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## **BiH State-related Issue**

### **BiH House of Peoples adopts permanent election law**

All BiH media report that the BiH House of Peoples unanimously passed permanent election law at its session held on Thursday in Sarajevo. The law, which is a key pre-condition for the BiH' accession to the Council of Europe, was adopted in the same version as passed by the BiH House of Representatives a day earlier. BiH Minister of Civil Affairs and Communications Svetozar Mihajlovic says that BiH can now expect to be admitted into the Council either in December this year or in January next year. However, sources of the Banja Luka Nezavisne Novine claim that some countries may have certain doubts about this. According to the sources certain countries will request BiH authorities to extradite some of the most wanted war-crime indictees to the Hague Tribunal and only then BiH will access the Council.

### **Petritsch welcomes adoption of the election law by the BiH House of Peoples**

The High Representative, Wolfgang Petritsch, welcomed adoption of the permanent election law by the BiH House of Peoples on Thursday in Sarajevo. (Oslobodjenje and both Banja Luka dailies carried the PR)

### **The Council of Europe General Secretary expresses satisfaction**

## **with the adoption of the BiH permanent election law**

The Council of Europe General Secretary, Walter Schwimmer, welcomed adoption of the permanent election law by the BiH parliamentary Assembly. He emphasized that the Council maintained the acceptance of the law was a crucial step leading BiH towards the European integration.

**Slobodna Dalmacija: Mariofil Ljubic says most of the HDZ proposals incorporated in the election law** (provided by OHR Mostar)

“Croats can be completely satisfied with the election law because its contents guarantees protection of vital national interests and civil rights for all peoples in BiH”, says Mariofil Ljubic, the Deputy Chair in the House of Representatives of the BiH Parliament. “We helped in the process of the enacting of the election law and we played an active part in its creation. The HDZ MPs proposed a lot of solutions (for the law), which the Council of Ministers had built in the text. Most of our suggestions have been adopted and I am happy that the House of Representative has passed the election law in this content. When questioned as to why the HDZ did not formally vote in favor of the law, he says: “Our MPs did not vote for or against nor have they abstained from voting. We did not declare ourselves because we supported the law in June when the parties members of the Alliance did not want to support it, probably because they did not want to support it together with the HDZ and the SDS. Anyway, regardless of our “skirmishing” the important thing is that the law has been passed and the obstacle from admission to the Council of Europe has now been removed”, says Mariofil Ljubic, reads Slobodna Dalmacija.

**BiH Foreign Trade and Economic Relations Minister says free trade agreement with FRY to be signed by end of the year**

Nezavisne Novine quotes BiH Minister of Foreign Trade and

Economic Relations Azra Hadziahmetovic as saying that a free trade agreement between BiH and the FRY could be signed by the end of the year. Hadziahmetovic said this after the BiH and FRY expert teams discussed this matter at the meetings, which took place in Sarajevo. "A large number of provisions was discussed and agreed, but there are few provisions that have to be further discussed", says Hadziahmetovic. She says that the next meeting of the expert groups will take place by the end of September and if everything is all right then the agreement could be signed by the end of this year", says Hadziahmetovic.

## **Federation**

### **Oslobodjenje: OHR legalized robbery of Mostar Aluminum?**

Oslobodjenje learns from sources close to the Alliance for Changes that BiH Federation Prime Minister Alija Behmen would resign if the report of the expert team, which was tasked to carry out audit of the Mostar-based Aluminum Combine, is accepted, or even taken into consideration. This is, according to the newspaper, just one in a series of fierce reactions to the report coming from the governing Alliance following. The Alliance parties came up with such critics after they had learned that the report actually legalized and even covered a robbery in the company committed by HDZ-appointed management team members headed by General Director Mijo Brajkovic. According to the BiH and BiH Federation officials, they have still not officially received the audit report. However, the Alliance got a summary of the report through its channels a few days ago. What was presented in the summary and following conclusions and recommendations made by the expert team comprising OHR and BiH Privatization Agency representatives was enough for the SDP and Party for BiH to launch a fierce campaign against the audit process. There are speculations in the political circles in Sarajevo that the domestic members of

the team are also not satisfied with the report and they have announced their resignations as well.

### **Stiglmayer says OHR had only mediating role in audit of Mostar Aluminum**

Head of the OHR Press Office Alexandra Stiglmayer told journalists on Thursday in Sarajevo that the OHR had played only a mediating role in the process of audit of Mostar Aluminum Combine. "The ownership structure of Aluminum is contested and in order to facilitate a solution the OHR commissioned an independent team headed by the Dutch lawyer, Professor Wim Timmermans to look into it. They started doing so last October, and the head of the team is about to hand over the report to the local authorities in particular the BiH Federation Government, the management of the company and the Federation and Cantonal privatization agencies," Stiglmayer said.

### **Halilovic says BiH Federation authorities will never accept legalization of the robbery of the state property**

BiH Federation Vice-president Safet Halilovic (the Party for BiH official) told Oslobodjenje that the entity authorities would never accept the report of the audit team on the Mostar Aluminum business operations as such. "The report's final version in this form would make huge damage both to the company and the BiH Federation," Halilovic emphasized. He added that the BiH Federation authorities had requested an urgent meeting with High Representative Wolfgang Petritsch in order that damaging consequences are prevented. According to Halilovic, they will request Petritsch to influence the audit team ensuring that it makes a new report, which will not be based on falsely presented data. According to Oslobodjenje, the Mostar Aluminum Trade Unions (in a press release signed by President Mujo Hodzic), Herzegovina-Neretva Canton Governor Sefkija Dziho, and the Party for BiH Mostar branch also appealed that a new, fair and comprehensive review of the

Aluminum financial operations is carried out in order to prevent an “economic genocide.”

### **HDZ BiH says there was no robbery in the Mostar Aluminum**

According to Oslobodjenje and Dnevni Avaz, HDZ BiH expressed its satisfaction with a fact the OHR expert team tasked to look into the Mostar Aluminum ownership structure had confirmed the party's well-known positions concerning the company. According to the HDZ, the audit team concluded that the Aluminum ownership structure was indisputable and that the privatization of the company had been carried out in a legal way. The party regrets certain political parties belonging to the Alliance for Changes are misusing this issue for political purposes. They are in an unfounded way accusing the HDZ and the Mostar Aluminum management of alleged robbery and financial irregularities.

### **Vecernji List: Provisional Administration preparing the Hercegovacka Bank's liquidation** (provided by OHR Mostar)

The Office of the Provisional Administrator is preparing the liquidation of Hercegovacka Bank. This development of the situation is predictable because they are now questioning as to how the public will react to this future move. According to the information that we received from the Provisional Administration the liquidation will take place in order to make the sale of the Bank easier. The strategic partner, close to the Austrian financial, bankers' lobby has already been determined and it already controls a great part of the BiH bank market.

The source claims: 'We have information that the audit report, which will be presented to the public, is falsified. The whole issue of Hercegovacka Bank was raised for political and economic reasons. The whole propaganda machinery has been engaged. Recently published article in 'Washington Post', named Hercegovacka Bank as the main culprit for the laundering

of 5 billion of donors' aid, which was coming to BiH from 1992 to 2000...

They will also try to get control over the Privatization Funds. Profitable Companies such as Hercegovina Osiguranje, CRO-HERC, which are a part of the Hercegovacka Bank ownership structure, should be mentioned in this context. Only Privatization Funds CRO-BIH, Invest and Herbos, whose majority owner is Hercegovacka Bank, have collected almost 500 million Marks of certificates. 60 Companies were purchased for cash and certificates. When the new owner gets control over Hercegovacka Bank he automatically gets control over the Companies, that are mostly related to tourist-catering programs. According to the report that the source has at its disposal, the international interest lobbies, whose final intention is to get the economic control over the market, are fighting battles over it.

The source stated: 'We have asked many times that the Bank works and if there are culprits they should be punished. The Federation Government gave promises, however, it turned out that the OHR is the main boss.'

He denied that the data on the bank's work have been deleted. According to him, it is impossible to do it or to hide the data and the manufacturers of the computers, that the Bank used, confirmed this fact.

## **Republika Srpska**

### **PDP announces a lawsuit against Davidovic**

Both Banja Luka dailies quote PDP Spokesman Igor Crnadak as saying that PDP is dissatisfied with the work of Banja Luka Mayor Dragoljub Davidovic, who is more interested in personal and narrow-partisan benefits than in interests of the town itself and its citizens. Crnadak says that PDP will take all

sorts of measures including filing a lawsuit against the mayor if he does not do anything about misuses in land allocation process, which was carried out by the former city administration headed by Nebojsa Radmanovic.

### **RS Defense Minister says only one sealed indictment was opened**

Both Banja Luka dailies quote Republika Srpska Defense Minister Slobodan Bilic as saying that it is not true the two sealed indictments were opened during the session of the RS Government when Dragan Jokic decided to voluntarily turn himself in to the Hague Tribunal (ICTY). Bilic also denies that the RS Defense Ministry received any request for surrender of any RS Army member.

### **RS Government discusses budget revenues and expenditures**

The Republika Srpska Minister of Finance, Milenko Vracar, presented after Thursday's session of the entity Government the figures on the budget revenues and expenditures in the first six month of this year. Vracar announced that it was agreed with the IMF that there would be no re-balance of the budget for this year. He added that the RS Government was burdened by outstanding payments to the budget beneficiaries and announced that by the end of the month pensioners would be paid off 25% of one backlog pension. The Government also discussed the report on the work of the RS Oil Industry for the last year. The loss of the oil industry amounts to KM 53 million. The demand by customers and budget beneficiaries amounts to around KM 64 million, and the obligations to be paid to the budget by the oil industry amounts to KM 42 million, the General Manager of this company, Momcilo Tepic, specified. RS Minister for Energy and Mining, Bosko Lemez, said that the Government accepted the working measures and plan for the RS Oil Industry in order to overcome the difficult situation in this company.



## **International Community**

### **US General Sylvester to replace outgoing SFOR Commander Dodson**

The SFOR Headquarters announced on Thursday that an official ceremony of regular appointment of a new SFOR Commander would take place on September 7 in the Butmir base in Sarajevo. US General John Sylvester is to replace the outgoing SFOR Commander, Michael Dodson.

### **Petritsch says he believes in future of a multiethnic BiH**

According to Jutarnje Novine, High Representative Wolfgang Petritsch said in an interview with the BLIC newspaper that he believed in the future of a multiethnic BiH. He said that the point was not in weakening the entities but in strengthening the state institutions. "There is no reason why a good Serb, Croat or Bosniak would not be at the same time good citizens of BiH," Petritsch emphasized. Friday's Dnevni Avaz carries certain parts of the High Representative's interview with Express magazine published on Thursday.

### **A hundred and twelve Sarajevo policemen must leave illegally occupied apartments**

UNMIBH Spokesman Stepho Lehman told journalists on Thursday in Sarajevo that a total of 112 Sarajevo Canton police officers would have to leave some one else's apartment they were illegally occupying in a month, or they would lose their working licenses. According to Lehman, the similar action will be taken in the areas of responsibility of other police administrations.

### **Slobodna Dalmacija: A wall of silence surrounding talks between Petritsch and Cardinal Puljic** (provided by OHR Mostar)

Office of the High Representative (OHR) did not want to deny either to confirm the claims in the Sarajevo-weekly "Slobodna Bosna", which was carried by some Croatian papers, that the

High Representative (HR) Wolfgang Petritsch met Cardinal Puljic in early August and personally told him that Stanko Sopta Baja and a Croatian MP and retired general Ljubo Cestic Rojs and some other Croats from BiH who performed senior military duties, could be on their way to The Hague. The OHR says that the HR has a right to private conversations which contents he does not want share with the public. Cardinal Puljic's office says that the Cardinal "does not know anything about it and does not wish to say anything" about the claims in "Slobodna Bosna", reads Slobodna Dalmacija.

### **OHR says Thesis for Discussion useful platform for further talks**

Nezavisne Novine quotes OHR Spokesman Kevin Sullivan as saying that the document entitled "The Thesis for Discussion" (proposed and introduced by NHI President Kresimir Zubak) represents a useful platform for further talks about between the state and entity mechanisms. "OHR believes that all discussions, within the Dayton Peace Accord framework, that would make governments more efficient are very useful. We hope that after all discussions we shall be able to see that work of the governments is more efficient", says Sullivan.