

Croatia is pushing ahead with demands for compensation for its lost prewar investment in the Gacko power plant in eastern Bosnia and Herzegovina.

Croatia's power company, HEP, has written to Bosnia's tripartite presidency, state government, foreign ministry and attorney general, demanding resolution of its pre-war investment in the Gacko power plant in eastern Bosnia, either through amicable settlement or by international arbitration.

Officials from the attorney general's office told BIRN on Wednesday that Croatia would almost certainly press an international lawsuit unless the government of Bosnia's Serb-dominated entity, Republika Srpska, which now runs the Gacko power plant, reaches an amicable settlement.

The letter, obtained by BIRN, settles the Croatian claim at around a hundred million euros. The date on the letter says it was sent on May 11 but Bosnian officials remained quiet about it until Tuesday, when some media reported about it.

The claim derives from before the breakup of former Yugoslavia, while Bosnia and Croatia were still part of the same country.

According to the letter, the former Yugoslav Republic of Croatia "invested funds for the construction of energy facilities, among others and specifically for a thermal power plant with accompanying coal mine facilities in Gacko (RiTE Gacko), located in territory that is now part of the Bosnian Serb entity of Republika Srpska".

Construction of the power plant facilities was completed in 1983 and their regular operation commenced on 1 January, 1985.

According to the letter, the agreement signed in 1986 established that this investment would be repaid through "one-third of produced coal, electricity and power", which HEP would receive for at least 25 years.

Despite war breaking out in Croatia in 1991 and then in Bosnia in 1992, RiTE Gacko continued to deliver electricity to HEP until March 28, 1992, when the high-voltage lines in Bosnia were damaged in the fighting, preventing the transfer of electricity.

The territory of the RS, where the plant at Gacko is located, fell under the operations of the Elektroprivreda Republika Srpska, EPRS, an RS government-owned public company.

In its letter, HEP claims that Croatia received the agreed repayment for only seven out of the agreed 25 years.

"Consequently, HEP remains entitled at least to the remaining 17 years and 8 months of deliveries to a total amount of 10.2 tera-watts of electricity," the letter said.

Officials from Bosnia's attorney general's office told BIRN that unless the RS government settles this issue with Croatia - compensating it through a lump-sum payment or continued

delivery of electricity and coal, an international lawsuit would likely follow.

“This is worrying situation for Bosnia and Herzegovina,” Mirko Sarovic, Bosnia’s foreign trade minister, said on Tuesday.

Petar Djokic, the minister for industry, energy, and mining in the RS, said that he was aware of the claim, but added that the RS government might reply with a similar claim - demanding compensation for the use of the River Trebisnjica, which is in Bosnia, by the Croatian Hydropower plant Dubrovnik.

Another former Yugoslav republic, Slovenia, has been making similar claims from Bosnia. As part of arbitration proceedings initiated three years ago in Washington, Slovenia is demanding 1.3 billion marks [around 750 million euros] in compensation for its 1981 investments in the thermal power plant Ugljevik, which is also under the RS government’s responsibility.

Source: balkaninsight