

BiH could pay dizzying 1, 5 billion EUR if it loses dispute which against Slovenia Energy company “Elektrogospodarstvo Slovenije “, with regard to their investment in the construction of the mine and power plant (TPP) Ugljevik.

Namely, the Slovenians do not give up on complaints, so they submitted a lawsuit against BiH and the International Centre for Settlement of Disputes in Washington (ICSID) even in mid-June this year. The claim amounts to 750 MEUR, and if BiH loses the case, with all interest it would amount as much as 1, 5 MEUR.

Namely, Slovenia invested one and BiH two-thirds of money to build a thermal power plant “Ugljevik” in 1981st, which began to operate in 1985th. Thermal power plant was required from Slovenia to regularly deliver electricity produced in accordance with the amount of funds invested in its construction. So it was until the beginning of the war in the former Yugoslavia, when the delivery was interrupted.

According to the website of ICSID, a lawsuit was filed by the company “Elektrogospodarstvo Slovenije-razvoj in inženiring”.

Serbia Energy were trying to get in contact with someone from that company, but to no avail. In the Slovenian business directory bizi.si found that this entity operates, but no employees. However, they have an open support of the Government of Slovenia for the case against BiH. It remains unclear how a company that does not have income, hires law firm in an extremely expensive process.

Mladjan Mandic, BiH counsel, said that for this arbitration Slovenians chose the Sweden as an arbitrator, BiH elected Maja Stanivukovic, professor from Serbia, while two of them still need to be agreed in conjunction with the third member.

- Everything is going according to plan, but the fact is that the arbitration will not be in Washington but in Hague - says Mandic.

He explains that the arbitration refers to the complaint of Slovenia, at the time when it was social property, at a time when there was a self-management agreement and the social contract, so Slovenia gave the part of the money for building TPP “Ugljevik”.

- For these investments the electricity was delivered to them until the war, and then during bombing it was destroyed substation in Croatia and since then the electricity was not delivered to Slovenia - Mandic said and added that in this particular case it was about that now Slovenians were looking for the electricity price which did not get, because BiH did not deliver it all these years.

Regarding RiTE “Ugljevik”, Mandic states that it has good contact with them, and that they were given the power to conduct complete process.

Speaking of arbitration, Mandic said that the Slovenes alluded on the Law of succession and self-management agreement. However, he believes that the final outcome will depend on a third arbitrator.

- We have our arguments, and they have, but if it could have been resolved with the Law of

succession, we would not have submitted a complaint to an arbitrator – Mandic said. According to him, the Slovenians have characterized the case as a dispute between the two countries.

- However, when that contract and self-management agreement were emerged, at which Slovenians refers, at that point there was no inter-republic agreement, and then after secession from Yugoslavia they believe that it has become an interstate dispute, with which I do not agree and it was my main complaint when we went to arbitration – Mandic said and added that the dispute could last at least a year or two ago.

He pointed out that in the event of a lost dispute, the state of BiH would pay the compensation as it is an inter-state conflict, but he believes that Slovenia will fail to win the dispute.

- Our chances are increased by the fact that then there was no element of internationality in self-management agreement and that in 1981stthat company in essence was the socially owned and it was property, banally translating, of Bosnia and Herzegovina and Slovenia, and Serbia and other former Yugoslav republics – said Mandic.

In connection with this dispute we failed to get the opinion of RiTE “Ugljevik”, because they did not respond to questions sent last week.

Nenad Radovic, Executive Director for Organizational Affairs of “Electric Power Industry of Serbia”, said that in this case State of Bosnia and Herzegovina is sued, and not RiTE “Ugljevik”, which must be kept in mind.

- We believe that the dispute should not be lost and we are well prepared for arbitration – said Radovic.

Even if BiH accidentally loses the case, he does not believe that the arbitration would decide that the entire requested amount of 1, 5 billion EURshould be paid off.