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Federation

Aluminijum: Financial Transactions at detriment of the State

In a lengthy article starting prominently on the front page, Sarajevo *Oslobodjenje* reports that financial experts auditing the Aluminij Factory in Mostar have omitted from their final report all paragraphs referring to dubious and

illegal transactions in this company, and which have been highly detrimental to the state. This information was apparently submitted to the Federation government together with the final version of the audit report, which will be a subject of comprehensive analysis by a government expert team led by the former chairman of the BiH Council of Ministers, Bozidar Matic.

An anonymous source from the Federation government also told Oslobođenje that several paragraphs containing information that certain financial transactions in the company have been termed illegal have been taken out of the English text version of the report. The same source said that a part of the audit team led by Wim Timmermans decided to make an expertise which is based on the criteria of "reality and interest", while legality and legitimacy as guiding principles were cast off, since a para-state institution had been, at the time, managing the company. The daily cynically notes that the meaning of the term "interest" in this case is perhaps the best known to the OHR and to the governments of the countries whose interests are at stake in the Aluminij Factory.

Commenting on the audit report, the **Federation Agency for Privatization** said on Monday that there can be no political compromise which can legalize illegal transactions purporting to reduce the state capital in this company. It also stressed that all its experts taking part in the legal audit were obliged to strictly follow the principle of legality in this process.

The Bosniak member of the BiH Presidency, **Beriz Belkic**, told Oslobođenje that the audit report "justifying the enrichment of individuals" and the suggested situation are not acceptable for the Federation since they are clearly detrimental to the Aluminij Factory and the Entity. He, however, stressed that the BiH Presidency is still waiting for the official opinion of the Federation authorities and the Agency for Privatization on this matter in order to take any further steps.

Meanwhile, the **Aluminij Trade Union** asked yesterday the Federation government to order a new audit of the company, "since the one conducted by the OHR has failed."

Vecernji List: Political war over the Mostar-based "Aluminij"

There is a real political war going on in the past few days over the only true BiH economic giant "Aluminij" of Mostar. Before the results of an independent audit have even seen a daylight (audit number five), which should establish whether the co-capitalization was done according to the rules of the game, the Alliance politicians have already established that they would not recognize results of the audit, whilst the so-called union from the east Mostar are threatening to destroy the company. The witch-hunt started when a part of the audit was leaked, and which allegedly does not recommend a financial audit of the "Aluminij" or the annulment of the ownership structure due to "political and practical reasons". That was a part of decisions forwarded to the High Representative, Wolfgang Petritsch, by the SDP BiH, asking him to annul the audit commission's findings. Vice President of the Federation of BiH, Safet Halilovic, reveals the ultimate intentions that "the authorities of the Federation of BiH will never recognize the report of the OHR team", excluding a possibility to discuss the findings of the audit in advance. Halilovic says that the plunder in the "Aluminij" has been therefore legalized. Sarajevo-based weekly "Dani" carries the outgoing British Ambassador to BiH, Graham Hand, as saying that the privatization of the "Aluminij" is a criminal act, but it must be rectified by legal means. "Prime Minister Behmen knows that because you cannot expect the OHR, which is assuming a more counseling role, to do it", says Ambassador Hand. Alija Behmen, in turn, threatens to submit an irrevocable resignation, as reported by Oslobođenje, if the audit, done by the OHR employees and BiH Privatization Agency under the supervision of Wim Timmermans, is accepted. In the same time, the so-called "Aluminij" Union, led by the Bosniak workers of the company, announces a "possibility of a physical destruction" of the "Aluminij" company (...) Part of the Bosniak public speculates about the conspiracy of some IC officials, business interests of some foreigners and local Croat political structures. One can get an impression that some political demagogues want a return of the "Hercegovačka Banka" scenario (...) If anything, the "Aluminij" could be "salvaged" by its prominent foreign partners, their considerable capital and plans for expanding and new profits. What will eventually prevail, the business interests or the needs of the daily politics which should justify the economic and social failures, remains to be seen, reads Vecernji List.

Jutarnji List: German Daimler Chrysler wants to purchase Aluminij Mostar

Jutarnji List reports that the audit report produced by the international team commissioned by the OHR, suggests that the ownership structure of the Aluminium Factory should not be changed because of political, economic and social reasons although it concedes that there were some irregularities in the establishing of the ownership shares held by the employees.

The Factory of Light Metals (TLM) Sibenik holds a 16% share, the employees that were engaged in the production revival 70% and the state 14% of the ownership structure. Aluminij handed a program of the sale of the state ownership to the competent Cantonal Privatization Agency, and Daimler Chrysler, the Factory's major business partner, proffered as a strategic partner for the purchase.

Before the official report of the auditing team was delivered to the competent institutions, the Cantonal and Federation Privatization Agencies, the ruling parties in BiH, dissatisfied about the audit results, blamed the OHR and the High Representative Wolfgang Petritsch, reads Jutarnji List. The SDP BiH demands Petritsch to annul the audit and restore the Aluminij to the State. The party said that the report of the auditing team was a plunder of Aluminij, conducted by the HDZ group headed by Mijo Brajkovic.

The OHR replied to those accusations by saying that they did not organize the audit and that it was conducted by an independent team of experts.

HDZ questions the jurisdiction of the Cantonal Court in Sarajevo to prosecute its officials

At yesterday's press conference held in Mostar, a vice president of the HDZ, Martin Raguz, failed to confirm whether the dismissed party president, Ante Jelavic, will appear for a hearing before the Cantonal Court in Sarajevo on August 29. Instead, Raguz said his party has serious doubts as to the jurisdiction of this court to prosecute Jelavic or any of his other HDZ colleagues. "We believe that the Cantonal Court has no jurisdiction over this case, since this would bring a centralization of all institutions in Sarajevo and the creation of a unitary Federation, which is contrary to democratic process," said Raguz, and added that this proceeding has only one aim – to create a fear and negative atmosphere in the Federation.

HDZ of West Herzegovina Canton - a tribute to the Croat Republic of Herzeg-Bosnia

Slobodna Dalmacija carries a tribute to the Croat Republic of Herzeg-Bosnia from the West Herzegovina Cantonal Board of the HDZ on the occasion of the 8th anniversary of its establishment. It reads that Croats entered the Washington and Dayton negotiations with a great pledge of the Croat Republic of Herzeg-Bosnia and with so many victims. This anniversary reminds Croats that each people, including Croats, must fight for their rights and existence by respecting their history and their great deceased and killed sons, says the HDZ of the WHC.

Croat leaders to discuss constitutional changes in BiH

The President of the Croat Community Herzeg-Bosna, Vladimir Soljic, announced that constitutional changes and Election Law will be the main topics of a round table, which is to take place in the near future in Rama. According to Soljic, leaders of political parties with a Croat prefix, including Croat representatives from the SDP BiH, Stjepan Klujic, the President of the Republican Party and prelates have been invited to attend this meeting. "In a tolerant and relaxed atmosphere we shall discuss current problems, such as the constitutional changes, economic progress, but also the reaching of a political consensus among Croat political parties and representatives in BiH. In principle all of us accept BiH as our country, all of us support the cooperation with the International Community. We are all talking about the admission to Europe and simply we have to do something to realize these wishes. The Croats from BiH have a right and tradition to take BiH to Europe because they were doing it during the Communist time. By this meeting we simply want to help those who have come to help us" stated Soljic, alluding to the IC representatives.

Former Chancellor of the Mostar University, Marko Tadic, announced establishment of a new Croat party in BiH

Dr. Marko Tadic, a former Rector of the Mostar University, has recently announced the establishing of a new political party in BiH with the Croat prefix. Although the party still does not have a final name or an initiative board, it is speculated that it will be the strongest competition to the HDZ BiH.

Marko Tadic told Vecernji List that there is the HDZ, as a very strong political movement, on one side, and on the other there is a number of minor political parties without a significant influence on the political life in either the Croat political corpus or the BiH authorities, which is why Tadic thought it was about time to do something about it.

In answer to the question as to how the new party would gain the trust of the HDZ voters, Tadic stated: "Should this political party be established and if it is to work seriously, it can count on a great abstinence of Croat voters at

the elections. The people no longer vote for any of the political options. On the other hand, they are not consistent as far as minor political parties are concerned. Croat voters are gradually losing confidence in the HDZ, and we are convinced that the confidence will keep dropping after these attempts to establish Croat self-rule and Assembly."

Asked if it is true that the new Croat party would enjoy support from the Church, i.e. Cardinal Puljic, Tadic said he thinks that all the people involved in politics absolutely misuse the function of Cardinal Puljic and that it is bad that Croats often refer to the Cardinal's name, or the authority of Bishop Peric or Bishop Pero Sudar.

To the interviewer's remark that the names of Jadranko Prlic, Neven Tomic and some members of the HDZ BiH, alongside some individuals of the Croat parties within the Alliance, have been mentioned as future members of the new party, Tadic said: "Why not? There are many discontent members in both the HDZ and the Alliance, who are dissatisfied at the results or at the lack of opportunity to articulate some programs. In any case, the party, if established, will include some imposing names."

Tadic said that the party will not be based on isolation, but will co-operate with the International Community and the authorities in the Republic of Croatia, as well as with the other two peoples in BiH.

SDA criticizes OHR decision to confirm redefinition of municipal boundaries in Zepce

The SDA criticizes the High Representative's intention to confirm the decision redefining the municipal boundaries of Zepce, Maglaj and Zavidovici, stating that it is unacceptable to have municipal boundaries changed by decree and exclusively along ethnic lines. The SDA requests that the FBiH Parliament endure in its conclusions in connection with the three municipalities "so that a fait accompli might be avoided."

Serbs want monuments for their dead in Sarajevo and Tuzla

Zagreb's Vjesnik reports that citizens of Sarajevo and Tuzla are embittered with two initiatives launched by associations of former residents of the Serb nationality of aforementioned cities. Belgrade-based association called "Pale" and the regional association of the refugees and displaced persons of Bijeljina, Ugljevik, Lopare and Janja want, no more no less, a monument to be built in Sarajevo in memory of the killed Serbs and to erect a monument in Tuzla for the soldiers of the former JNA who died whilst attacking the city! "Obviously, we are dealing with a provocation", says Jasmin Imamovic, the Tuzla Mayor. His predecessor Selim Beslagic is of a similar opinion as are majority of the Tuzla residents. Deputy Mayor of Sarajevo Savo Vlaski, also an ethnic Serb, labeled the initiative as unjustified. "If somebody deserves a memorial centre in Sarajevo, then it is the fallen citizens of the city", says Vlaski (...) The Tuzla-aimed association think that "that would be a step towards the truth and reconciliation". Their initiative has been forwarded to the Tuzla Municipal Council and will, almost for sure, be rejected. "The Sarajevo initiative" is as cheeky as the Tuzla one. The Belgrade-based association "Pale" asked the High Representative for BiH, Wolfgang Petritsch, to support their initiative also requesting the Bosniak and Croat war criminals to be handed to The Hague Tribunal. The letter was sent to Petritsch on August 21 and claims that the Serbs were tortured in 400 Bosniak and Croat-run camps with thousand of their nationals getting killed including a vast number in Sarajevo. Deputy Mayor Vlaski says that it is insane to divide the dead this way and confirms that during the siege of Sarajevo a big number of Serbs did die, same as other citizens of other nationalities (...) Although there are no doubts that some of the Serbs died by "the hand of the defenders", when you consider the proportions of what happened and the fact that the members of the Serb Army in BiH carry the biggest responsibility for the sufferings of the citizens of the capital, than the initiative of the association that carries a rather cynical name, "Pale", is hypocritical to say the least, reads Vjesnik.

Following the arrests of Alijagic and Hadzihasanovic, ICTY indictment expected to be issued against Izetbegovic - Minutes upset members of the Republic of BiH wartime Presidency

The repeated request of the ICTY to be handed the minutes of sessions of the Republic of BiH Presidency between 1990 and 1993, caused a stormy and turbulent situation in Sarajevo. It is known that those minutes incriminate Alija Izetbegovic and Dr. Ejub Ganic most of all, but Republika Srpska also charges Dr. Nijaz Durakovic, Dr. Ivo Komsic, Stjepan Kljucic, Tatjana Ljuic-Mijatovic and Dr. Mirko Pejanovic with war crimes by the criterion of commanding responsibility.

Following the arrest of Slobodan Milosevic, the indictments against the Bosniak generals are starting to change the picture of the wars in BiH. It is true that Alija Izetbegovic had all the power and army-related decision-making concentrated in his hands. It is a fact that he turned the Army of BiH into a mono-ethnic and mono-confessional

military force of one party. That is why Alija Izetbegovic bears the greatest share of responsibility.

According to Sinisa Djordjevic, the RS Liaison Officer with the Hague Tribunal, a bill of indictment against Alija Izetbegovic, charging him with war crimes against Serbs, will be completed by mid September, reads Slobodna Dalmacija.

Federation authorities meet with PTT and HPT officials

The Federation Prime Minister, Alija Behmen, and the Minister of Transport and Communications, Besim Mehmedic, held talks in Sarajevo yesterday with members of Boards of Directors and directors of the PTT Sarajevo and the HPT Mostar on the reconstruction of and pending changes in these companies. During the meeting, the participants agreed separate the post from the telecom in both companies, and to unify the postal traffic in the Federation.

Republika Srpska

Serb caucus in the BiH Parliament's House of Peoples complains about the work of BiH Common Institutions

Both Banja Luka dailies report on the press conference of RS delegates of BiH Parliament, Dragutin Ilic, Nikola Spiric, Goran Turjacanin, Momcilo Novakovic and Dragutin Rodic which was held in Banja Luka yesterday. The RS delegates expressed their dissatisfaction over the work of the RS representatives in Common institutions, about which they have also informed, in a written form, the RS National Assembly Speaker Dragan Kalinic.

Svetozar Mihajlovic, BiH Minister of Civil Affairs and Communications Comment BiH Election Law

The BiH Minister of Civil Affairs and Communications, Svetozar Mihajlovic, expressed his satisfaction with passing of the BiH Election Law assessing it as a major step on BiH's way to Europe. Mihajlovic added, at the press conference held in Bijeljina, that no one is deprived of his voting right by this law. According to him, the ruling BiH political parties should resolve the issue of refugees and DPs "to remain in places where they live now or to go back to their pre-war places of residence in order to have their right of vote".

Brcko District

Ivanic and Clark discuss privatization problems in Brcko District

The RS Prime Minister Mladen Ivanic spoke in Brcko yesterday with International Supervisor Henry Clark about his decision to freeze all RS activities in Brcko pertaining to the privatization process. After two hours of talks behind closed doors, no statements were made. Prior to the meeting, Ivanic told the press that he was very surprised by Clark's move because he "had an impression that things were going well in Brcko on the privatization front".

International Community

OHR: There has been no pressure exerted on Transparency International

In a shorter interview with Oslobođenje, OHR spokesperson Alexandra Stiglmayer strongly rejected the allegations that the OHR tried to prevent the publication of the Transparency International report on the alleged corruption in International Community circles. Stiglmayer said that her office had three contacts with Boris Divjak, the organization director, which included a very fruitful meeting with the Principle Deputy High Representative, Donald Hays, and contacts with the OHR press office about a letter regarding an interview in which Divjak was misquoted

(according to his own account.) Stigmayer also said that the International Community discussed Divjak's professional background, which included a work for Gojko Klickovic and Milorad Dodik's government. "I would not call that a pressure," said Stigmayer, and added that the OHR has been advocating the idea that Transparency International opens an office in BiH.

[See full text!](#)

Meanwhile, the spokesperson for the European Commission, Frane Maroevic, also strongly denied some of the allegations published in the TI report, such as the claim that the EC fixes tenders for sponsored projects. "The fact that the EC has only eight tenders on its web page and that all information pertaining to those tenders is not published on the internet indicates only that our page is not regularly updated," said Maroevic, and added that EC is open to any inquiries about its tenders.

Boris Divjak: Our report caused an anxiety in the International Community

In an interview with Jutarnje Novine, the president of the Transparency International, Boris Divjak, said that the report titled "International Community is not Immune to the Corruption Plague Either" has been produced on the basis of the already made analyses in the media, and in consultations with a number of ambassadors and former employees of international organizations. He said that the message of the report is very clear – the International Community can no longer make any decisions in an absolutist fashion and without consultations and coordination with local authorities and the Peace Implementation Council. "Moreover, the report made it clear that the OHR can no longer deal with issues of economic interests, and its scope of action will, from now on, remain in the economic sphere," said Divjak. He added that members of International Community sought to prevent the publication of this document first by pressuring local officials. "This was followed by direct and indirect pressures from the very top of the IC," stressed Divjak.

Opinion Poll: The High Representative enjoys the trust and support of the BiH public

An opinion poll conducted by Avaz Agency after the anniversary press conference held by the High Representative showed that most BiH citizens, including those living in Banja Luka and Capljina, support the efforts and work of Wolfgang Petritsch. The results of the telephone poll also indicate that a good number of citizens believe that Petritsch could have used his powers even further. Only a small percentage of individuals termed negatively the two-year long engagement of the High Representative which, as Express writes, is a great compliment to Wolfgang Petritsch.

Poll Question: How do you evaluate the two-year engagement of the High Representative Wolfgang Petritsch?

Sarajevo

Very successful – 30 %

Well – 21 %

He could have done more – 34%

Badly – 6%

I don't know – 6%

Banja Luka

Very successful – 28%

Well – 22%

He could have done More – 36%

Badly – 4%

I don't know 4%

Capljina

Very successful – 24%

Well – 24%

He could have done more – 30 %

Badly – 11%

I don't know – 11%

NOTE: The telephone poll was conducted among 150 individuals in Sarajevo, Banja Luka and Capljina using the method of random sampling.

Carla del Ponte to arrive in Sarajevo on September 4

Florence Hartmann, a spokesperson for the ICTY, announced that the chief prosecutor of The Hague Tribunal, Carla del Ponte, will arrive in Sarajevo on September 4. According to Hartmann, Del Ponte will meet with representatives of the BiH Council of Ministers and the International Community. On September 3 del Ponte will be in Belgrade where she is to meet with Yugoslav officials.

World Bank satisfied with RS government activities in the economic sphere

The World Bank said on Monday it was satisfied with the government of Bosnia's Serb entity, the Republika Srpska (RS), pledging it further support if it continues with its reform programme. "I pointed out to the (RS) Prime Minister (Mladen Ivanic) that the World Bank will continue its support in the coming months and the coming years, provided this reform programme stays on track," Christian Poortman, director of the World Bank for Bosnia-Herzegovina said. Poortman, who is also World Bank regional coordinator for South-East Europe, stressed the importance of the creation of an undivided economic space in Bosnia and harmonization of the two entities — RS and Muslim-Croat federation — by policies creating a state-wide investment climate. "The Prime Minister said to me ... that the (RS) government remains firmly committed to move in this direction," he added. The World Bank is "very strongly supportive" of the actions taken by the governments of two Bosnia's entities and the state central government to bring the budgetary situation under control and maintain stability, Poortman said. Ivanic said that his government's priority remains stabilization of the budget, reforms in the tax sector, banking system and providing favorable conditions for business climate. Poortman is on a visit to Bosnia until August 31 and he is expected later this week to hold meetings with representatives of Bosnia's central institutions and Muslim-Croat federation.

International representatives visit returnees in Zvornik municipality

Representatives of international organizations and Tuzla Canton visited on Monday returnees in three settlements in the Zvornik municipality, and discussed the problems associated with the return process. Representatives of the Office of the High Representative (OHR), UNHCR, OSCE and Tuzla Canton Government met with the returnees in the settlements of Donja Kamenica, Gornja Kamenica and Glodi. It was reported that 310 out of 1,037 pre-war Bosniak families have returned so far to these three settlements, while only 207 housing units have been reconstructed or constructed there. Returnees said they expect the international humanitarian organizations to provide in the upcoming period the funds for the reconstruction of housing and infrastructure facilities. They stressed they expect the local authorities to faster resolve returnees problems in the field of health, education and social protection.

Editorials

Oslobodjenje: Knight and a Princes

By Senka Kurtovic

In a main editorial in today's issue of Oslobodjenje, the daily's (acting) Editor in Chief, Senka Kurtovic, notes that it is a high time that the International Community step back a bit and allow local authorities to take charge over

domestic affairs. Kurtovic writes that the Alliance ought to stop acting like a spoiled prince standing on a balcony and waiting for its knight in the form of the OHR to show up and save her from the viscous circle of problems. She notes that the Alliance is indeed ready to take charge and set on the path of resolving the problems that have been accumulated in the past ten years. "All the Alliance needs is some support in its work," notes Kurtovic and adds that it is time that the International Community delivers on its initiative to give responsibility to local authorities. "They can be advisors. They can be supervisors, high representatives, special envoys, experts... They can be what ever they want – but, just let them step back a bit and allow us to try by ourselves."

***Nezavisne Novine*: Anniversary of Herzeg-Bosnia**

Author of *Nezavisne Novine*'s editorial Josip Blazevic reminded his readers that eight years ago Republic Herzeg-Bosnia was established, and noted that this phase of the Croatian union belongs to the history now. The author concludes that with words "in order to have reconciliation and trust in place we should look at the truth and, if needed, apologize to each other". Only then we could start some new, better life, Blazevic wrote.