

PIC and BiH Authorities Seek Contract on Economic Reform

The BiH authorities on Tuesday presented a joint economic reform programme to a special session of the Peace Implementation Council, meeting at the level of political directors. The presentation took place in the Joint Institutions Building, Sarajevo, under the chairmanship of the High Representative, Paddy Ashdown.

Following an introduction by Foreign Minister Zlatko Lagumdžija, presentations were given by Minister for Foreign Trade and Economic Relations Azra Hadžiahmetović and State Treasury Minister Ante Domazet. This was followed by interventions by Entity Prime Ministers Alija Behmen and Mladen Ivanic.

In their presentations, the ministers described the negative social and economic consequences of the current poor state of the BiH economy, with low salaries, high unemployment, and a lack of future prospects for young people.

While the government cannot create jobs directly, the ministers agreed that it can create conditions in which private enterprise can thrive and generate growth and increase employment. In his introduction, Foreign Minister Lagumdžija noted that “the lack of coherent and coordinated economic reform is the root cause of poverty and unemployment in this country. Today, the responsible ministers from the state and Entity governments have come together to change that by agreeing a common economic reform programme.”

In her presentation, Minister Hadžiahmetović said that other countries in the region have already initiated painful but effective reforms and are now reaping rich rewards. “Fifteen years ago, the Hungarian economy was far behind that of the

former Yugoslavia, but next year, it will be joining the EU," she said.

Minister Domazet said that the aim of economic measures is to stimulate foreign as well as domestic investors to start business in BiH. "All of them see the instability of the BiH business environment as the most serious threat to major investment."

Prime Ministers Ivanic and Behmen then set out the Entity responsibilities for economic reform and how these fit in with the overall reform programme.

The ministers agreed on five overall priorities for economic reform:

- Supporting private enterprise, accelerating privatization, removing barriers to business, and making BiH attractive to investors;
- Making government more efficient and cutting government waste;
- Guaranteeing the free movement of goods, people, services and capital through the creation of a Single Economic Space;
- Delivering high-quality utilities and public services;
- Providing an affordable safety net for the elderly and vulnerable.

The priorities outlined by the BiH ministers will be discussed by the Peace Implementation Council and will form the basis of a contract between BiH and the international community, defining the economic reforms that Bosnia and Herzegovina will undertake over the next few years with international support.