

*Remarks by HR/EUSR Christian Schwarz-Schilling  
At a Lunch Organised by the American Chamber of Commerce  
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Ladies and Gentlemen,

As some of you may know, I have made it a priority since I took up my duties as High Representative and EU Special Representative to meet with the various business chambers in Bosnia and Herzegovina. My Principal Deputy, Larry Butler, has done the same. This is because I am convinced that the chambers – and related agencies that focus on representing the needs and aspirations of the business sector – must be key partners in Bosnia and Herzegovina's economic recovery.

This was our experience in Germany in the 1950s and the 1960s and it has been the experience of other countries too.

I am therefore delighted to be here with you today.

It has also been my practice (since long before I took up my present position) to call a spade a spade. So I will not waste your time by dealing this afternoon in pleasant generalities.

The fact of the matter is that while business representation is crucial to the economic recovery of Bosnia and Herzegovina, this fact is not yet properly understood by the general public, by the political establishment, and even by business itself.

Let me give you an example.

Recently, I took part in a meeting with representatives of a specialised and important economic sector. I had expected a detailed and substantive discussion accompanied by recommendations for solving problems facing the sector.

I should also point out that I was more than willing to lend my support to any practical solution I heard.

But during the meeting the discussion was very general indeed. Pleasantries were exchanged on a variety of topics and polite words were said about various individuals and even about me!

This took up 90 minutes, time I believe I could have used better almost anywhere else.

And then something interesting happened.

As I was leaving the meeting, several participants – who had said little or nothing for the previous 90 minutes – introduced themselves and urgently explained problems they were facing and ways in which I might be able to help.

This is the way business representation is still carried out in Bosnia and Herzegovina.

But it doesn't work in a modern economy!

This outmoded view of lobbying – one on one, discreetly, company by company – is, I believe, a major contributing factor to the unsatisfactory business environment we have in this country.

And unless we improve the business environment – quickly and substantially – we won't attract the investment that is desperately needed to create new jobs.

Many of you represent American companies, or have studied in the United States or are engaged in doing business with US companies. Collectively, you are familiar with prevailing norms in international business – accepted principles of transparency and accountability.

You all understand that in a properly regulated market it is the most efficient companies that prosper. You also know that efficiency is not determined by political or administrative connections; it is determined by how quickly and economically a company can deliver a product or service to market.

Now, in case I am misunderstood, let me say clearly that I am well aware of the shortcomings that exist in business cultures outside Bosnia and Herzegovina. I also know that the hard-pressed business community in this country has in many ways managed to uphold market principles in very difficult circumstances.

But we have to recognise that the business culture in Bosnia and Herzegovina is not yet applying – across the board – standards that are the norm in the global marketplace.

This is why business representation is of such importance. Companies can and should start to exert pressure on the authorities to introduce modern and effective business legislation.

Companies can and should develop public, transparent and well-argued campaigns to demonstrate clearly and compellingly how changes in the business environment will help companies to grow, to create new jobs and to contribute to a comprehensive rise in living standards.

Ladies and gentlemen,

It must, therefore, be a priority to propagate a more up-to-date understanding of what effective business lobbying really is, and then start promoting this kind of lobbying in a sustained and energetic way.

Effective lobbying cannot be done on the basis of individual contacts. That is the *old* way.

It must be done on the basis of public argument. This is the way of the global economy.

In the long run, individual businesses only benefit if the sector in which they operate is well run. Businesses only achieve optimal productivity and profitability if they are able to operate in an efficient environment. And an environment cannot be efficient if some companies enjoy advantages and others don't.

As you may know, in recent days I have been urging voters to make election candidates accountable. They must ask candidates to explain exactly *how* they will deliver the magnificent promises that they appear to make so easily.

You represent a core group of voters with a clear and urgent interest in ensuring that your political representatives focus time and energy on improving the business environment.

You are entitled to know where candidates and party leaders stand on the Law on Obligations, which is designed to bring this country's business environment into the 21<sup>st</sup> century and help attract investment and create jobs; and where they stand on centralising banking supervision, so as to further strengthen and revitalise the domestic banking industry.

These are just two of the economic issues that should be at the heart of the election debate – because they are about creating jobs and ending poverty – but which have until now been marginalised.

Effective business representation will help correct this serious shortcoming in Bosnia and Herzegovina's political discourse.

I urge you in the coming days to make your collective voice heard.

Thank you