

Statement: Frozen Foreign Currency Settlement Must Be Fiscally Sound and Return Maximum Value Possible to Savers

Today, Principal Deputy High Representative Larry Butler met with FBiH Finance Minister Dragan Vrankic at the OHR and discussed among other things the settlement of Frozen Foreign Currency Accounts.

Ambassador Butler reiterated OHR's support for the existing BiH Law on Settlement of Liabilities for Frozen Foreign Currency Accounts, the basic terms of which continue to represent the most sustainable framework within which the vast majority of savers will be repaid in the shortest possible period.

Ambassador Butler welcomed the 7 November 2006 opinion of the BiH Ministry of Finance and Treasury for the Council of Ministers, which compared the fiscal impact of the existing FFCA settlement upon government budgets to the impact of the amendments proposed by Tihomir Gligoric, which remain pending before the BiH House of Peoples. That opinion, among other things, assessed that the interest rates envisaged in the amendments would be fiscally unsustainable – the BiH authorities do not have the resources to pay for them.

Ambassador Butler and Minister Vrankic agreed that the settlement must be fiscally sound and return the maximum value possible to savers.

In that context, they also discussed the recent decision of

the European Court for Human Rights in the matter of Jellicic v. BiH, which found the prolonged delay enforcing the applicant's court judgment to be inconsistent with BiH's obligations under the European Convention on Human Rights. Ambassador Butler noted that, while the Decision carries no implications for the vast majority of savers, the Ministries of Finance throughout BiH must assess as a matter of urgency the number and value of enforceable judgments for Frozen Foreign Currency Accounts and ensure their settlement in accordance with this Decision.

In addition to these Court decisions Ambassador Butler and Minister Vrankic discussed a steady increase in Federation spending, which has been projected without reference to fiscal sustainability.