



AMERICAN CHAMBER OF COMMERCE IN BiH

White Paper

**STRATEGIC AND ACTION PLAN
FOR OVERCOMING THE PROBLEMS OF BUSINESS COMMUNITY IN BiH
AND
OBSTACLES TO THE USA INVESTMENT IN BiH**

1. General Information

This action plan will serve as a tool to overcome all the difficulties and problems in the business community stated in the AmCham BiH White Paper. It shall consolidate a series of activities that must be implemented in order to achieve the presented goals that are set to help growth and competitiveness and maintain macroeconomic stability and improve the problems of the business community in BiH.

2. Background

Attracting investment must be a priority for the growth and prosperity of the economy in BiH. Barriers to investment need to be eliminated, among other things, the removal of hidden subsidies, and the intricacies in the regulatory frameworks and tax systems that are one of the main problems for potential investors in BiH. Also, BiH's strategic advantage is its labor force, but it is not being sufficiently exploited because of the unmatched supply and demand for qualified workforce due to low activity rate of working-age population and the high unemployment rate. Corruption plays a big part in the decline of the BiH economy. It is necessary to provide a safe working environment without corruption for all BiH citizens. The institutions of the rule of law must assign all of their operational and institutional activities to achieve a necessary goal, a business environment without corruption. Inconsistency in the way of labor taxation within BiH leads to confusion and negative impact on the single economic space of the country. ICT sector is one of the key drivers of the European economy. Bosnia and Herzegovina is lagging in ICT development behind all regional countries. Bosnia and Herzegovina has not prioritized systematic IPR enforcement, despite the fact that local and foreign right holders, foreign investors, industry associations and foreign governments have clearly articulated a need for such enforcement in the country. The main reasons for the unsatisfactory situation in the area of employment are the lack of structural reforms, relatively high tax burden on labor, low level of investment and low competitiveness of the local economy.

3. Goal

By creating and adopting the AmCham BiH White Paper, American Chamber of Commerce in BiH wants to have a direct impact on improving the business climate in Bosnia and Herzegovina. The goal of the action plan is to plan the implementation of the following objectives:

4. Action Plan

Permits and Procedures				
Action Proposal	Agents of Change	Targets of Change	Strategies	Action Steps
<p>Shorten the process of issuing business, environmental and building permits</p>	<p>Personnel: <i>Who will do this (Namely)?</i></p> <ul style="list-style-type: none"> - Finance and Banking Committee - Tax, Legal & Regulatory Committee - AmCham BiH BoG - Executive Office 	<p>Possible targets of change: <i>Who is our target?</i></p> <ul style="list-style-type: none"> - FBiH Government - RS Government - FBiH Ministry of Physical Planning - Municipalities of FBiH & RS - FBiH Ministry of Environment & Tourism - FBiH Fund for Environmental Protection - FBiH Ministry of Justice - Municipal courts (Court Company Registers; Land Registry Offices) 	<p><i>How will we act upon this proposal?</i></p> <ul style="list-style-type: none"> - Suggest clear, public e-registers for procedures - Issuing licenses and permits 	<p><i>What are our action steps?</i></p> <ul style="list-style-type: none"> - Enable electronic communication of investor institutions. - Recommend improvements, deadlines through diplomatic pressure.
<p>Simplify E-Procedures that precede the issuance of permits</p>	<ul style="list-style-type: none"> - Finance and Banking Committee - Tax, Legal & Regulatory Committee - Executive Office 	<ul style="list-style-type: none"> - FBiH Government - RS Government - FBiH Ministry of Physical Planning 		

		<ul style="list-style-type: none"> - FBiH Ministry of Environment & Tourism- FBiH Ministry of Justice - Municipal courts (Court Company Registers; Land Registry Offices) 		
Introduce the system of electronic permits	<ul style="list-style-type: none"> - Finance and Banking Committee, Tax, Legal & Regulatory Committee 	<ul style="list-style-type: none"> - FBiH Government - RS Government - FBiH Ministry of Physical Planning - FBiH Ministry of Justice - Municipal courts (Court Company Registers; Land Registry Offices) 		

Legal & Regulatory Framework				
Action Proposal	Agents of Change	Targets of Change	Strategies	Action Steps
Implement practical legal reforms and integration both internally and regionally	Personnel: <i>Who will do this (Namely)?</i> - Tax, Legal & Regulatory Committee	Possible targets of change: <i>Who is our target?</i> - BiH Government - FBiH Government - RS Government - Jurisdiction bodies at all levels	<i>How will we act upon this proposal?</i>	<i>What are our action steps?</i> - Continue the advocacy of a single economic space
Promote the need of respecting the environmental legislation Raise activities on Health Care and Environmental issues	- Health Care & Environment Committee - AmCham BoG - Executive Office	- BiH Government - FBiH Government - RS Government - FBiH Ministry of Health - Ministry of Health and Social Welfare RS - Agency for medicinal products and medical devices		- set forth measures and arrangements designed to ensure the observance of such right and obligations.
Enhance the court service	- Tax, Legal & Regulatory Committee - AmCham BiH BoG - Executive Office	- Ministry of Justice of Bosnia and Herzegovina		- Draft proposals of initiatives for changes of laws and subordinate legislation and other regulations at the state level that affect the quality of business operations in BiH

Corruption				
Action Proposal	Agents of Change	Targets of Change	Strategies	Action Steps
<p>Form the AmCham BiH Ethics and Compliance Committee C</p> <p>Support initiative and join the Western Balkans Network for Integrity and Compliance</p>	<p>Personnel: <i>Who will do this (Namely)?</i></p> <ul style="list-style-type: none"> - AmCham BiH Ethics and Compliance Committee 	<p>Possible targets of change: <i>Who is our target?</i></p> <ul style="list-style-type: none"> - Agency for the Prevention of Corruption and the Coordination of the Fight against Corruption 	<p><i>How will we act upon this proposal?</i></p>	<p><i>What are our action steps?</i></p> <ul style="list-style-type: none"> - Create a critical network among AmCham BiH members and non-members of like-minded and like-acting responsible business. - Raise awareness about the importance of integrity and transparent business - Provide training in areas of anticorruption
<p>Stimulate the transparency of the work of public institutions in BiH</p>	<ul style="list-style-type: none"> - AmCham BiH Ethics and Compliance Committee 	<ul style="list-style-type: none"> - Public Procurement Agency of BiH 		<ul style="list-style-type: none"> - Stimulate business to operate in fair and responsible manner - Promote compliance with all applicable laws, regulations, other procedures
<p>Follow the implementation of the Law on Freedom of Access to Information at all levels in BiH</p>	<ul style="list-style-type: none"> - AmCham BiH Ethics and Compliance Committee - AmCham BiH Tax, Legal & Regulatory Committee 	<ul style="list-style-type: none"> - Public Procurement Agency of BiH - BiH Government - FBiH Government - RS Government - Personal Data Protection Agency BiH 		<ul style="list-style-type: none"> - Promote greater transparency and accountability of the authorities

Taxes				
Action Proposal	Agents of Change	Targets of Change	Strategies	Action Steps
Reduce the procedure and length of time required to pay tax	Personnel: <i>Who will do this (Namely)?</i> - AmCham BiH BoG - Executive Office - Committee members	Possible targets of change: <i>Who is our target?</i> - Indirect Taxation Authority of BiH - Government of FBiH - Ministry of Finance FBiH - FBiH Tax Administration	<i>How will we act upon this proposal?</i> -Diplomatic pressure through diplomatic channels	<i>What are our action steps?</i> -Simplify the process of payment of public revenue because (the current process of payment of mandatory contributions, income taxes and employee fees is demanding and it costs a lot).
Public Administration Reform				
Action Proposal	Agents of Change	Targets of Change	Strategies	Action Steps
Help improve cooperation and transparency between all levels of government	Personnel: <i>Who will do this (Namely)?</i> - AmCham BiH BoG - Executive Office	Possible targets of change: <i>Who is our target?</i> - All levels of Government in BiH	<i>How will we act upon this proposal?</i>	<i>What are our action steps?</i> Create an integrated, long-term AmCham BiH strategy built upon cooperation between government at all levels and the business society
Harmonize the medium-term planning system and align it with the financial framework	- AmCham BiH Tax, Legal & Regulatory Committee	- All levels of Government in BiH		- Advocacy for a harmonized approach at the state level - Promote country harmonization policy through involvement of the AmCham BiH Tax, Legal & Regulatory Committee

<p>Provide a harmonized approach to policy development and coordination</p>	<ul style="list-style-type: none"> - AmCham BiH BoG - Executive Office AmCham BiH Tax, Legal & Regulatory Committee 	<ul style="list-style-type: none"> - All levels of Government in BiH 		<ul style="list-style-type: none"> - Create AmCham BiH strategy, monitor and plan achieving the objectives and goals within expenditures ceiling.
<p>Single Economic Space and Harmonization of Regulations</p>				
<p>Action Proposal</p>	<p>Agents of Change</p>	<p>Targets of Change</p>	<p>Strategies</p>	<p>Action Steps</p>
<p>Build a unified economic space in compliance with international standards</p>	<p>Personnel: <i>Who will do this (Namely)?</i></p> <ul style="list-style-type: none"> - AmCham BiH BoG - Executive Office 	<p>Possible targets of change: <i>Who is our target?</i></p> <ul style="list-style-type: none"> - Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina - International Community 	<p><i>How will we act upon this proposal?</i></p>	<p><i>What are our action steps?</i></p> <ul style="list-style-type: none"> - Create case studies that quantify the economic benefits of standards for companies in AmCham BiH memberships - Conduct activities in the favor of attracting foreign investment and the liberal trade regime
<p>Change the negative constant of the inconsistency of certain regulations in the territory of BiH</p>	<ul style="list-style-type: none"> - AmCham BiH BoG - Executive Office 	<ul style="list-style-type: none"> - BiH Government - FBiH Government - RS Government - Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina - International Community 		<ul style="list-style-type: none"> - Through the AmCham BiH Strategy work on overcoming the overlap, conflict and redundant regulations - Focus on significant or complicated legislative proposals

Software Development & Technology

Action Proposal	Agents of Change	Targets of Change	Strategies	Action Steps
<p>Harmonize the BiH legislation with the EU legislation (ICT, Media, Competition, and Education).</p> <p>Help define clear concept of linear infrastructure in RS and FBiH (Law on Physical Planning and Land Utilization – telecommunications infrastructure)</p>	<p>Personnel: <i>Who will do this (Namely)?</i></p> <p>AmCham BiH ICT Committee</p>	<p>Possible targets of change: <i>Who is our target?</i></p> <p>FBiH Government RS Government FBiH Ministry of Physical Planning Ministry of Transport and Communications</p>	<p><i>How will we act upon this proposal?</i></p> <p>Diplomatic pressure through diplomatic channels</p>	<p><i>What are our action steps?</i></p> <p>Hold meetings Prepare and distribute Talking Points Follow up after the meeting – get feedback (to know who is pro and contra)</p>
<p>Implementation nondiscriminatory and transparent rule of law to both private and public companies (ICT, Media, Competition).</p>	<p>AmCham BiH Tax, Legal & Regulatory Committee</p>	<p>Ministry of Labor and Social Policy</p>	<p>Adopt ASAP the Law on Electronic Communications based on 2003 and 2009 EU frameworks</p>	<p>Hold meetings</p>
<p>Creating a sense of urgency for Education system alignment to ICT world trends.</p>	<p>AmCham BiH Members of the AmCham BiH ICT Committee</p>	<p>The Ministry of Education of the Sarajevo Canton Minister of Education and Science</p>	<p>AmCham BiH diplomatic pressure through various events</p>	<p>Implement new Education Reform Strategy BiH</p>

Intellectual Property Rights Policy

Action Proposal	Agents of Change	Targets of Change	Strategies	Action Steps
<p>Commitment of the Governments to effective IPR enforcement</p>	<p>Personnel: Who will do this? (Namely)</p> <ul style="list-style-type: none"> - IPR/ Intellectual Property Rights Committee 	<p>Possible targets of change: <i>Who/What is our target?</i></p> <ul style="list-style-type: none"> - BiH Government - Institute for Intellectual Property 	<p><i>How will we act upon this proposal?</i></p>	<p><i>What are our action steps?</i></p> <ul style="list-style-type: none"> - Continue to organize campaigns about public awareness of Protection of IPR in BiH
<p>Efficient enforcement. The enforcement agencies have to act ex officio and upon the request of right holders in a timely manner.</p>	<ul style="list-style-type: none"> - IPR/ Intellectual Property Rights Committee 	<ul style="list-style-type: none"> - BiH Government - Institute for Intellectual Property 	<p>Statistics on IPR cases must be made available online</p>	<ul style="list-style-type: none"> - Establish monthly progress (rather quarterly?) reporting of the AmCham BiH Strategy
<p>Designation of enforcement officers working on IPR infringement cases.</p>	<ul style="list-style-type: none"> - IPR/ Intellectual Property Rights Committee 	<ul style="list-style-type: none"> - BiH Government - Institute for Intellectual Property 		<ul style="list-style-type: none"> - Hold meetings, round tables. with all relevant stakeholders for IPR - Organize proper training of a limited group of inspectors and custom officers

Customs Policy				
Action Proposal	Agents of Change	Targets of Change	Strategies	Action Steps
Launch an initiative to establish a one-stop-shop at the state level to register free-trade zones.	Personnel: <i>Who will do this? (Namely)</i> - AmCham BiH BoG - Executive Office	Possible targets of change: <i>Who/What is our target?</i>	<i>How will we act upon this proposal?</i>	<i>What are our action steps?</i> - Plan and propose hands-on technical assistance to the zone developers and regulators through AmCham BiH studies
Strive to increase BiH exports through the U.S. program of the GSP (Generalized System of Preferences)	- Executive Office - U.S. Embassy in BiH			- Promoting the GSP through presentations and workshops aimed at the companies that export to the U.S.

Education and the Workforce Market

Action Proposal	Agents of Change	Targets of Change	Strategies	Action Steps
<p>Improve the inadequate link between education system and labor market</p>	<p>Personnel: <i>Who will do this? (Namely)</i></p> <ul style="list-style-type: none"> - AmCham BiH BoG - Executive Office 	<p>Possible targets of change: <i>Who/What is our target?</i></p> <ul style="list-style-type: none"> - Federal Ministry of Education and Science And all ten Cantonal Ministries of Education in FBiH - Ministry of Education, Science and Technological Development of RS 	<p><i>How will we act upon this proposal?</i></p>	<p>What are our action steps?</p> <ul style="list-style-type: none"> - Suggest the adoption of the Law on Adult Education for all Cantons - Help set up Advisory Councils which serve the schools for designing the curriculums.
<p>Include the economy into the education system</p>	<ul style="list-style-type: none"> - AmCham BiH BoG - Executive Office - Tax, Legal & Regulatory Committee 	<ul style="list-style-type: none"> - Academic Community in BiH - Federal Ministry of Education and Science And all ten Cantonal Ministries of Education in FBiH - Ministry of Education, Science and Technological Development of RS 		<ul style="list-style-type: none"> - Organize events where we will gather academic community and stakeholders responsible for policy making in the education system.

The Rule of Law				
Action Proposal	Agents of Change	Targets of Change	Strategies	Action Steps
<p>Continue cooperation with the World Bank and EBRD and other responsible international institutions</p>	<p>Personnel: <i>Who will do this? (Namely)</i></p> <ul style="list-style-type: none"> - AmCham BiH BoG - Executive Office - Tax, Legal & Regulatory Committee - CLDP program 	<p>Possible targets of change: <i>Who/What is our target?</i></p> <ul style="list-style-type: none"> - Competent judicial authorities in BiH, FBiH and RS 	<p><i>How will we act upon this proposal?</i></p>	<p><i>What are our action steps?</i></p> <ul style="list-style-type: none"> - Working on establishing of a higher degree of specialization for judges and commercial departments - Provide trainings for judges that would enable them to adequately understand the market and relevant legislation in BiH