

Speech of the High Representative, Wolfgang Petritsch at the International Railway Conference

Prime Minister Ivanic; Ambassador Eliason; Ladies and Gentlemen;

Today's railway conference gives me an excellent opportunity to underline my number one priority in Bosnia and Herzegovina: economic reform. It is the country's railways that go to the very heart of the problems we face in trying to bring Bosnia and Herzegovina to European and world markets. But the railways also symbolise this country's sleeping economic potential.

An efficient transport system is an absolute necessity for the successful economic and social development of a country. Bosnia and Herzegovina is no exception. We cannot develop a single economic space here without an efficient transport system which does not exist today. We cannot allow this sorry state of affairs to continue.

I realise that I'm speaking before an expert audience but allow me to tell you briefly where I see problems:

- Firstly, the current system is completely unbalanced. Road transport has a de facto monopoly, meeting over 95% of the country's transport needs whereas before the war, railways accounted for about 30% of those needs.
- The predominance of road transport in a country like Bosnia and Herzegovina, where roads are narrow and where no serious highway network exists – or will exist in the

medium or even long term – is a danger to the population. There are too many road accidents while the volume of traffic is seriously damaging to the environment.

- The current dependence on heavy truck transport by road is particularly damaging. Road infrastructure was badly hit during the war but much of the damage is also down to a crucial lack of maintenance in the last few years. It's said that one heavy truck on the road is the equivalent of 2000 cars and most of the trucks on the roads of Bosnia and Herzegovina are overloaded. Companies using trucks should pay for the deterioration of road infrastructure that they cause, which would in turn make the rail sector more competitive. Rail can – and must – be used to take the weight of cargo off the roads.
- Regular trains are a living link between regions and populations – much more so than buses – and many citizens still feel keenly the loss of an efficient rail system. I learned that the first train since the war that left Zagreb for Knin recently, via Bosanski Novi and Bihac, was a cause for real celebration among the people it passed a sign that the country is truly on the mend.

What we need now is a transport policy that is country-wide and fits Bosnia and Herzegovina's single economic space. I strongly encourage the Minister of Civil Affairs and Communications, Mr. Mihajlovic, and the Ministers of transport in the Entities, Mr. Mehmedic and Mr. Dokic, to work together towards this vital objective. Without cooperation, the task ahead of us will be impossible.

The railways were heavily damaged by the war – to the tune of one billion dollars. But unlike the roads, railways were not named as a priority under the 5.1 billion-dollar reconstruction program. The railways have received less than

50 million dollars to date. Rehabilitation of rail infrastructure is far from complete and there is a serious lack of rolling stock.

At the moment, rail transport is possible along Bosnia and Herzegovina's entire network but only at very low speed. Minister Mihajlovic will tell you more about that. But I would like to stress the very important role SFOR has played in the rehabilitation of rail infrastructure. SFOR is now the biggest contributor to the railway sector and deserves much praise for its excellent work in this area.

Several countries and organisations have also shown a positive interest to the rail sector: the European Union, through the Commission and the European Investment Bank, and also from Germany, Saudi-Arabia and Sweden. Both the European Investment Bank and the European Bank for Reconstruction and Development are now considering important loans for Bosnia and Herzegovina's rail system. I call on these countries and organisations to follow up on their plans to rehabilitate the railway sector here.

But my main message is to the Authorities and to the Railway Companies of Bosnia and Herzegovina: international assistance is running out and the future of rail transport is now in your hands. You must find the will and the energy to work together and rebuild a competitive rail system.

I wish to make 3 brief points :

1. Road transport companies are harsh competitors and rail transport will recover a share of the market only if railways can offer services, which are attractive and present advantages over road transport. Remember, there are strong financial interests at stake. You must take a business-like approach and form an aggressive, commercially driven policy.
2. The railways of this country are part of the Trans-European System. A few years ago, the Helsinki Conference declared the line from Ploce to Budapest a "European corridor". But those

are only administrative decisions. They will not, by themselves, bring traffic to your railway lines. New transport patterns evolved during the war. It is now up to you to win back this traffic, a job which will require real determination.

3. The current organization of the railway sector is far too cumbersome. Three railway companies with different jurisdictions on a fragmented network is not the recipe for a railway renaissance in Bosnia and Herzegovina, a country that needs, literally, to get back "on-line".

The way the railways are currently organised was not anticipated by the Dayton Agreement. Annex 9 of that Agreement provided for one transport Corporation which would manage and operate facilities country-wide. Under the current system, the revival of the railway sector will never succeed. You must not forget the image you present abroad and the need for clarity in international relations. You need to develop not only an internal but also an international transport system. The current arrangement risks Bosnia and Herzegovina being bypassed permanently in regional and international trade.

Railways form the circulatory system of a healthy economy. They cannot be hostages of the narrow, outdated strictures of nationalist politics.

This conference is a last chance to resuscitate this country's railways. This particular train will only pass once and if you miss it, Bosnia and Herzegovina's railways will be abandoned for good. The International Community can only help you if you help yourselves. The responsibility is yours.

In a final word, I would like to extend my heartfelt thanks to Paul Monnory who returned to my office for a brief but successful period in order to put this country's railways back on the agenda. Paul – thank you very much.

Thank you for listening.