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Town that withstood wartime siege shows the way in troubled Bosnia



Workers prepare car upholstery in the Prevent factory in Gorazde

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- Gorazde an oasis of economic good news in post-war Bosnia
- Muslim Bosniak town resisted conquest through 1992-95 war
- Bosnia suffering unrest over unemployment, corruption

By Daria Sito-Sucic

GORAZDE, Bosnia, March 20 (Reuters) – The people of Gorazde pride themselves on their resilience, forged during Bosnia's 1992-95 war. Gorazde survived while other Muslim Bosniak enclaves in the country's east, Srebrenica most notoriously, fell to separatist Serb forces.

The exodus came later, during peacetime, when Gorazde was forgotten, a riverside town of

bombed and idled factories where jobs were few and far between.

Two decades later, however, Gorazde is once again showing the way – as a magnet for job-seekers lured by a local industrial boom in a country otherwise plagued by unemployment, corruption and political inertia.

While more than a quarter of Bosnia's workforce is jobless, in Gorazde the number of people in work has almost doubled over the past five years. Its factories count among their clients some of the giants of the world's auto industry.

“Gorazde was forgotten and neglected by the state,” said Mayor Muhamed Ramovic, known to locals as “Rambo” for his get-ahead personality. “There were always promises that were not met, and that's why we decided to save Gorazde by ourselves, with the help of our businessmen.”

The story of Gorazde's revival has become particularly pertinent since February, when Bosnia was convulsed by its worst civil unrest since the war, fuelled by frustration over a stagnant economy and a corrupt political class.

Social discontent runs deep, posing a growing challenge to Bosnia's post-war political order without meaningful progress on the economic front. For many, Gorazde shows how.

## **BUSINESSMAN'S RETURN**

Its industry ravaged by the war, Gorazde was left isolated in peace – part of an autonomous, mainly Bosniak and Croat entity called the Federation to which it was joined only by a thin land corridor and surrounded by Serb-held territory.

By 2008, just 3,500 of the 25,000 people living in the wider Gorazde region had jobs. Others were leaving.

The roots of the turnaround lay in a decision in 2005 by Gorazde-born businessman Redzo Bekto to return from Austria, where he had fled during the war.

What began as a modest, eight-person operation called Bekto Preciza today boasts 432 employees and exports car parts to the likes of Audi, Porsche, BMW and Mercedes.

Word spread in the automobile industry, and others followed. One company, ASA Prevent, has opened two plants in the town since 2008 and today employs 1,100 people.

“We offered investors a skilled workforce with know-how from the chemical and defence industries that existed here before. And we had the Bekto family, which brought investors,” said Emir Frasto, head of the Gorazde cantonal government, or “prime minister” under Bosnia's highly decentralised system.

In 2011, the cantonal government offered investors state-owned land for 1 Bosnian marka (50 euro cents), on the condition that whoever took up the offer would hire 760 workers over the following two years and pay salaries above the Bosnian average.

The government foots the cost of health insurance for workers up to the age of 27 and organises training.

“All export companies are in expansion, and we expect 1,400 new jobs to be created by the end of the year, double previous expectations,” said Demir Imamovic, the cantonal economy minister. He said the number of people in work should hit 7,000 this year, twice as many as in 2008.

“The winds of change touched everyone,” he said.

## **PUSHING BOUNDARIES**

At Bekto Preciza's sleek, state-of-the-art production plant, construction engineers produce tools and plastic parts including FIFA- and UEFA-approved stadium seats and ski bindings for brands such as Marker and Fischer.

The 35-year-old family business plans to hire another 250 workers at a new plant, while Bekto wants to expand production at two other firms he established, including a joint venture with Germany's Hella, which produces auto lighting.

Bosnia's ethnic division was at the root of anger that boiled over in February over jobs, graft and political bickering.

The labyrinthine system of ethnic quotas has spawned a huge, costly and inefficient public sector that suffocates business and deters investors. The Bosniak-Croat Federation itself is split into 10 cantons each with a government that wields broad executive powers.

Frasto said the political arrangement was stifling, and that his government was encouraging companies to expand into Bosnia's autonomous Serb Republic.

"We can hardly develop within the borders of the Federation," he told Reuters. "We don't think this administrative system is conducive for development."

Serbs are already coming the other way.

"I'm grateful to find work here," said Slobodanka Tomic, one of around 90 Serbs who travel daily to work at ASA Prevent in Gorazde. Tomic, who lost her job in a glass factory in the Bosnian Serb town of Cajnice near the Montenegrin border, now sows seat covers for Volkswagen cars.

"Nobody works in Cajnice," she said.

Steve Reitz, an aid worker from Florida, moved his family to Gorazde in 2001, leased land and started a raspberry plantation. Five years ago, he said, "many, many people were leaving and going to Sarajevo because that's where the jobs were. Now I see a great hope in Gorazde."

A handful of small towns in Bosnia have made good against the odds. But whether the model can be replicated on a state level depends on Bosnia's leaders putting aside ethnic differences and overhauling a broken system that has kept big investors away. February's unrest has given activists fresh impetus to seek change, but the challenges are considerable.

"Gorazde shows what the first investor means and what the initiative of a couple of people can do," said economic analyst Svetlana Cenic, a former finance minister in the Serb Republic.

"If such a trend were imposed by the top three people in the state, if it were replicated at other levels of governance, this country would look completely different."

"Small is beautiful," said Imamovic, the cantonal economy minister. "All the richest towns in the world are small. The rule is to get things in order in your own house first."

<http://www.reuters.com/article/2014/03/20/us-bosnia-town-revival-idUSBREA2J0T820140320>

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Proizvodnja modula za kontrolu motora u tvornici Dječanih Pionira u Gorazde, podrinjski dio Bosanske Hercegovine