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## **BiH State-related Issues**

### **OHR urges State Parliament to adopt State Budget or face lose over 150 million US\$**

At yesterday's session, the BiH Council of Ministers adopted a draft law on succession assets of the former Yugoslavia and a law on protecting the environment, which would involve the setting up of a coordinating committee consisting of 48 members of both entities which will be concerned with ecological problems. Commenting on the fact that the State Budget has not yet been passed, the Deputy BiH Minister of Foreign Trade and Economic Relations, Jadranko Prlic said following the Tuesday CoM session that the situation is very complex at the time. "The budget is an important matter for a state like BiH which does not have any revenue. This is where the importance of its adoption lies. In that respect, I have been told, political measures have been taken in order to secure support in the parliament and ensure the adoption of the budget jointly with this law on Saturday [18 May],

at the sessions of both houses of parliament,” Prlic said. He added that in the past three years, BiH lost around 150 million dollars because of the failure of its institutions to adopt adequate welfare policies in the entities.

OHR on Wednesday concurred with this, explaining that if the budget is not adopted, BiH together with its entities will lose over 150 million dollars of budget revenue according to the stand-by arrangement with the IMF and two loans from the World Bank. “A failure to pass the State budget could result in the immediate loss of \$165 million US that Bosnia and Herzegovina is due to receive from the World Bank and IMF in budgetary support for reforms and social protection over the next 15 months. The World Bank Board will make a decision as early as next Monday. Their credits amount to a total of \$79 million US. If the State budget is not adopted by then, Bosnia and Herzegovina will lose this money,” said the OHR Senior Spokesperson, Alexandra Stiglmeier, at yesterday’s press conference. Stiglmeier said that many other donors, such as the European Union and USAID, tie their support payments to IMF and World Bank arrangements, so in the long run, BiH could even lose more money, which would throw the entire country into a financial crisis. Finally, Stiglmeier urged the State Parliament to act responsibly on Saturday and pass the State budget for this year. (This was one of the top stories in the Federation media, print and electronic. *Oslobodjenje* carries a front page story titled “Council of Ministers: BiH to lose 20 million US\$ of credit”)

## **BiH Presidency says it cannot forward the draft State Budget to the Parliament**

The BiH Presidency will not send the new draft state budget for this year to the Parliament since, according to the procedure, it is not authorized to do so, Presidency Chairman Beriz Belkic said on Thursday. Belkic said that the BiH Parliament has not yet discussed the version of the budget sent to procedure several months ago, nor has it informed the Presidency about reasons why this was not done. “The Presidency cannot send a new draft budget unless the parliament rejects the present one,” explained Belkic to ONASA.

## **International official sees Serbs as obstacle to IMF deal**

*Text of report by Federation News Agency FENA*

We shall pass decisions which will be of benefit and interest to all BiH citizens since the stand-by arrangement with the IMF is of importance to all of us because without it there would be no international aid or loans. I expect all relevant factors and levels of authority in BiH to assume their share of duties, initiatives and responsibility for any consequences that might arise if we fail to meet our commitments from the letter of intent and the economic and financial policies originating from it.

This is what Dragan Mikerevic, chairman of the BiH Council of Ministers and minister for European integration, said on Thursday evening following the first round of talks between the coordination team for economic development and integration with representatives of international organizations in Sarajevo.

The coordination team met this evening with representatives of the US embassy, the OHR [Office of the High Representative], the EU, World Bank and IMF to discuss the “serious situation” regarding BiH’s commitments from the stand-by arrangement with the IMF and their implementation.

“These are major commitments. First, we need to pass the 2002 budget to enable us shortly after that to avail ourselves of some 200m dollars. This would be provided in the form of financial aid and a favourable-term credit and would impact on the future of reform at all levels of authority in BiH,” Mikerevic said. He added that the commitments were not flippant and imply serious reforms primarily in the area of social welfare.

The Principal Deputy High Representative, Donald Hays, said that the international community was aware of the financial shortfall that the entity governments and the state government had to face over their commitment to pensioners and defence reductions. He said that over the last year the international community had worked with the entity governments and the state government on a package of measures to overcome the situation. However, Hays said, today, a question was asked about lack of time. “Time is running out,” he said, adding that potentially 100m dollars were available to finance reforms, for pensions and social and health benefits, but that “for that money to become available there is a need for a large amount of political will on the part of authorities at all levels

in BiH”.

“The international community makes no distinctions and we urge both the state parliament and the BiH Presidency to resolve the issue of the budget by the end of this week otherwise the general good of this country and its financial situation will come under threat,” Hays warned and went on to promise that the international community would provide assistance to overcome this, but that the authorities had to meet their commitments.

World Bank Director Joseph Ingram compared the World Bank negotiations with the entity governments to a toboggan – one minute they were up, the next down.

Today, talks and negotiations with the Federation of BiH government are proceeding better than those with the RS government,” Ingram said, adding that there existed problems with the RS that needed to be resolved because they could threaten the successful outcome of the entire programme.

“If we fail to reach agreement with IMF, we shall in effect not be able to allocate budgetary funds to the three governments for this calendar year to the tune of 120m dollars. This is an enormous amount and we appeal not only to the Serb Republic government, but other governments as well to give some serious thought to this since failure successfully to complete the negotiations with the IMF would be tantamount to a major political flop,” Ingram said.

The IMF director for BiH, Bruno de Schaetzen also warned of lack of time. At its meeting in mid June, the IMF Executive Board will have to decide whether to approve a stand-by arrangement for BiH or not.

“After many months of negotiations, we are nearly there. However, there are still obstacles, and measures need to be taken which include: the adoption of the [former Yugoslavia] succession law and state budget,” de Schaetzen said, and went on to note the need for resolving a whole series of problems in the RS.

The IMF might grant funds to the state as a whole only, but if there are problems with one entity, the other will not get anything either. It is therefore important that the entities cooperate, he said.

## **Federation**

### **Criminal charges to be filed against five persons in Mostar weapons case**

As a result of the initial investigation into the recently discovered illegal arms caches on the territory of Mostar, the Interior Ministry of the Hercegovina -Neretva Canton forwarded on Tuesday the first criminal cases to the cantonal prosecutor in Mostar. UN spokesperson Kirsten Haupt said at a news conference that criminal charges would be filed against five persons for concealing information on production and storing of weapons. Criminal charges will be filed against the former director of the textile factory in Vrapcici, the former and present directors of the tobacco factory in Mostar and the current director of UNIS telecom, she said. These are the initial results of the investigation into the cases of production and storage of weapons and the investigation is still continuing. AFP reports that among those to be charged are the current manager of the Mostar Tobacco Factory, Esad Pobric, and the manager of the UNIS electronics plant, Ibrahim Voljevica. (Most Federation media carry Haupt’s statement)

### **New Croat party - HDU - to abandon policy of isolationism**

The Croat Democratic Union (HDU) said on Tuesday that its programme is a total break from the policy of isolationism and exclusivity. “The people from the party place their full biography at the disposal of the public in order to show that there is going to be no place in the party for criminal elements of any kind,” notes the HDU in a press release, adding that this political party accepts with full responsibility that other political subjects, government institutions and the International Community equally participate in the struggle for the survival and development of BiH. (FENA report)

## **HDU's Miro Grabovac Titan: If Croats believe that they are in good situation they can vote for the HDZ**

Slobodna Dalmacija carries today an interview with Miro Grabovac Titan, the President of the newly established Croat political party – the HDU, who said that the BiH peoples are witnesses of a sad reality caused by the war and wrong political moves by individuals and political parties. According to Titan, individuals from the HDZ are responsible for the wrong political moves because they do not have a concept through which they can realize the equality of the Croat people. Asked about the attitude of the International Community towards the Croats in BiH, especially towards the HDZ, Titan stated that the unresolved organization of BiH causes confusion and added that it is necessary to create a situation in BiH, which would secure that BiH's peoples cannot endanger each others.

## **Republika Srpska**

### **RS Customs Administration in conspiracy with CAFAO?**

Nezavisne Novine carries an extensive report related to the work of RS Customs Administration. After information was revealed that the RS Customs Administration was engaged in some illegal operations and that CAFAO allegedly remained silent on the issue, the RS Government Finance Minister, Milenko Vracar, said that he cannot rule out the possibility that the RS Customs Administration is somehow linked to CAFAO. Vracar added that the RS Finance Ministry requested CAFAO, on two occasions, to deliver the documents and information indicating possible omissions and errors in the work of the RS Customs Administration, however, it received not response.

### **OHR Returns official visits Foca/Srbinje**

Glas Srpski reports that the Deputy High Representative for the Reconstruction and Return Task Force, Peter Bas-Backer, visited the municipality of Foca/Srbinje, where he met with representatives of the local authorities and discussed the return of refugees and displaced persons to this area. The implementation of the property laws in this municipality has accelerated, the daily noted, adding that 700 apartments and 420 houses have been repossessed by their pre-war owners and 6 evictions take place daily.

## **Brcko District**

### **Senior Deputy High Representative visits Brcko District**

The Senior Deputy High Representative, Matthias Sonn, visited Brcko District on Thursday, to tour return and reconstruction sites in the District and to meet officials responsible for education, the economy and the judiciary, said OHR in a statement carried by nearly all news agencies.

Ambassador Sonn met with Ivo Andjelovic, the Head of the Department for Returns, and his deputies, and visited Bukvik and Klanac, where he met with representatives of DPs and returnee organizations.

The field tour was followed by a meeting with the Deputy Head of OHR Brcko, Gerhard Sontheim, Mayor of Brcko Sinisa Kistic, Deputy Mayor Ivan Krndelj, and the President of the Brcko District Assembly, Mirsad Djapo. Topics discussed included return and reconstruction, economic revitalization, and reform of the legal system in the Brcko District.

This is one of a series of regular visits by senior OHR personnel to the Brcko District. Progress in the District, in economic development and in other areas, has in many respects made Brcko a model for the rest of BiH.

## **International Community**

### **US Ambassador says BiH judiciary has not conducted a single serious crime case since Dayton**

The US Ambassador to BiH, Clifford Bond, said on Thursday that since the signing of the Dayton Peace Agreement until today, not a single serious case against crime and corruption has been conducted in BiH. Speaking at a lecture before the students of the School of Political Science of the University of Sarajevo, Bond said there are plans to review all the appointments of judges and prosecutors currently holding these positions in BiH. "These plans will lead to the reduction of the number of judges and prosecutors down to the level which corresponds to the real needs of this country," he said, adding that the International Community is to a certain degree responsible for not addressing the problem of corruption in a timely fashion. "What is being done in the judiciary at this time will help resolve this problem," Bond said at the end. (Oslobodjenje and Dnevni Avaz carry the story)

### **Wolfgang Petritsch to remove corrupt judges?**

Dnevni Avaz reports, quoting anonymous sources, that the High Representative, Wolfgang Petritsch, will this week make a Decision on the establishment of the High Judicial Council. In addition, the daily writes, Petritsch will also issue a Decision removing judges and prosecutors who violated property laws or were engaged in cases of corruption. According to the same source, the High Representative will by the end of his mandate impose a new package of Decisions pertaining to the reform of judiciary.

### **Multireligious, multicultural centre thanks Wolfgang Petritsch for supporting multiethnic BiH**

The director of the International Multireligious and Multicultural Centre (IMIC), Fra Marko Orsolic, presented on Thursday the High Representative, Wolfgang Petritsch, with a certificate of appreciation. Orsolic thanked Petritsch for his "diligent, consistent and very successful contribution to the implementation of a comprehensive dialogue, human rights, justice and peace in BiH," and presented him with a print of the Fojnica coat of arms, which tells the story of BiH continuity. "The High Representative significantly strengthened this continuity with his work," said Orsolic. "Your tireless efforts and step-by-step advocating of a multiethnic, intercultural BiH is far more successful than we are able to comprehend today. With your efforts, you have created a spiritual environment which allows for more fruitful work," Orsolic said. (Oslobodjenje and Dnevni Avaz report)

### **The High Representative visits the "Access" centre in Sarajevo**

Oslobodjenje, Jutarnje Novine and Dnevni Avaz report that the High Representative, Wolfgang Petritsch, visited on Thursday the student "Access" centre of the University of Sarajevo and addressed the present students, telling them to engage more actively in the public life in BiH. He also urged them to exert pressure on politicians in BiH to undertake a comprehensive reform of the education system and implement European standards in the higher education in BiH. This was the last High Representative's address to the youth in BiH before he leaves the country on May 27.

### **Head of Mostar OHR holds talks with Herzegovina-Neretva Canton**

Deputy High Representative and Head of the OHR Mostar Jean-Pierre Berçot met on Thursday with Omer Macic, the Prime Minister of the Herzegovina-Neretva Canton. Deputy High Representative informed Macic of his, and OHR's, utter disappointment with the work of the Prime Minister and his Deputy. He regretted that these officials, despite

their responsibility, have not respected their own words nor commitments. Their persistence in playing political games instead of resolving vital issues in the Canton illustrates their lack of honesty as politicians and questions their worthiness to represent the citizens. Their passivity has nothing to do with the preservation of national interest, but only with political and personal calculations, since a properly functioning Canton and the regular payment of salaries are in the interests of all, said OHR in a [press release](#), which was carried by all Croatian media and Dnevni List.

## **Editorials**

### **Dnevni List: Mr. Petritsch, who is owner of mortar rounds?**

By Jurislav Petrovic (provided by OHR Mostar)

Dnevni List carries an editorial on the mortar rounds found in Mostar and Jurislav Petrovic, the author, ironically says that mortar rounds were placed in Mostar East and prepared for use 'by accident'. He wonders whether the mortar rounds were prepared for the so-called Bosnian Storm (referring to military operation 'Storm', that Croatian Army conducted in 1995) in order to finish what they failed to do earlier. Petrovic says that as it was the case before nobody will be held responsible for these caches of arms. He says that if something like that happened on the Croat territory, SFOR would occupy the whole Herzegovina and Petritsch would remove the whole Croat political leadership and ban them to participate all elections. However, since it happened in 'the zone of responsibility' of the Croat Federation partners there is an attempt to cover up the whole case. At the end Petrovic says that all they can do is to ask the HR directly and in public: 'Who is the owner of mortar rounds and who is responsible for their storage? The man, who has responses to all questions, probably, will not make an exception this time.'

## **Headlines**

### **Glas Srpski**

- Displaced Serbs in the RS: Evictions instead of help
- London: Mercenaries looking for Karadzic

### **Nezavisne Novine**

- Smuggling of spirits from Croatia still in the spotlight: RS Customs Officers in cooperation with CAFAO?
- Zijad Hadziomerovic, Mayor of Mostar municipality Stari Grad: Ministers in the Cantonal Government take care of their personal problems only

### **Vecernji List**

- Mostar East: SFOR is still looking for 4000 mortar rounds: Criminal charges against 5 wartime leaders
- Conflicts among Croat agents: Head of Jozo Krizanovic' Security suspended?
- Changes to Law on Defense: Shorter military service as of beginning of June

### **Dnevni List**

- OHR disappointed with policy of leaders of Herzegovina-Neretva Cantonal Government: Behavior of Macic and Coric judged as shameful
- Dnevni List reporters on spot: SFOR in action: VELMOS under investigation
- Who has tried to hide oneself behind military and state secret: One of main protagonists of 'Cambodia' has been arrested

### **Oslobodjenje**

- BiH to lose 20 million US \$

#### **Dnevni Avaz**

- Safet Orucevic: Why is everything connected with me?

#### **Jutarnje Novine**

- Party registration by tomorrow