

Thermal power plant Ugljevik is the object of the dispute worth 758 million euro between Slovenia and BIH. The arguments are on Bosnia side, says the deputy attorney of BIH Mladen Mandić.

The contract between Slovenia and Bosnia and Herzegovina from 1981 and 1984 on the construction of the thermal power plant Ugljevik has no international elements. It was not a contract between two countries, but a so called self-government agreement - said the deputy attorney of BIH Mladen Mandić for Novosti, as a response to the news published by Slovenian media that soon the International Center for the Investment Disputes of the World bank will decide on the lawsuit of Slovenia against BIH in an arbitrary procedure regarding the undelivered electricity. The reimbursement demand is worth 758 million euro, which is the estimate of the investment by the Slovenian Elektrogospodarstvo into TPP Ugljevik. Mandić adds that TPP Ugljevik is a joint stock company which is not owned by BIH, but it is in the majority ownership of the Republic Srpska, while the Slovenian Elektrogospodarstvo cannot be the plaintiff in this procedure even with Slovenia backing it up because it is also a joint stock company.

Slovenian media report that according to the contract signed in 1981 by Slovenia and BIH, Slovenian Elektrogospodarstvo is entitled to a third of electricity from Ugljevik, based on their investment into this energy facility which was built in 1985. The delivery of one third of generated electricity from Ugljevik to Slovenia stopped in 1991 first because of the interrupted power lines in Slavonia and later it never started again due to the war in BIH. According to the same source, the arbitrary procedure will start in Hague in a month or two regarding the lawsuit of Slovenia against BIH, which could last around two years. However as the deputy attorney of BIH Mladen Mandić said for Novosti, the preliminary hearing is ongoing for the arbitrary procedure which officially started on October 30, last year.

-The Court ordered Slovenia to prepare the lawsuit, and gave them a three months deadline, then BIH has a month to answer, and only then a hearing can be arranged, which can hardly happen before September or October this year - Mandić says.

According to the analysts familiar with the case, Slovenia is trying to compensate for the foreign currency savings demands from BIH after the last year decision by the Court in Strasbourg that Slovenia is obliged to reimburse 250 million euro, and that we are talking about a sort of international pressure.

However Mandić says that legally it is about financially wearing BIH out, because these procedures are very expensive.

Only in September last year BIH had to pay an advance of 150.000 dollars for the six

months expenses of the procedure in order not to be in a situation to lose the case.

Slovenia and BIH agreed on the choice of three arbitrators in the procedure: Christopher Greenwood from UK who is also the president of the Arbitrary Council, while the suggested arbitrator on behalf of BIH is Maja Stanivuković, professor from Serbia and on behalf of Slovenia Jan Paulson from USA.

After the unsuccessful attempts to come to an agreement with BIH on the delivery of electricity or the compensation of the invested capital, Slovenia went to the International Center for the Settlement of Investment Disputes of the World Bank in Washington which arranged for the arbitrary procedure between the two parties.

Slovenian Speculations

As the Slovenian media speculate, we are talking about a dispute where the settlement could be huge since the amount that Slovenia could get surpasses its debt for the savings in Ljubljanska Bank in BIH and Croatia. The consequences of the arbitrary decision could be political especially in the Republic of Serbia. If the arbitrary decision is in favor of Slovenia it could cost BIH a billion and a half euro or almost three billion of KM, having in mind the interests on arrears and costs of the procedure, it could have huge "political consequences" for BIH and Republic Srpska, Dnevnik from Ljubljana reports.

The Government of Borut Pahor gave the approval to sue BIH in 2010 after the settlement attempts failed.

Lawsuit in Belgrade

As stated in the information regarding the lawsuit of Elektrogospodarstvo from Maribor that was discussed in the Assembly of the share holders of the Mine and TPP Ugljevik, the Slovenian side initiated two procedures that are ongoing regarding the same dispute. The first is in front of the International Center for the Settlement of Investment Disputes in Washington where the sued party is BIH and the other one is according to the Law on Arbitration of Serbia in front of ad hoc arbitration in the Commercial Court in Belgrade based on the same reimbursement demand