

Weekly column by Christian Schwarz-Schilling, High Representative for BiH: “Companies Create Jobs”



Next Thursday afternoon, I will join the three prime ministers and the British Ambassador at Sarajevo's Municipal Court, where the Court's President will formally present Bosnia and Herzegovina's new business registration system.

This system has been a long time in the making – the project has taken several years – but it should quickly prove its worth. In future, it will take just five days to register a company anywhere in Bosnia and Herzegovina. Until now, depending on which part of the country, and depending on your ability to handle complex paperwork, the process could take anything up to nine months.

The radical and comprehensive reform of the business registration system, that has been funded by the United Kingdom's Department for International Development, is important, above all, because companies create jobs. As soon as the relevant changes are published in the Official Gazettes of both the Federation and Republika Srpska, it will be easier to set up a company in Bosnia and Herzegovina and therefore to create jobs.

Like the successful reform of the indirect taxation system (the funds that are available for public services – money that under the old sales tax system often went unpaid or, worse

still, ended up in the hands of criminals – continues in 2007 to be more than 25 per cent higher than before the introduction of VAT) introducing an efficient, fair and straightforward business registration system has been a technical and political challenge.

The new system has involved the creation of a countrywide computer network that is sophisticated enough to maintain a real-time database of every registered company in Bosnia and Herzegovina. This has been an enormous technical undertaking, but it has been completed successfully. As a result, it will be possible from next week for any member of the public to access key information about any company – the firm's capital, the number of employees and the nature of its operations, as well as the names and addresses of the company's principal operating officers.

This will introduce an unprecedented level of transparency to Bosnia and Herzegovina's business environment. All of us understand that the first rule of business is to know whom you are doing business with; the banks want to know this so that they can decide whether or not they will lend money to a company; other companies want to know this so that they can decide whether or not it is wise to do business with a particular company; and consumers want to know this so that if a company fails to deliver value for money it is clear who is responsible and where they can be contacted. The new system will end a situation in which companies operating from a fictitious address simply evaporate when things go wrong; it will make it harder for criminals to operate front companies as a means of laundering money; and it will make it impossible for dishonest businesspeople to make bogus claims about their company's operations, staff or assets.

This is a practical reform designed to make the business environment in Bosnia and Herzegovina more efficient; a more efficient business environment helps create more jobs, and more jobs raise living standards.

The political challenge has been to keep the benefits at the end of this process clear throughout it. Business registration has not been among the most talked about political issues in recent years, though perhaps it should have been. It is about jobs, as, indeed, are other key economic reforms whose ultimate benefits are often lost in acrimonious political debate over first steps.

Bosnia and Herzegovina's new business registration system will deliver immediate benefits to businesses and consumers; it brings a new level of transparency and efficiency to the overall business environment and it is important that investors, banks, consumers and companies all capitalise on the new opportunities that this will bring. The task now is to turn this new transparency into new companies, enterprise and jobs and to do this as quickly as possible.

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