

# Transcript: Joint Press Conference by the High Representative, Carlos Westendorp

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**Carlos Westendorp:** I think it's time to appear in front of you to make a comment on a few issues which are of importance today. I would like to talk about the media situation and the reform of media in this country, in particular, in Republika Srpska, about corruption, and about how I see the peace implementation process in general, and in particular, what the prospects are for the coming weeks until the Peace Implementation Conference in Bonn early in December. Also, if you like, we can comment on the future Assembly elections.

Let me just begin by the issue of corruption. You know that I have always said that this is an important obstacle for the economic reconstruction for the country, that it may have an direct on the finance of the country, not enabling the authorities to have the necessary money to finance public services. At the same time, it may have an indirect effect on the donors from abroad, not because the money coming from the donors is in danger, because the donors have their system to control their own money and how it's applied, but because, of course, if there is a generalized state of corruption in one country, it is going to be difficult for the donors when we are asked to supplement the money that's been deviated from the their logical destinations.

Very recently, an organization, which is called CAFA0, dependent of the European Union, has been asked some time ago by the federal authorities and the Minister of Finance to make

reports on the traffic between the two entities, and also to make the report on the strategic goods which are bought by institutions in the federation which are called DDDR, and DDDR are in Mostar and Sarajevo. Well, the CAFAO has yesterday delivered these two reports to the Minister of Finance of the Federation, and to the Minister of Finance for the Republika Srpska. These two reports prove clearly that there is a deviation of funds from the logic destination (sic), which is the budget of the Federation, either to parallel organizations, which the existence of which are illegal, as you know, because they are the old institutions of the Republic of Bosnia-Herzegovina. These DDDR institutions should have been dissolved. The Mostar one has been in fact dissolved, but not the Federation one, not the Bosniak DDDR in Sarajevo. Also, there are individuals making smuggling with fraudulent documents from imports of cigarettes, alcoholic beverages, and oil. These are the mount of the deviation. It's around 23 million deutschmarks in the first case, and 20 million deutschmarks in the latter case. It's amount is more or less 53 million dollars. The illegal activity, or the deviation of the activity, the funds for previous institutions, has been carried out in a period of one year. This activity has stopped, but the activity of smuggling is going on, and these 20 million deutschmarks deviated is only since the month of May of this year.

These two reports are, of course, in the hands of the Federation authorities and the Republika Srpska authorities. I am very much concerned about them for two reasons. One, is that there is, as I told, this deviation of funds to the Federation budget or the Republika Srpska budget, which in itself, is a serious blow for the families of this country. Secondly, because in one case, this money is used to finance illegal bodies, such as the old institution of the Republic of Bosnia-Herzegovina. This is clearly against Dayton, and for these two reasons, I am very much concerned. I make a call to the authorities in the Republika Srpska and in the Federation,

in that in the delay of two weeks, they will answer positively to this report, they take action, which of course, in my opinion, should be on a political ground responsibilities, and just in case, also, criminal actions. If not in this delay, I will reserve all possible actions on my side, including the publicizing of these two reports. I very much call upon the authorities of the Federation and Republika Srpska to make these reports public. Of course, I can not do it yet, because it's not my property. But, these reports exist, and they are now in the hands of the obvious authorities, and these authorities should make them available to the public, and make them available to the legal representation of the population, that is to say the Assemblies and the Commissions, for investigation of corruption. Of course, not only doing that, but also to give a positive answer to this issue, which is, in my opinion, an important issue, which if it is solved, will have a very healthy effect on the public finance and transparency in this country.

This is one of the issues I would like to comment on. The other important one is the situation of the media, especially in SRT television. You know that Velika Zep transmitter elements were taken away two weeks ago. We don't know exactly by whom, but certainly it is under the responsibility of the Pale authorities. We have been working during two weeks in order to solve the problem. I can tell you that during this weekend, we will be able to find out the technical ways and means in order to overcome the difficulty and be able to allow Banja Luka to broadcast to the whole territory of Republika Srpska. Of course, Banja Luka is going to be asked to take two important steps. One is to conform to the rules of the restructuring, you all know, that we have made public. Second, to give all political parties equal opportunities for their incoming Assembly Elections. They have to be able to express their own view. With these two conditions, Banja Luka will be able to broadcast for the whole territory, as in fact it is doing now for 60% of it, and conform to the new democratic

rules that would be in the benefit of the people of the Republika Srpska, the same that would be in the benefit of the Federation public when these rules are also applied in these parts of this entity.

For the time being, there is no indication of movement or compliance with the requirements by the Pale authorities, but, of course, I am absolutely open to start negotiations as soon as the pieces, the technical elements, which were taken away from them, are put in their place, and as soon as they accept the basic fundamental conditions of our restructuring.

As far as the implementation is concerned, you know that I gave a list of 18 basic points to the Council of Ministers and to the Presidency, that we have to solve from now until the end of year. We are running short of time. There is very little progress. I am ready to do every effort necessary to do it in a negotiated way, which is the best way to solve these issues. Of course, if not, I will have to take the scope given to me by the Peace Implementation Agreement and put my proposals on the table, and they be enforce in one way or another.

This is more or less what I wanted to say to you for introductory remarks, but I am open to your questions.

**(Karen Coleman – BBC) Q:**On the corruption, can I just clarify, are both entities guilty of corruption?

**Carlos Westendorp:**Well, the reports are different in the case of these directors for strategic goods it's only the Federation, it's these two institutions in Mostar and Sarajevo and for the case of the customs smuggling traffic, it's both entities. It's Federation and Republika Srpska.

**(Karen Coleman – BBC) Q:**What's the first one again, what's happening with the first one you mentioned?

**Carlos Westendorp:**The first one, it's a complicated case, but

I mean, it's, there are two directorates, there were two directorates, now there is only one, and it is illegal. Which we're in charge, to buy goods in times of crisis in order to stabilize the prices, because mainly oil, but there are other foods which are strategic foods. When you buy these, you buy it free of taxation and you sell them in the markets, and if you collect taxes when you sell them in the market, this tax should go to the budget of the Federation. And these taxes have not entered the budget of the Federation.

**(Karen Coleman – BBC) Q:**Where have they entered?

**Carlos Westendorp:**We don't really know. CAFAO says that they don't have any proof, but certainly not to the Federation budget. Perhaps it will serve to finance the illegal institutions which should have been suppressed.

**(Karen Coleman – BBC) Q:**Are you getting some indications that higher ranking politicians would have been involved in these directorates, and therefore, perhaps, may have siphoned off some of the funds?

**Carlos Westendorp:**I don't exactly have these indications, but the indications I have these are the ones I am explaining to you. But the report now, it's in the hands of the authorities of the Federation and the Republika Srpska, and they will have to answer to them. And I think that in the delay of two weeks, you will have that answer.

**(Colin Soloway – US News) Q:**I'm sorry, I'm still a little unclear on the amount of money that you are talking about, could you clarify the sums?

**Carlos Westendorp:**As far as CAFAO is concerned, this is an approximate amount of money, they are not very accurate. It is around 23 million deutschmarks mark in the first case with strategic goods and 20 million in the case. The strategic 23 million is during a period of 1 year, more or less. And this activity has stopped some months ago. The entities have not

been dissolved, but the activity has stopped. And the traffic, the customs deviation money is 20 million, and its only from since May this year, '97.

**Q:**Mr. Westendorp, just another clarification, does it mean that these 23 million deutschmarks, mentioned in the first case were used for financing illegal institutions of Republika Bosnia-Herzegovina?

**Carlos Westendorp:**Yes, apparently this is the case because there is no evidence, well, it is there is evidence that this money should have been going to the budget of the Federation, and it hasn't.

**Q:**It is a pretty large amount of money. Do you have any knowledge which institutions exactly have been financed from this illegal budget?

**Carlos Westendorp:**I think this has to be clarified by the Federation authorities to which these reports are addressed, because I, neither the report or I could say exactly to what purposes these funds have been used.

**Q:**Mr. Westendorp, are these two institutions in Mostar and in Sarajevo still exist? And if they do not exist, when did they stop to exist?

**Carlos Westendorp:**The one in Mostar has stopped some months ago, I don't remember exactly when, but it has stopped, it has been dissolved. The one in Sarajevo still exists.

**(Chris Stephen – AFP) Q:**I would presume that these payments would be in violation of the law. Are you calling on the Justice Department to open investigations and prosecute the individuals responsible?

**Carlos Westendorp:**Now, I'm calling the authorities who have ordered these reports being established to do it. They have to take in account the conclusions of the reports and the

recommendations of the reports. Of course, it goes without saying, that in these recommendations and conclusions there are political and perhaps criminal responsibilities. It is for the authorities to follow it. I have given them two weeks in order to answer positively to that.

**(Lucky Latal – AP) Q:**Mr. Westendorp, just a few clarifications. First one, these 23 and 20 million German marks, does it refer to the total amount of goods or is it only the part of taxes that is missing from the budget?

**Carlos Westendorp:**No, these are the summations of the operations which have been controlled by CAFAO. In that first case, during a period of one year. In the second case, since May of this year. It's limited to these operations because CAFAO has not been asked to investigate any other issues.

**(Lucky Latal – AP) Q:**Yes, I just wanted to clarify whether this money is part of the taxes that was meant to hit the budget, but it didn't, while the total amount of goods is much higher. From what you just said, it is total of amount of goods.

**Carlos Westendorp:**No, no, these are the taxes which haven't been paid. The value of goods is much higher of course.

**(Lucky Latal – AP) Q:**That was my question. My second question is just to clarify what you said. Basically, talking about the first case, 23 million German marks, we are talking about institutions of Republic of Bosnia-Herzegovina and Herceg-Bosnia in Sarajevo and Mostar. These activities stopped but this directorate in Sarajevo still exists.

**Carlos Westendorp:**That's right.

**Q:**Mr. Westendorp, do you know what happened with this second 20 million? Did smugglers get that money? politician who will stand behind that?

**Carlos Westendorp:**CAFAO has told me that our competence clearly identified and that they are individuals who are also clearly identified. They are not mentioned in the report by name.

**(Karen Coleman – BBC) Q:**The individuals who were clearly identified, are they politicians?

**Carlos Westendorp:**I said that they are not mentioned in the report, as far as the customs is concerned. Of course, the directors of the DDDR in Sarajevo has mentioned their names of course.

**(Karen Coleman – BBC) Q:**Just clarifying the figures; the second, the customs, the 20 millionÖhow much of that was between the RS and the Federation?

**Carlos Westendorp:**It is not clearly stated as far as I know. I don't think that it is divided. It's a bulk sum.

**(Karen Coleman – BBC) Q:**You have no idea which one had the bigger figures?

**Carlos Westendorp:**It may be in the report but I haven't looked at it in detail.

**(Karen Coleman – BBC) Q:**The 23 million deutschmarks, you said that was for one year. Do you know what the year was?

**Carlos Westendorp:**Yes, it was the middle of last year to middle of this year. Something like that.

**Q:**Can you give us some details about the technical side of this project to put SRT back on air for the whole of Republika Srpska? What's going to be done for satelllites, who's going to finance this and for how long are you planning to run this operation?

**Carlos Westendorp:**The connection is by satelllite, but I believe that technically it doesn't mean that you have to have



a dish in your house to receive it. The connection is done by satellite, but it will be received just by putting the TV on, without the dish. Simon?

**Simon Haselock, OHR:**Essentially what it does is it replaces the microwave links through the background, but with satellite links. The links to the transmitters will be the same, they will just be provided by different means.

**Carlos Westendorp:**How long? We don't know, but until it is necessary. If the other elements are given back and there is a full restructuring accepted, both by Pale authorities, and Banja Luka, in this case we'll consider that the duration of this link is no longer necessary. It remains to be seen. What is important is that there is no black screens anymore in eastern Republika Srpska, and that everybody may see the television, and may receive a normal system of news, and all political parties will have the opportunity to express their ideas in view of the elections. After the elections, we are ready to have a system of reform which will be transitional during the elections time. After the election, you know, that out idea is to have a more permanent system applicable to the whole territory of Bosnia-Herzegovina.

**Q:**Who's going to finance this operation? What links are you going to use, NATOÖcould you give me some details on that?

**Carlos Westendorp:**It is a contractor, no? I don't know exactly who is doing that.

**Simon Haselock, OHR:**The international community in general will be funding it.

**Q:**Would you confirm that figures that you are operating are 100,000 US dollars per month for these links and satellites?

**Carlos Westendorp:**I have no idea.

**Simon Haselock, OHR:**The exact funds depends upon the amount of

satellite time used. It's not an exact science, but it's in that sort of region, yes.

**(Colin Soloway – US News) Q:** On the media issue, the Media Experts Commission came down with a decision ordering HTV Mostar to broadcast a message this week. HTV Mostar said they would not do it. Despite that fact that the MEC has already given a message to them to run and they refused it, Ambassador Frowick has gone down to negotiate with HTV trying to find a message that they will run. Given the tone which was set by the takeover of the transmitters and this reorganization, and what has been up until now, a more serious attitude about the media here, do you think it's a good idea for Ambassador Frowick to be negotiating, back tracking, on an order already given by the MEC? What position does this put the OHR and the MSAG?

**Carlos Westendorp:** The inflammatory language used by HTV Mostar needed to be corrected. It was under the MEC competence. It didn't come up to the MSAG, which would be the new body to oversee this. This is in the hands of OSCE. Then, OSCE wanted HTV Mostar to rectify that people in the television considered a bit too much. As a matter of fact, in some cases you can understand, but it's perhaps difficult for a television or radio to say that "I have recognized that I have been very bad, that I will not do it again, I've been deceiving you". It is correct that this piece of rectification is negotiated to be acceptable. I have the idea that this has been already done. There is a new communiqu? read by the television. I don't know if it has been done yesterday, but yesterday somebody told me there was an agreement on that. What I am looking for is that this case comes to the MSAG, and it's considered there properly, because we are determined to use the same procedures that we have used to democratize Republika Srpska; to use it not only to Republika Srpska, but also to the Federation. That's very clear. It has to be considered under the light that something similar may happen in Mostar.

**(Colin Soloway – US News) Q:**I don't recall your negotiating with SRT on what you expect them to broadcast. Wouldn't you say that this looks like a double standard, that SRT served your purposes to be very tough with them, whereas with the Croats, if they say "we're not going to run it," instead of saying "now there are going to be consequences," you say "OK what will you run"? How does this fit into the overall picture of real regulation of the media in this country if you take a two track approach?

**Carlos Westendorp:**Before taking the decisions in SRT, you know since I came here that the media should be transformed in this country. It took us at least three months before we had the possibility of acting toughly on the media. Now we have it. But, before taking the action against SRT, the action of the transmitters, we tried hard and went to Pale several times saying that "you have to modify this, you have to do that, you have to read this out," and sometimes they did and sometimes they didn't. You remember all that. I don't think we are doing anything different with Mostar. We are doing the same, but we are just beginning. We will give them the same opportunities that we have given to SRT.

**Simon Haselock, OHR:**Can I just explain, just so that people know that the system is that the MEC makes the judgment and refers it to the MSAG. That has to be the legal basis on which any further action is taken against Sintra. In order for that to happen, the MEC has to refer it to the MSAG. When the SRT question was referred to the MSAG, there was then a period of over three weeks in which SRT were required to conform to various structures before any further actions were taken. I don't think that the point of the question is actually accurate. What we want to do is to make sure that the exact same process is applied to HTV as it was applied to SRT. There's no question of that.

**(Chris Stephen – AFP) Q:**Back to corruption, could I just ask what the name of this organization is, the old Bosnia-

Herzegovina I believe you call it the DPP or the

**Carlos Westendorp:** Yes, this DDDR, which is the directorate for strategic goods, is an organ of the whole Republic of Bosnia-Herzegovina, yes.

**(Chris Stephen – AFP) Q:** The directorate for strategic goods?

**Carlos Westendorp:** Yes.

**(Chris Stephen – AFP) Q:** Can you tell me who the chief of the organization is?

**Carlos Westendorp:** I don't have the name here but it can be found. I don't have it here.

**(Chris Stephen – AFP) Q:** Is part of the illegal funding going to AID, the secret service?

**Carlos Westendorp:** It's not in the reports.

**(Chris Stephen – AFP) Q:** Maybe I could put it another way. Is AID a legally funded organization as far as you know? I don't quite see it doesn't seem to come out of the Federation budget, in fact, one can't find a budget for it.

**Carlos Westendorp:** Whatever is not the budget is not in the world, as the old philosophers say. It should be that in a democracy.

**Q:** A question regarding the implementation of the peace process; if the authorities fail to meet your points, what measures will be taken to speed up the implementation of the peace process, or what steps are you authorized to take to help them to meet your points?

**Carlos Westendorp:** I told you once that there are many possibilities. The extreme one is the change of the mandate for a protectorate, or something like that; same kind of mandate that Jacques Klein had in eastern Slavonia. For that,

you need to modify the peace Agreement and it has to be accepted by all the parties implicated in the process, not only international community but also the entities. So, this is going to be a complicated path to follow. But, the present powers that the High Representative has in the Dayton Peace Implementation Agreement, for instance, that says that he's the ultimate interpreter of the Peace Agreement and the constitution. It means, in my opinion and the opinion of the legal, that I am also the ultimate interpreter of my own powers.

**Q:**The Federation Parliament yesterday refused your proposal concerning amendments on socially owned flats. Are you considering some measures on this issue.

**Carlos Westendorp:**You are talking about the privatization laws which pass without amendment, as suggested by OHR. Yes indeed. We wanted an amendment which will say that the social property would need an apart law not to be regulated in the same law; otherwise, we will be in a difficulty, that is to say the law, as you say, provides for these apartments being given to the legal owners. But, they are occupied. The occupants, which were on a temporary basis, may have the right to buy this apartment. So, it's in contradiction with the previous law. In order to avoid legal problems and to avoid also problems with the present tenants and occupants, the right of which are necessary to take into account, that is why OHR has proposed a separate law. But, It hasn't been accepted, so we have a problem.

**(Colin Soloway – US News) Q:**What will you do.

**Carlos Westendorp:**Well, to solve the problem as always. I think the Chamber in the Federation will have to include an amendment of their own.

**Simon Haselock, OHR:**Thank you very much.

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