

Speech by the High Representative, Christian Schwarz-Schilling at the Third Business Roundtable with the Governments of BiH: “Bosnia and Herzegovina: the Next Big Thing”

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Ladies and Gentlemen,

One of the suggested topics for this afternoon's discussion is: “What will the role of the new High Representative be?”

As I *am* the new High Representative I believe I am well placed to address this question.

So let me begin with a short job description.

It is *short* because, as most of you will know, Bosnia and Herzegovina is nearing the point where it no longer *needs* a High Representative.

I am here to assist, to advise and to advocate and, in this way, to help Bosnia and Herzegovina make the transition from peace implementation to European integration.

I have made it clear since I took up my duties at the beginning of February, that I will *not* do the jobs that the institutions and elected leaders of this country must do.

The time has come for the politicians of Bosnia and

Herzegovina to take full responsibility for their actions. They cannot look to the High Representative to make difficult or unpopular decisions on their behalf.

To put it simply, I will achieve more, by doing less.

As we move into a period of political campaigning ahead of the October elections we are already hearing the kind of populist rhetoric that plays well in the short term but adds little to the sober and productive resolution of pressing issues.

I am being asked to intervene.

I won't unless either the stability of Bosnia and Herzegovina is being undermined, or intervention is necessary to ensure full cooperation with the International Criminal Tribunal for the former Yugoslavia in The Hague.

The electorate will determine which politicians they judge to be responsible and to be capable of serving their interests.

Candidates are responsible to the people, not the High Representative.

My duties as High Representative include helping Bosnia and Herzegovina move out of the post-war recovery phase largely dictated by Dayton and into a new phase dominated by the challenge of securing full integration in Europe.

In this context, I have a continuing and important role to play in lobbying for Bosnia and Herzegovina. And I will continue to do this even after I cease to be High Representative wearing my other hat, that of EU Special Representative.

It is as EU Special Representative that I will help steer this country towards the European mainstream.

One area where I have been lobbying for Bosnia and Herzegovina in recent months concerns visa facilitation.

I led a delegation of IT entrepreneurs from Bosnia and Herzegovina to Hannover in early spring, soon after my arrival. I was shocked to discover that businesspeople from Bosnia and Herzegovina routinely experience difficulties in securing visas to visit other parts of Europe.

We urge companies to compete more effectively in the global market, and yet we expect them to do this with one hand tied behind their back as far as freedom of movement is concerned.

I was impressed when we were in Hannover by the fact that the entrepreneurs didn't need any help from me once they had been introduced to prospective partner companies.

They all displayed the dynamic and creative drive that is necessary to take a company forward.

This is something I understand. Before entering politics, I spent many years running our family business, which began small and steadily grew to become medium-sized. I am therefore sympathetic to the challenges facing small and medium-sized enterprises and have, I think, a clear idea about what has to be done in order to meet these challenges.

I can therefore play with confidence the role of Pied Piper for international investment in Bosnia and Herzegovina.

This is a role in which I fully believe.

As a businessman I can tell you there is huge and as yet untapped commercial potential in this country. The yearly growth rate could and perhaps should be twice today's five per cent.

Bosnia and Herzegovina continues to have an image that was formed by the news coverage of the early 1990s. As those of you who have travelled to this conference from abroad can testify, such an image is now anachronistic.

Most of the physical damage of the war has been repaired, and

politically and economically Bosnia and Herzegovina is clearly on the road to Europe.

For prospective investors, this means that Bosnia and Herzegovina offers all kinds of *unexpected* opportunities.

The reality is much, much better than the image.

Indeed, I would go as far as to argue that from a European investment point of view Bosnia and Herzegovina could be the *next big thing*.

This is an economy where

- GDP growth has been maintained at more than five per cent for four years;
- The inflation rate is among the lowest in the Balkans;
- The Convertible Mark remains among the most stable currencies in the region;
- Exports and industrial production are increasing (albeit from a low base); and
- Interest rates have halved since 2000.

This robust performance has been sustained by substantial improvements in the business environment.

- The previously fractured and inefficient customs system has been integrated under the Indirect Taxation Authority, and the unified customs service has halted the haemorrhaging of revenue that was a function of the old fractured customs system;
- Utilities regulation is in the process of being brought up to international standards;
- Banking reform, which got properly underway in 2002, has produced a vibrant finance sector that is beginning to channel funds into promising small and medium-sized enterprises;
- Standards of corporate governance at public companies are being raised, through effective audits and through a

- package of recently enacted laws;
- Business registration is being streamlined and we hope that a new, more efficient system will be implemented in the autumn; and
- VAT was successfully introduced on 1 January this year.

Those of you who are from Bosnia and Herzegovina will be familiar with the steps that should be taken in the coming months – certainly before the election – to improve the business environment even more. This would encourage investment and thus the creation of more jobs.

Those of you who are from outside Bosnia and Herzegovina will rightly want to know what Bosnia and Herzegovina offers the prospective investor that its neighbours do not. I believe that exploring each of these issues in more detail will serve as an extremely productive basis for discussion today.

Thank you