
**STRENGTHENING THE SOCIAL PARTNERSHIP
AND CREATION OF
LEGISLATIVE FRAMEWORK TO SUPPORT FORMAL SECTOR
IN BOSNIA AND HERZEGOVINA**



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Address by Director of Association of Employers B&H

Dear colleagues' employers,

During the previous year, very often we have received from your side information's on problems encountered in the work. In addition to regular problems that are caused by lack of support of governments at all levels in the development of your company, you often have pointed to the obstacles that in the inconsistency of laws regulate your business

The problem is often caused by the mismatch-laws with the law itself and the lack of guidelines and regulations for the application of the law in force.

All of this was the reason to perform surveys on specific problems that stand in front of you. We surveyed all our members, as well as companies that are not our members and meet with the same or similar problems. Based on the results and analysis of your answers we have made this publication, which includes case studies. We tried to include everything that stands in the way of development of you as individuals, and thus the entire economy of Bosnia and Herzegovina.

In achieving our objective financial and advisory assistance was provided by the International Labor Organization, Office in Budapest, and Austrian Development Agency ADA task force Austrian development cooperation which perform bilateral assistance in the partner developing countries in cooperation with public institutions, NGOs and businesses.

Thanks you for participating in the survey I want to emphasize that this publication is addressed to governments at all levels of government in Bosnia and Herzegovina. We hope that our initiative to amend the law and removing barriers allow more efficient and rational operations on the local disunited market.

Finally, in the hope that regulatory reform project, whose implementation is in the initial phase that was launched by government in both entities of BiH, in cooperation with IFC, will lead to progress, we want to emphasize that the Association of Employers of Bosnia and Herzegovina will do everything that through participation in the Economic and Social Council at all levels, require the government to bring reforms to end.

Respectfully

Alija Remzo Bakšić, Director APBiH

1. Introduction

Good support to enterprises can significantly contribute to the development of a successful market economy. Less legislative and regulatory burden for citizens, businesses and governments promote sustainable economic development. Regulatory policies that enhance competition and reduce costs, can stimulate efficiency, reduce prices and encourage businesses innovation. Reducing the burden of business increases transparency, supports entrepreneurship and market entry and consequently the economic development in general.

The aim of this study was to obtain opinions of employers on the barriers to better business environment, to develop a coordinated approach to lobbying by the APBiH to influence changes to laws, regulations and bureaucratic practices either in direct contact with ministers or through the Economic and Social Council.

The results of analyze show that as a category, political obstacles are considered as the most difficult, (bureaucracy, inconsistency in regulation, corruption). The second most important obstacle to the business is infrastructure, which most employers considered as one of the main barriers, followed by lack of a fully developed market economy.

Removing barriers in business is necessary in order to assist enterprises in improving their work. Given that in the report of the World Bank Doing Business for the period July 2008 - May 2009, BiH is ranked as 116 out of 183 countries (11 places lower than in 2007) it is necessary to examine what more needs to be done.

In order to determine priorities for the purpose of better lobbying, issues were related to awareness of the Economic and Social Council, and the opinion of employers on the effectiveness of ESV, as well as the opinion of the program of measures aimed at easing the global economic crisis.

In the evaluation of the obtained data indicated here are a few case studies to highlight examples of the need for the active participation of employers in designing policies, with a final goal - economic development of Bosnia and Herzegovina.

After examining the survey results it is easy to find that last year, and running, has not brought long-awaited economic growth and business development. The most impact at survey results had the inconsistent economic policies, slowness in adopting and implementing reforms, little or nothing to boost domestic production, unnecessary red tape for starting and running businesses and non-compliance with the basic priorities of the business environment.

Data and information's that follow represent the key instruments for the promotion and protection of the interests of employers.

This publication will be distributed to all relevant stakeholders in BiH with an attempt that in this way, the BiH Association of Employers contribute to strengthening the dialogue between social partners, in this case, the government and employers, and contribute to the rapid changes that will result in the development of economy in Bosnia and Herzegovina, creating new jobs, better access to European market and the fight against poverty.

2. The Association of Employers of Bosnia and Herzegovina

The Association of Employers of Bosnia and Herzegovina was established on 7th July 2004. as a non-profit organization. The founders of the Association are Association of Employers of Federation, Association of Employers of the RS and the Association of Employers Brčko District,

The Association of Employers of Bosnia and Herzegovina was established in order to acquire legitimacy in representing the interests of employers and the economy in terms of tripartite relations and the creation of democratic institutions of civil society in BiH. Based on the principle of voluntary membership and the principles of freedom of association, APBiH protect the interests of its members working on creating a favorable economic environment and promoting the rights and freedoms of its members.

The Association of Employers of Bosnia and Herzegovina is the only legitimate representative of the employers in relation to the Government and trade unions.

By establishment of the Association of Employers, employers from all over Bosnia and Herzegovina can, through our organization, defend its interests before the Council of Ministers, and in cooperation with the Trade Union of Bosnia and Herzegovina build economic and social dialogue according to European standards.

The goal of the APBiH is to establish an important position towards government especially when it comes to removing all those legal barriers that stand in the way of improving business for all companies in BiH.

The Association is actively involved in preparations for making all the new laws as well as process of amendment or change of law. Protecting and promoting the rights and interests of employers and the economy in the areas of labor and social legislation, the Association negotiates with unions and actively participates in collective agreements that regulate matters related to employment.

The Association of Employers of Bosnia and Herzegovina is actively involved in the reform and the issue of pension / retirement and disability insurance. APBiH also participated in establishment of Council for support small and medium enterprises, working on the implementation of "Strategy on the development of small and medium enterprises."

The Association also urged the Council of Ministers on the establishment of the Ministry of Economy at the state level, and has close cooperation with branch, entity, cantonal and municipal-country associations or employers' associations in BiH. It continuously strengthens the tripartite relations in order to preserve social peace, and strengthens its position in public in cooperation with all relevant factors in the environment. At the international level APBiH credibly represents employers in International Labor Organization (ILO) and International Organization of Employers (IOE), and successfully cooperate with employers' organizations from most European countries and neighboring countries.

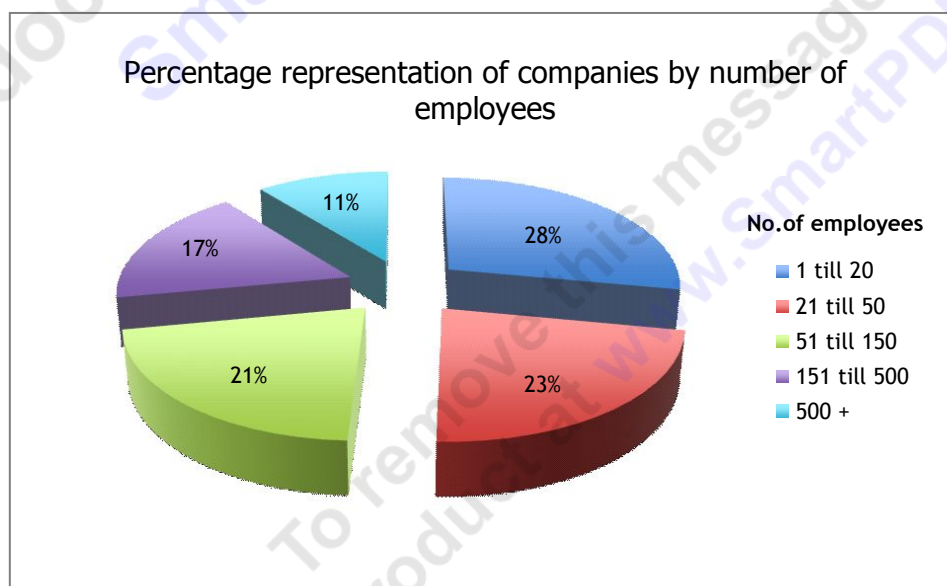
The Association was founded with the goal of becoming a legitimate, independent and strong voice of employers in tripartite dialogue, and that in such communication come to the acceptable and better solutions for all three parties.

The final goal is to strengthen its members, and the entire private sector for the competition that awaits them by entering BiH into the European Union.

Employers' Association today represents a strong and independent voice of employers and entrepreneurs.

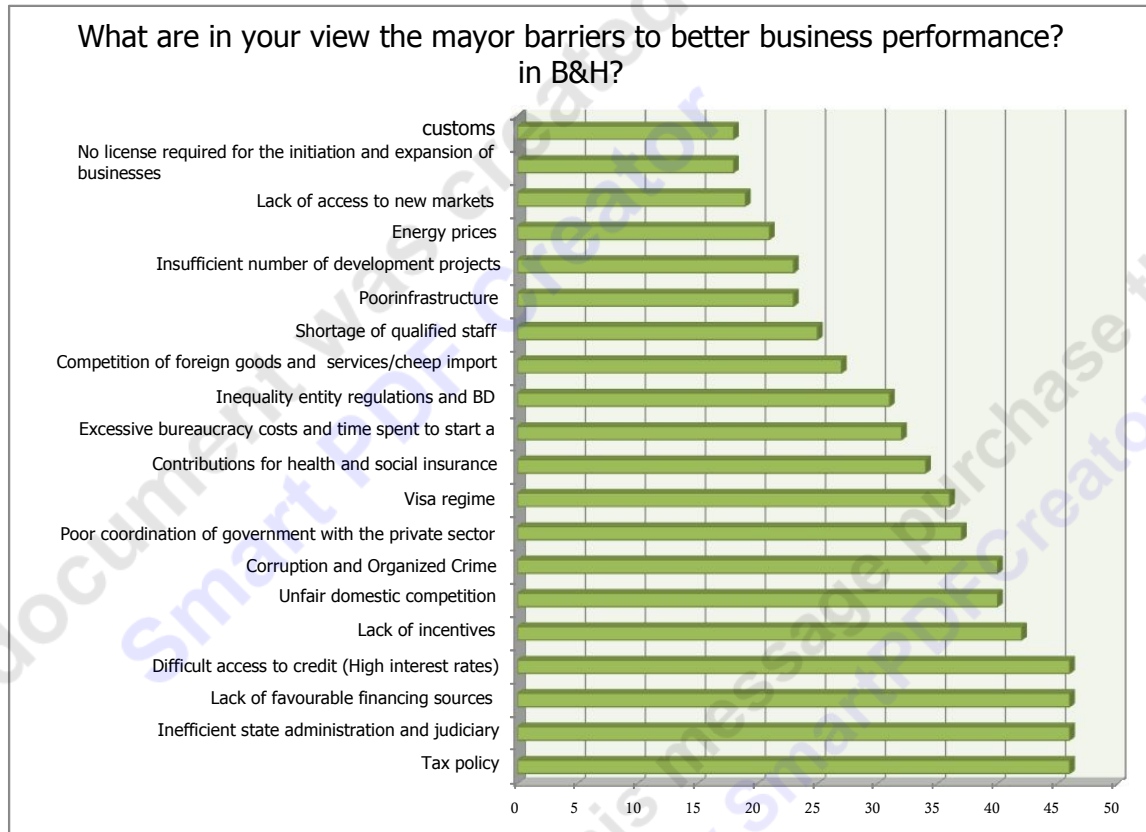
Results of the survey

The managers of 687 companies from all over Bosnia and Herzegovina have participated in the research. The survey was conducted within period January-march 2010. Companies of all sizes were represented from the smallest to the largest (with more than 500 employees)



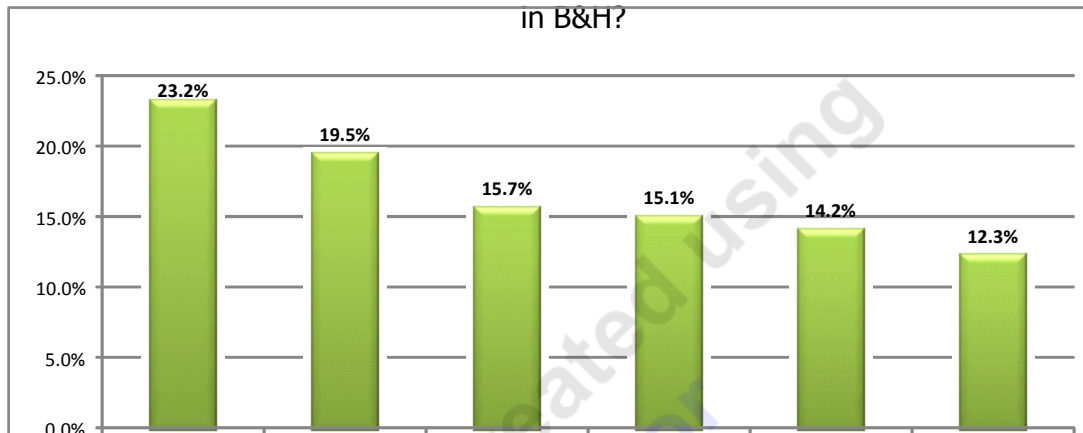
Percentage representation in the legal form of company registration

As expected, almost all companies are registered as stock company or Limited Liability Company. More than two third of samples, 70%, Are limited liability companies. Only small percentage is registered in some other way (3%)



The largest number of respondents replied that the tax policies (high taxes and charges) are the greatest obstacles to successful business. However, when these responses were grouped according to the areas in which they belong, we get the fact that most managers as the greatest obstacle considered environment that affects business operations (poor infrastructure, access to new markets, prices of goods, and the visa regime)

What are in your view the mayor barriers to better business performance?
in B&H?



Administration is in this case (although related to the previous category of environment) separated because it is often mentioned as the biggest obstacle, but it certainly can be said that it comes under the category of environment.

Among the first four issues we can note problems indicating lack of initiatives and development projects and high taxes and other public expenditure, so it can be said that employers consider the state institutions as the largest obstacles to business. The least perceived problems are as follows:

1. Corruption
2. Law enforcement
3. Funding opportunities.

As examples that illustrate the major obstacles to successful operations, we have extracted the most illustrative quotes.

"One can not concentrate enough to work due to the large bureaucracy; economic entities are more dealing with bureaucracy than with realization of development plans and activities that could improve the overall business."

"A significant number of employees in government is not educated for respective department and does not understand the problems ..."

"There's no confidence in public administration (particularly the judiciary), which automatically reduces the interest of potential investors for investments of any kind. This, along with corruption and organized crime, completely exclude B& H out of the serious plans foreign companies might have".

"When state administration and judiciary are working, they are taking care more about the current interests of certain parties, groups or influential individuals, than about the general interest and economic entities".

As specific examples of barriers that affect the operations of the company, managers quote:

" Because of inaction and inefficacy of state administration BH still doesn't have free visa regime and our citizens are disabled to travel abroad, what has direct impact on reduced number of passengers in transport".

"Inefficiency of civil servants directly affects to the speed of the flow of goods and services, which prevents employers to operate efficiently and be competitive on the international market."

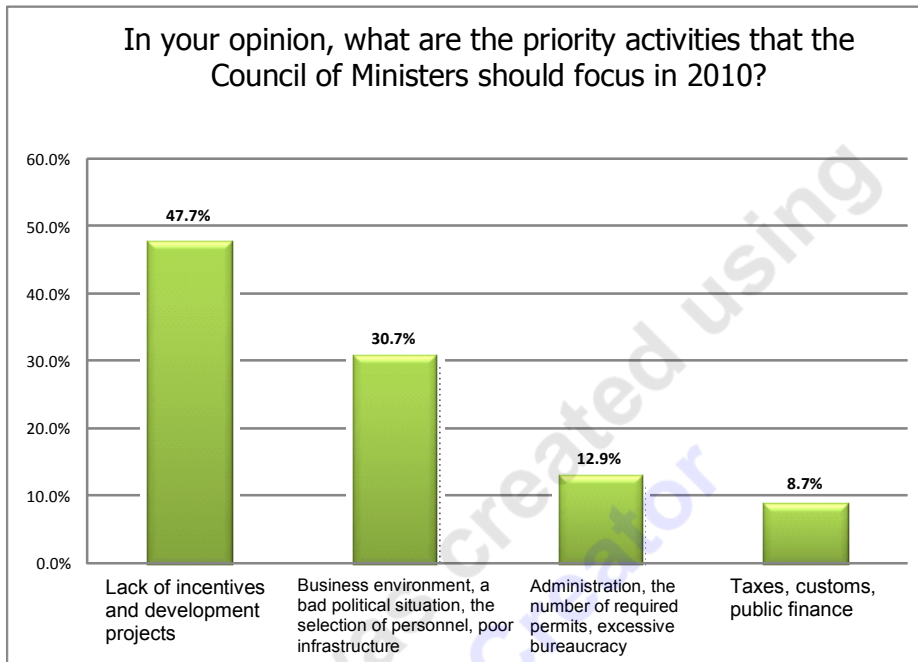
"Upon export of our goods in surrounding countries, we encounter to a large number of non-tariff barriers that obstruct the entry of goods on the market. E.g. If our partner in Croatia want to buy, for example, barley produced in B&H, the special permission for import have to be claimed from Croatia authorities".

"Inequality legislation, for example, differences in the contributions to salaries in Republic Srpska; unequal burden on workers and the tenders have the same treatment".

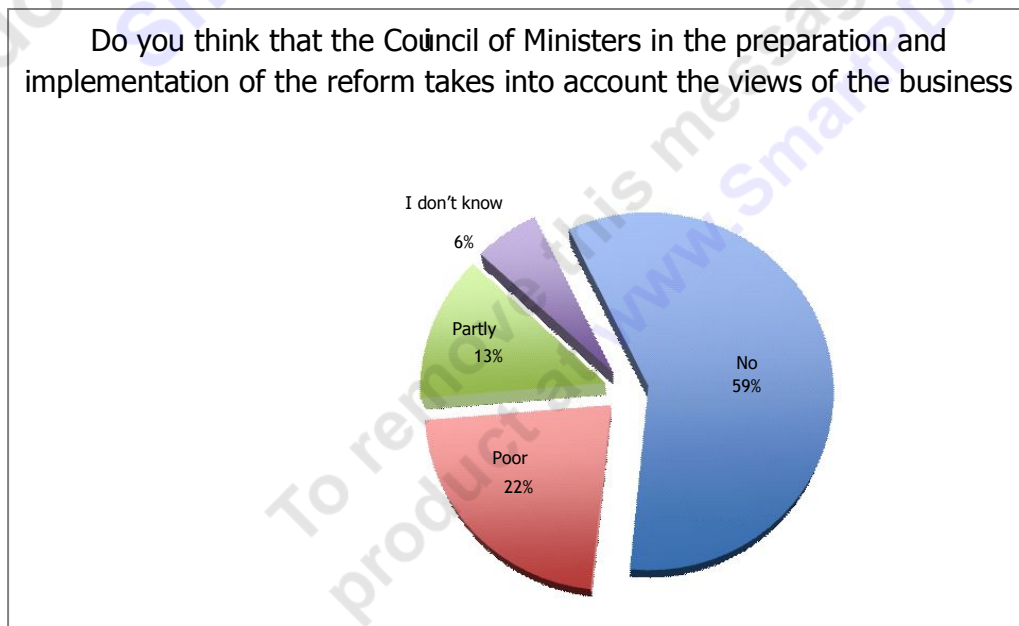
According to the results of survey, managers of companies believe that the priority activities of the Council of Ministers should be focused on stimulating domestic development. Stimulation of domestic production and exports, providing financial support to local companies, as well as protection of domestic production, according to respondents, representing some of the primary activities. The next most important activity is mainly related to infrastructure development.

Respondents think that it is essential that the Council of Ministers initiate the introduction of new technologies, contribute to the construction of roads, recognize the potentials and propose a strategy of development of the electro-energy sector.

Respondents considered as necessary that the Council of Ministers initiate the introduction of new technologies, contribute to the construction of new roads, recognize the potential and propose a strategy of development of the electro-energy sector. The next in importance are the activities related to public administration reform, administrative procedures and legal regulations.

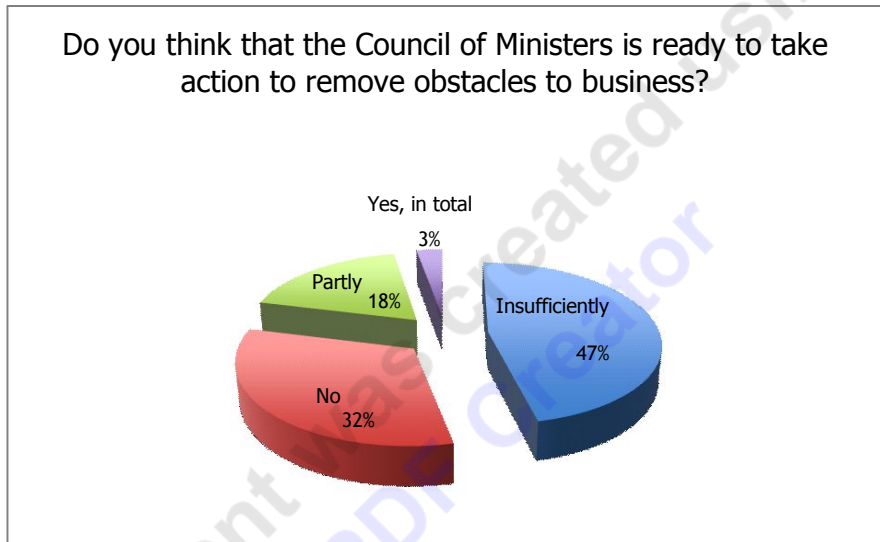


As already noted, managers of companies as the biggest obstacle to a successful business within the state consider an environment in which companies operate. On the other hand, they do not expect from Council of ministers to direct priority activities towards solving the problems related to business environment. They expect direct stimulation of development of domestic production. Managers do not expect the Council of Ministers that priority activities are directed towards solving problems related to environment, but expect the direct stimulation of development of domestic production.



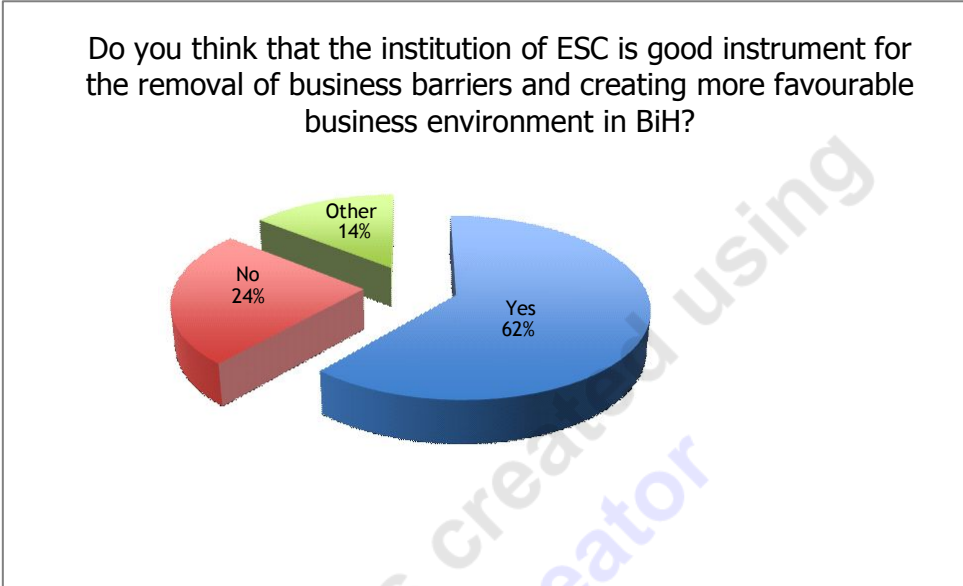
Managers believe that the Council of Ministers almost never consults them in the preparation and implementation of reforms. In their opinion, the Council of ministers is not ready

enough to take appropriate measures in order to remove the obstacles. 59% of negative answers to the question of respect of attitudes of business community by the Council of Ministers gave 59% managers, and 35% considered that Council of Ministers very few or partially respects the views of business community in preparing and implementing reforms.

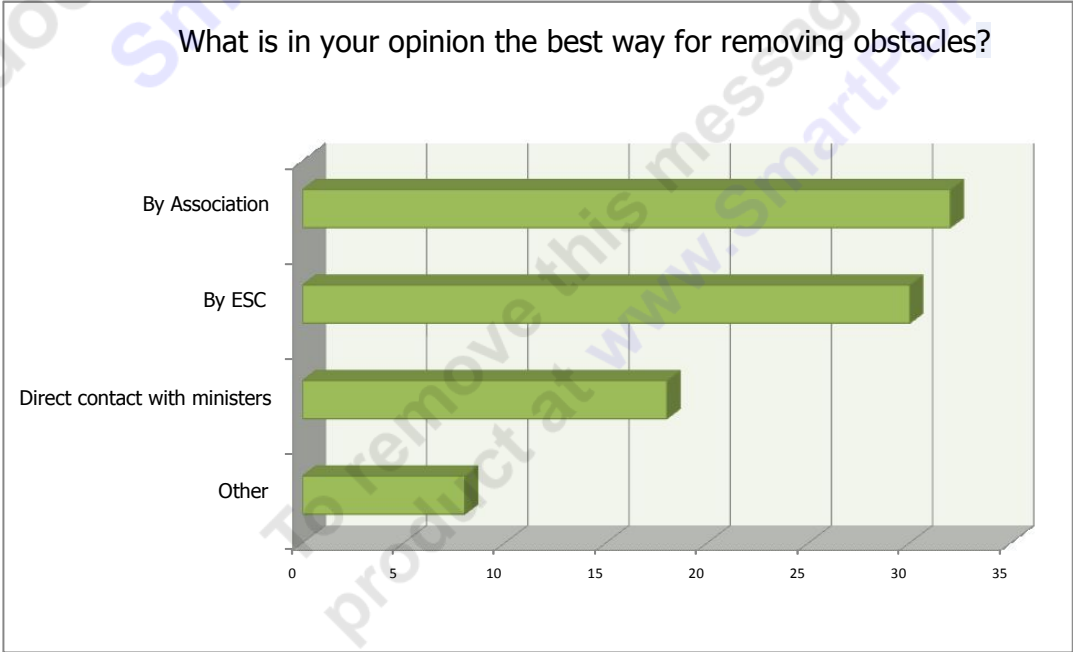


It can be said that the lack of qualitative dialogue between business community and authorities at the state level is emphasized, as well as the lack of confidence in state institutions, especially if we taken into consideration responds to the earlier question about the obstacles. We can see it from the following graphic on the question of readiness of Council of Ministers to undertake measures for removing the obstacles in business. The great majority (79%) considers that the Council of Ministers is not enough ready to take appropriate measures toward the realization of this goal, while on the other hand 18% of respondents thought that the Council of Ministers is only partially ready. A very small part (3%) believes that the Council of Ministers is fully prepared to take measures to remove obstacles to business.

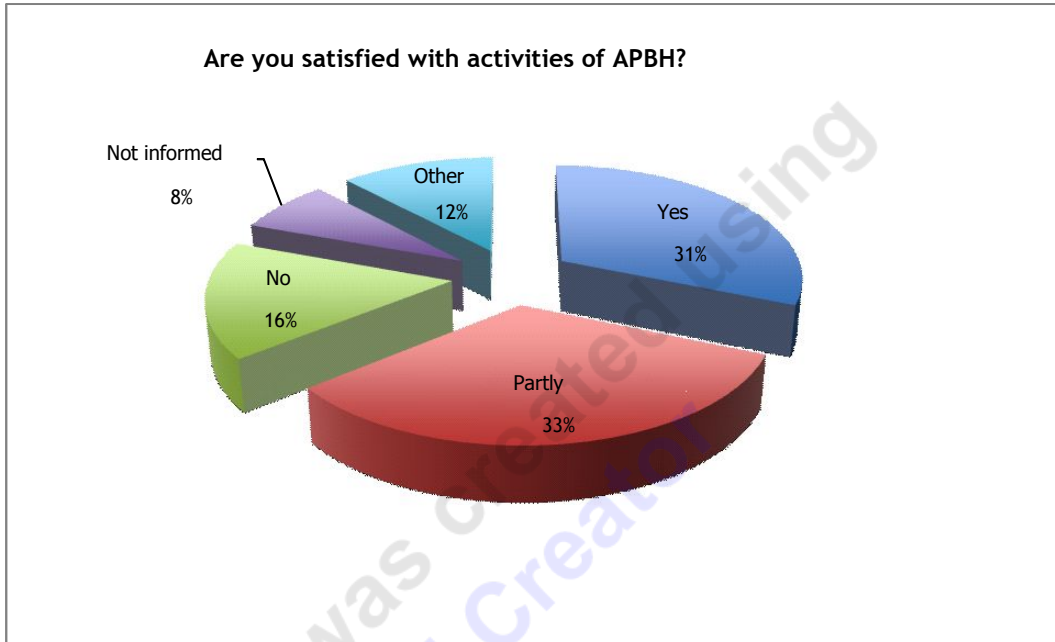
Managers consider ESC as more efficient partner in removing business obstacles and creation of better business environment in B&H.



Close to two thirds of respondents, 62% assessed ESC as a good instrument for the removal of obstacles, as well as for creating favorable business climate in BiH. One quarter of respondents (24%) do not believe that the ESC is good instrument to achieve a better business environment. More than a third of surveyed managers (36%) estimated APBIH as the best partner in the removal of obstacles to better business. From the other hand, 32% of respondents believe that the ESC is the most appropriate way for creating a better business environment. According to the responds, APBIH is the best partner in removing the obstacles.



Such a positive opinion of APBIH comes from satisfaction of managers with dedication and hard work of AP, what can be seen from the chart



Two thirds of managers (31%) are satisfied completely or partially with the work of APBIH. On the other hand, 16% of respondents gave an answer that they were not satisfied. On should notice that almost a tenth of managers (8%) are not familiar with the work of APBIH and its function in general.

4. Case study

Case study 1: Initiative for Amendment of the Law on Contribution

Companies in the area of Zenica-Doboj Canton to a considerable extent conduct their business activities in the countries of ex-Yugoslavia and direct their employees to work in those countries. It is indisputable that the amount of employee wages and living standard in the countries of ex-Yugoslavia are similar, and in some cases even lower than in B&H and can not be identified with other countries , especially with EU countries.

For this reason employers in this area expect facilitation of conditions for the work in the countries of ex Yugoslavia and they demand that directing of their workers in the countries of ex Yugoslavia is not considered as directing abroad, and their demand are that fixed basis for account of contribution referred to Article 7 paragraph 4 of the Law of Contributions does not apply to workers directed to work in the countries of ex Yugoslavia.

Initiative proposal: For above reasons we suggest that after the procedure of article 7 paragraph 4 Low on contributions of Federation BiH, which reads:

„ .. for the taxpayer who is employed by an employer –resident of Federation and who is directed to work or training abroad, as well for the taxpayers employed abroad

by foreign employer, the basis of contributions under Article 4 paragraph 1 of this Law are the personal income which would be realized, and such basis can not be lower than average monthly salary in Federation in accordance with Article 6a paragraph 2 of this Law...

emend and read:

„ for taxpayer who is employed by employer-resident of Federation , and who is directed to the work or training abroad, except in the countries of ex-Yugoslavia , as well for the taxpayer employed in foreign country by foreign resident employer, the basis of contribution from Article 4 paragraph 1 of this low make personal income, which would be realized for the same kind of work in Federation, and with basis which can not be lower than average monthly wage of employed in federation in accordance with Article 6a paragraph 2 of this Low.:

Objectives of initiative

- Maintaining and increasing the competitiveness of local companies in searching for and obtaining new jobs in the countries of Ex-Yugoslavia;
- Facilitating the working conditions
- Larger employability
- unemployment Reduction
- Better charge of budget and extra-budget funds
- Poverty reduction

Acting according the initiative and informing

It is necessary to submit this initiative in accordance with Article 160 of the Parliamentary Rules of Procedure to the relevant working bodies in parliament and Government for opinion. Applicant of initiative , because of importance, demands and expectations of business sector for more that a year, believes that it is justified on grounds and expects that parliament accept it and determine the manner of preparation and bearer of drafting of Low on Amendments of Low on Contributions in FBiH by a shortened procedure and notice the applicant of initiative.

Case study 2;

One of the problems our members have faced in recent years is related to the control of market inspection in the municipality of Zenica and Zenica-Doboj canton, and associated with it, the imposition of fines

During the last year and early this year a series of inspection controls have been done in stores in the area of canton Zenica-Doboj and it was ordered that besides the outstanding prices on the place of sale of products, selling price and the price for the unit is written on the product or the product envelope, clearly visible, clearly and readable as defined by Article 11, paragraph 6 of the Law on Consumer Protection of BiH.

1. Due to the large number of items, large inventory and traffic in stores is not possible to accurately write the price on each item, especially if one bears in mind that in the bigger stores are hundreds of thousands, even millions of items.

2. Suppliers do not accept back goods with marled prices during the return of articles that is very extensive when you return items vendors do not accept back goods which have been printed price or prices which are marked.

3. Business policy of the company in the field of trade is so designed that tries to satisfy the customer at any time and with the aim to organize a large number of weekend activities, special discounts and other forms of price correction that would in practice mean that the non-stop have to print new price on product which would represent a difficulty for buyer in recognizing the current price of product.

4. Inspection was asked to assist in finding adequate solutions for satisfaction of all parties. The proposal of employers to purchase equipment in bigger stores where the customer upon arrival at the cash register could check prices, however, was not encountered in understanding even though this option is the most realistic and useful for both companies as the seller and the buyers have in mind that goal and the role of inspection is not only punishment but also coordination with corporate clients and presenting ways in which obstacles to full implementation of existing regulations can be removed.

5. The above provisions of the Act does not apply absolutely nowhere in Europe, except to the some extent in Switzerland and the question of existence of such provisions make sense;

Inspectors can always rely on the same for the purpose of imposition of fines and filling the budget at the expense of businessmen and employers who properly perform their obligations towards the state and employees.

After the expiry of the deadlines for elimination of deficiencies inspectors have again visited the store and each uttered a fine in the amount of 3.000,00 KM for legal and KM 300.00 for the responsible person. Damaged employers regularly went to the court decision but the courts only confirm the imposed. Sanction

Sentencing is in such great numbers and amounts represent a great burden especially in times of great economic crisis and difficulties in the purchasing power of the people and the liquidity of companies. Paying the fines imposed would deteriorate the business results, what would lead to the ultimate effect - dismissal of a number of employees, and it is not in the interest of anyone.

We are confident that retailers can not abide the disputed provisions of the Consumer Protection Act in full capacity and that all are affected in equal measure and by changing the law the large number of companies would have immediate benefit.

The launching of initiatives in the Economic and Social Council for the territory of the Federation of Bosnia and Herzegovina was requested in order to change the disputed provisions of the Consumer Protection Act.

It is important to note that the branch trade unions gave their support in this matter and that there are no obstacles to the abolition of duties labeling cost of each product on the cover.

The Inspectorate has received instructions that inspectors strictly abide the law which do not require that the price is marked on every single product

Case study 3.

Comments and suggestions on the draft Law on Amendments to the Labor Act

As one of the many case studies that affect business are objections to the draft of Law on Amendments to the Law on Work and the following comments and suggestions that employers previously pointed out are as follows:

1. The proposal of Article 45, paragraph 1 a., is unacceptable because in large firms the time for annual leave should be planned during the calendar year when the process of work permits it and that is why it is not possible advising the employer and the worker in respect of the terms of use the annual leave.

2. Article 2 48 Paragraph 1 is not clear and it should be specified.

3. Article 87, paragraph 1, item 2 the words „due to permanent characteristics or abilities," are not clear and this provision should be precisely defined. In **stipulating** this provision should be clear and precise with a view of its importance

4. In Article 97a. It is proposed that the duration of the temporary arrangement is not limited to the 30 days but to prescribe that provisional schedule lasts so long as the purposes for which it was introduced.

5. By Article 110.b of raft Law on Amendments to the Law on the work it is proposed that trade union considered as representative at employer trade union is one with at least 51%membe of employees, rather than 20%. This is because it would allow easier negotiation between employers and unions, a smaller number of unions in the Company and therefore less variety of opinion and conflicts.

6. In Article 131 e. it is proposed changing of item 3 of Draft Law on Amendments to the Labor Law as follows:

"3. the employer has not applied for obtaining a work permit within 15 days of entry of the alien into the country;"

7. We do not accept the Article 139 Paragraph 1 Draft Law on Amendments to the Law on the work, and suggest that they read:

"A worker elected or appointed to one of the public duties, Bodies of B&H, Federation of BIH, cantonal bodies town and municipality and employee elected

at the professional function in trade union, contract terminate with the day of starting new function”.

Special proposal

It was suggested that the Labor Act prescribes a fine and suspension for infractions and violations of the obligations of the contract, because that would be in the interest of the employers and workers and instead of suspension it could be sanctioned by less severe measures.

Case study 4.

Analysis of application of the Income Tax

Law on Profit Tax which came into force on 1 January 2008 has proven in practice to be one of the most useful with very well defined benefits for companies and the overall benefit of the Federation BiH.

Only the application of Article 41 "WITHHOLDING TAX" is not good regulated because the legislator has failed to provide clear instructions regarding the application of international agreements on avoidance of double taxation in terms of nostrificational valid contract between the two countries, the content of these treaties in force, the treaty when it came to the dissolution of the State – Contracting, unprincipled related to law enforcement if they have signed contracts with customers before 1 January 2008 and payments are in 2008 and in situations where the parties (suppliers) registered in one State-(a daughter) and payment is made in another country (the mother).

However, what is particularly important in a situation in which is the economies of all the Federation, is the application of the same Article, paragraph 3:05, which defined the payment of withholding tax for interest for take financial loans, except on loans for selling equipment on credit for performing activities and the sale of goods on credit.

Such a restrictive designed attitude favor, conditionally said, domestic banks and prevents companies to use cheaper bank funds from foreign sources.

Currently, at the domestic banking market one can take a loan at an interest rate of not less than 8-10%, while for example the European Bank for Reconstruction and Development provides loans of 2-3% interest for solving environmental problems.

The requests and recommendations of APBiH is that in Article 41 paragraph 5 - selling goods on credit- add a comma and: and for the payment of interest on loans used for the realization of investment for solving ecologic problems”

The other option is to abolish interest tax in order to increase the competitiveness of the banking system and reduce interest rates entirely.

Definition that this is deductible item for has no effect for lenders, because nobody will give up of accrued interest and it is always that company in the federation paid in full interest abroad, and even with it with calculated rate (11.1%) pay tax at Withholding.

If the goal of the state is to bring the measures to overcome galloping recession to the economy, then it is logical to allow the economy to take a tax credit under the same conditions as admissible in the State and outside.

Application of the average wage in the Federation in practice

Lately, attempts are made to make collective agreements bind for the institution of the average wage in the Federation which create and will again create major problems in the functioning of companies. Almost all agree that the statistical reports in our country can hardly be accepted as reliable, but when it comes to average wage union consistently holds that, by proving that wages in the Federation have a trend of growth.

However, if you again look at the statistical data by industry, there is generally a and it is unfair and illogical to tie the distribution of wage growth In the Federation.

Consider just a few examples:

When you introduce new 40 000 workers in system who worked on the black market, their wages will move up to 350 km, otherwise everything else would be absurd in terms of mindless criminal employers and in that sense and the average salary would be to as follows:

Number of employees In May 397 000 x the average wages 662
=262.814.000KM

An additional 40,000 workers x 350 KM = 14.000.000

TOTAL 437.000 EMPLOYEES with an average earning 633 KM.

Who has the right to say that wages in Federation are reduced for 30 KM per worker?

2. In some public companies, there are concluded collective agreements that bind to the minimum wage, taking into account the average salary in federation. It is the biggest absurdity of which is difficult to argue

If all companies in the Federation would have such access or, figuratively speaking, if we have only one enterprise in general, we should come to the conclusion that collective agreement generate this increase of average wages.

As you can see the growth of wages in just a few companies that is done automatically generate increase of average wages, or better, all is quiet and wages increase it.

There is no wage increases. But in these companies earnings grow by

themselves because it is said that the basis for unskilled labor (down level) is related to the average wage.

And if we would have this setting in all enterprises for 3 months it would come to the blockade of system.

3. Many companies are in the process of restructuring and reducing the number of employees, keeping the same salary and it comes to the increasing there average, because of keeping workers on complex operations and more qualified, what mathematically increases the average wage.

These three examples are enough that when submitting application of request for changing the contract we always keep the prize of work expressed by working hour instead of average wage on federal level, what is again actualize through discussion.

Thus, the unions insist that the minimum price of work is 55% of federal average, and so on, and it is very clear that the average is absurd, as it is absurd to have a signed collective bargaining agreements for listed companies where the minimum wage is linked to average in the Federation.

It is particularly absurd to take averages in the situation where the average wage in industry are to 30% lower than in public companies and budgeted users.

All this is stated in order to make realistic approach in discussion on labor cost and to avoid mystification of data and taken as absolute truth.

6. CONCLUSION

The survey has brought the expected results, which confirm difficult economic situation in the country, numerous difficulties in conducting business and inefficient and ineffective reforms implemented by the Government. Employers are the most competent to give their opinion about the economic situation and the goal of our survey was to point the governments at all levels, that it is high time to do something in terms of improving the business environment in Bosnia and Herzegovina.

There are many obstacles that stand before us: fiscal policy, inefficient state administration, lack of incentives and development projects, visa regime, poor infrastructure and so on. Unanimous opinion of employers is that the biggest obstacle to business is state institution, and that the Council of Ministers of Bosnia and Herzegovina have not done enough to improve the business environment.

Employers' Association will continue in its efforts to inform the authorities about the requirements of the business world for greater engagement and work on making new reforms, laws and sub regulations that will by its application enable better

productivity. A key task of government in BiH this year should be promotion of the business environment which will contribute to competitiveness and business success.

Improving business conditions is the best contribution to competitiveness and successful business in our domestic economy and foreign markets, which will result in an incensement of budget revenues, and attracting interest of foreign investors. The Association of Employers of BiH in implementation of their activities provided support to its members in overcoming the consequences of the recession, pressuring the competent authorities that by amendments to legislation and appropriate measures help maintaining and development of their business.

Employers in BiH are not satisfied with the measures that the relevant authorities are taking to combat a result of world economic crisis.

The large number of respondents' believes that it is necessary to legally prescribe obligations by which the Parliament, where the laws are brought, and on the bases on those laws obligations for the business community are made, can not adopt any regulation without opinion given by business community (Association of Entrepreneurs, employers' associations, etc.).

The work of Economic and Social Council must be raised to the corresponding level. Members of the Council-representative of employers, in cooperation with members-representative of trade union must have a common attitude toward the authorities regardless the fact that they are mutually opposed to each other.

Joint action will result in the creation of favorable economic conditions for employers while on the other hand it will be allowed to keep the existing level of employment in the short term and create the prerequisites to increase employment over the long term. We should fight that attitude of ESC become respected by the authorities in all areas in which ESC has competence.

Therefore, employers propose a new law on Economic and Social Council, which will strengthen the role of this body where besides the representatives of the Government, would be the representatives of employers and trade unions. We insist on reduction of public spending and contributions in order to relieve employers and to reduce the various parafiscal taxes. In particular we will demand from the government and competent inspection to deal with combating the gray economy, especially the "black labor".

From all above it can be summarized that the problems facing employers, are the results of political instability, the existing legal framework and lack of legal measures to prevent unfair competition. Large number of respondents cited as a problem poorly functioning courts, the slow processing of commercial disputes, a long and expensive procedure leading litigation.

Perceived problems are also uneven business conditions in BiH, problems in the registration of companies, and among the factors that determine the general business environment we have identified corruption, requests for certificates and a large number of documents required, long procedures for obtaining export licenses.

Among the problems is insufficient number of adequate technical workforce in the market, tariff system as a factor that has a strong negative impact on businesses and high electricity prices, the lack of a network of motorways, high interest rates. Government has to prepare development projects urgently, and Development bank has to provide convenient sources of funding. All that would contribute to engage a large number of employees through the projects, what would then had impact on improvement of the general situation in the country, reduction, and, as the final result, disappearance of a recession, apathy and resignation, which affects all segments of society more and more. All what is stated here are problems for whose solution the only competent is government

The Government should be more actively involved in solving these problems; entrepreneurs would significantly facilitate implementation of ideas (which they are not missing) in effect, and finally operate without the limiting factors mentioned above. This would regularly filled state coffers, which would enable the efficient work of state organs.

Previous method of "filling" the budget by increasing tax rates, contributions and taxes is counterproductive, and it helps the state only currently, but returns as a boomerang when companies because of over, at the market hit by recession, operate under so big difficulties to the point that some companies have to put the key in the lock.

AP will persevere in its efforts to inform the authorities about the requirements of the business world for greater engagement and work on making new reforms, laws and bylaws that will allow better productivity. The key task of the BH government in this year would have be promotion of business environment which will contribute to competitiveness and business success.

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