

Statement on the Issue of Natural Gas Supplies to Bosnia and Herzegovina

Natural gas is a major source of energy in Bosnia and Herzegovina, especially in the Sarajevo area where it provides most of the heating and cooking energy needed by the population. The resumption of gas supplies- under a long-term contract with the Russian Gazexport company-requires the settlement of an outstanding debt of US\$12.4 million for gas consumed in the period between October 1995 and December 1996. Of this amount, US\$6 million remains to be allocated among the Entities.

At a meeting between the Energy ministers of the two Entities (hosted by the World Bank on August 19, 1997), a proposal for a solution of the gas payment issue was developed, suggesting a 50/50 split of the unallocated amount and offering World Bank assistance to identify donors willing to help Republika Srpska pay their share of the disputed amount.

This proposal was to be submitted to the approval of the Entities' Prime Ministers. To that end, they were invited by Ambassador Gerd Wagner, Senior Deputy High Representative to a meeting on 2 September, 1997 in the Office of the High Representative. The RS Prime Minister's failure to appear-or to appoint an authorized representative-confirms that there is no readiness from Republika Srpska to come to a joint solution, while the Federation has endorsed the proposed agreement. For lack of a common approach, and with winter quickly approaching, the only alternative for the Federation will therefore be to enter into independent negotiations with Gazexport.