to when it has time – it is a commanding imperative.

I may have struck a rather prosaic note, yet, as I said, the theoretical argument has pretty much been made. The task now is to translate theory into action, to move from enacting laws to implementing them, by setting up and staffing the respective institutions so that they can start to deliver services to citizens.

Each of the agencies and pieces of legislation I have mentioned is part of a coherent exercise, which is to make the BiH Single Economic Space not simply a reality but a prosperous reality. Moving each of these items forward will help us obtain that reality – an outcome that the people of this country urgently require and are entitled to expect.

Thank you