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Federation

Oslobodjenje says Timmerman's report on Aluminijum Factory in Mostar "cements the robbery of this company"

While Dnevni Avaz barely even made a mention of the controversial audit report on the Aluminijum Factory in Mostar, Oslobodjenje treated it as a front page story in both weekend editions. Quoting the leader of the Auditing Team, Wim Timmermans as saying that nothing could be done to annul disputable transactions despite the fact that there is a strong evidence suggesting the illegal nature of conversion of the company's debt into shareholders capital, the daily notes that this statement clearly indicates the overall attitude of international officials in BiH. "Once again we must chose between the legal security and justice," Oslobodjenje quotes Timmermans as saying, noting that the team leader "must have received political, instead of legal, instructions from his bosses in the OHR." The newspaper also claims that Timmermans has been accused on several occasions of politicising the findings and of omitting entire paragraphs in the final report.

Commenting on the controversial report, the president of the Federation, **Karlo Filipovic**, said that although the entity authorities still do not have official opinion on this matter, they are concerned about some conclusions made by Timmermans and his team. "We mostly object to the part which diminishes the capital value of Aluminijim from the pre-war 1.4 billion to 190 million DM," stressed Filipovic, adding that he will insist on the OHR ordering the auditing team to rewrite a comprehensive and truthful report based on the facts and not on incorrect data. He also said that Federation authorities will ask for an urgent meeting with the High Representative, Wolfgang Petritsch, in order to discuss this matter. Meanwhile, the Bosniak member of the BiH Presidency, Beriz Belkic, told Oslobodjenje that he has already arranged to meet with Petritsch on Monday, adding that the High Representative was "very fair and willing to resolve all problems."

The Federation Prime Minister, **Alija Behmen**, confirmed that the Federation government received a copy of the Audit Report on Friday and is currently looking into its contents. He added that this body still does not have an official opinion on the report, and refused to comment on press speculations that he would resign if the "disputed version" is accepted.

Commenting on the hasty criticism of this report expressed by the Alliance last week, one of the main coalition parties – the **NHI**– distanced itself from statements condemning the alleged results of the audit. "The NHI cannot stand behind the alleged opinion of the Alliance on this report, since Alliance member parties have never even discussed this issue, nor was the NHI ever consulted on this matter," reads the NHI statement for the press. The party also strongly condemned the "undemocratic methods and the media lynch ... of the Auditing Commission before the final and comprehensive report on the Aluminijum has even been submitted."

Meanwhile, the **HDZ BiH** in a statement that it is satisfied with the audit of the Aluminijum Factory and said that the

ownership structure in the company is beyond doubts and that its privatization has been carried out according to the law, reads Slobodna Dalmacija on Saturday. "Pouching is taking place somewhere else", said the HDZ press release.

Stipe Prlic, Director of HPT Mostar: "Eronet will be returned to HPT"

In an interview with ONASA news agency, the newly appointed director of the HPT (Croat Post and Telecommunications), Stipe Prlic, said among other things that after the Eronet, whose prime shareholder is the state, is returned to the HPT, this institution obtain a concession on the GSM network. The procedure for returning the Eronet to Croat Post and Telecommunications was one of the first tasks undertaken by the new director. [See the full interview](#)

Provisional Administrator of Hercegovacka Banka announces significant lay off of employees

The Provisional Administrator of Hercegovacka Banka, Toby Robinson, announced on Saturday that the bank will have to undertake significant lay off of its employees and reduce salaries of the remaining workers. "The provisional administrator regrets this measure, however in accordance with Articles 56 an 57 of the Law on banks, the Administrator must harmonize the number of employees with the level of bank's activity," Robinson said in a statement. (All Federation media carried the Hercegovacka Banka PA press release, Dnevni Avaz on page 2)

Dnevni Avaz quotes anonymous Bank source as saying that Robinson will dismiss 124 employees and shut down 30 branch offices. The same source also said that the Provisional Administrator is considering providing a severance pay to laid off employees of the Hercegovacka Banka.

In a separate article titled "A Just Administrator", Avaz notes that, although considered controversial, all decisions

Robison made thus far have been just and in accordance with the existing laws. "Aware of her task, she (Robinson) will continue the process which purports to re-establish the Hercegovacka Banka in a legal fashion," writes the daily.

Vecernji List: Hercegovacka Banka to be sold after liquidation

Written by Zdenko Jurilj, (full translation provided by OHR Mostar)

The most recent dismissal of 124 employees of Hercegovacka Banka and the reduction of the employees' salaries by 10-50%, serve as a confirmation of the announcement that Hercegovacka Banka will be sold after liquidation, reports Vecernji List.

Revolted Bank employees who received dismissal notices last week, think that the Provisional Administrator's concept fits into the announcement that the Bank would be sold to a new, pre-determined strategic partner. The background of these new dismissals goes in that direction. First they will reduce the number of employees and the number of Bank affiliates and then they will sell the Bank to a strategic partner at a price significantly lower than its realistic value. Vecernji List claims that Ms. Robinson's Press Office refused to comment on those announcements without an approval from the Spokesperson Johan Verheyden who is on a business trip.

"According to some banking norms in the world, the number of employees is divided by the Bank's assets. Thus, one comes to the amount of 1 million Marks per employee. The Provisional Administrator will do this in order to allow the new partner to make a faster and easier entry, of course, at a much lower price than is the current one," claim the dismissed employees.

If the Provisional Administrator's Office keeps passing restrictive decisions, the rest of the employees, whose salaries have been reduced by 10 to 50%, will consider resigning. Judging by the information available, the findings of the auditing team that are to be published in September,

will be disappointing.

Among numerous details that the Provisional Administrator wants to present to the public is a machine for production of US driver's licenses, which the SFOR soldiers allegedly confiscated in the Hercegovacka Bank building in Mostar in April.

During his recent talk with the High Representative Wolfgang Petritsch, Cardinal Vinko Puljic inquired as to what was specifically going on with the Hercegovacka Banka audit. Apart from saying that the findings of the previous operations of the Bank would be discrediting for a certain circle of people from the HDZ, Petritsch also mentioned the famous machine for production of US driver's licenses, which, according to Vecernji List's information, the former administration of the Bank knows nothing about.

Dismissal decision enters into force on August 31

Although she claimed to be sorry because she had to hand new dismissals, Toby Robinson added that she was doing it in order to protect the small deposit holders who have not been able to get their money in as much time as five months. The decision on dismissals enters into force on August 31, 2001.

Vecernji List: Costs of Provisional Administration to be paid with deposit holders' money

Written by Z. Kresic, (full translation provided by OHR Mostar)

A big number of Hercegovacka Banka employees will lose their jobs because the Provisional Administrator Toby Robinson has to bring the number of employees in conformity with the Bank's activity, and the salaries of the other employees will be considerably reduced. This was released by the Provisional Administration, which was established in April, shortly after the proclamation of Croat self-rule in BiH, reads Vecernji

List.

The Bank employees that “came on the rocks” confirmed that the Administrator Robinson offered them to sign one-month contracts, which speaks in favour of the claims that Hercegovacka Banka, as had been planned before the SFOR action started, will go bankrupt as soon as the audit results are published. Well-informed sources claim that the evidence will “corroborate the thesis of the HDZ BiH money-laundering and justify to an extent the robbery of the century relating to the five billion of the donor’s funds that came to BiH from the West.” The initial results of the investigation are supposed to be known in September, Toby Robinson has announced recently.

Apart from the announcement of dismissals, the Saturday press release from the Provisional Administration adds that the salaries of the rest of the employees will be reduced, but will still be “high above the average salaries in the Federation of BiH,” i.e. ranging between 450 and 1,250 Marks.

Although the action, as was originally released from the OHR, was supposed to protect the deposits of the small deposit holders, they will be the first to come out the losers.

The press release from the Hercegovacka Banka Provisional Administration reads that “all the costs made during the period of the provisional administration will be covered with the deposit holder’s money.”

Privredna Banka Zagreb is still non-cooperative

The inquiry into the Hercegovacka Banka documentation has resulted in a discovery that the Bank, prior to the NATO armed raid on April 6, transferred around 60 million Dollars to the Republic of Croatia and probably stored the money at Privredna Banka Zagreb, claims an American source close to the current Administrator of Hercegovacka Banka, Toby Robinson. This source added that all the banks, including Zagrebacka Banka,

are co-operating in the audit of the Hercegovacka Banka operations, but Privredna Banka is refusing to co-operate with the auditors in Sarajevo. According to the source, this is the reason why Wolfgang Petritsch asked the Croatian President Stjepan Mesic and Prime Minister Ivica Racan for co-operation with the aim of establishing the truth about Hercegovacka Banka.

An anonymous official of the Provisional Administration confirmed that it is still unclear as to where the 54 million Kunas that Croatia sent to the Croats in BiH, actually ended up. He also confirmed that no evidence was found to indicate that this money was misused. Still, he added that there is a clear link between the HDZ and Hercegovacka Banka, but he refused to explain what exactly he had in mind, reads the Vecernji List article in conclusion.

Ante Jelavic to have a court hearing on August 29

All Federation media reported that the first court hearing for the dismissed HDZ president and the former Croat member of the BiH Presidency, Ante Jelavic, is scheduled for August 29 in Cantonal Court in Sarajevo. If Jelavic fails to comply with the subpoena, he will be forcefully detained. However, an HDZ deputy in the Parliament, Miro Grabovac Titan, said that Jelavic will make his appearance in Sarajevo. "President Jelavic is a responsible official and he is ready to take responsibility for his actions since he has not done anything wrong," said Grabovac.

In a statement for the press, the HDZ strongly condemned the legal proceedings against senior HDZ officials and said the court hearing scheduled for August 29 is nothing more than a "continuation of pogrom over the Croat political leadership."

In an interview for Slobodna Dalmacija, **Josip Muselimovic**, Ante Jelavic's attorney in the forthcoming trials, says that **Ante Jelavic** has no doubts as to whether to comply with the

summons. "He wants to appear before the court and clear himself of the incriminations that were filed against him", reads Slobodna Dalmacija on Sunday.

Disputable commencement of the reconstruction of Stolac Mosque – Archeology in the service of reconciliation or new tensions

Vecernji List reads that the commenced reconstruction of the devastated Careva Mosque in Stolac caused new tensions after it was discovered that there once had been a Christian church and a cemetery in its place and following the request for construction of a church on that location.

Vecernji List says the Islamic Community started clearing the site, but this move did not encounter a positive response from the local Croats. Reconstruction of the mosque has started with an exchange of arguments among the Bosniak representatives in Stolac, the Islamic Community, the Catholic Church and the predominantly Croat municipal authorities and that was about whether it is legal and ethical to build a religious facility in the place where another was previously destroyed.

Vecernji List next carries a chronology of the case and says the UN Mission in February requested the Croat representatives in Stolac to issue the permit for the reconstruction of the mosque and then the International Community moved to the side to give room to the representatives of the two peoples and two religious communities to reach an agreement among themselves, but that did not work out.

The Bosniak Association for Restoration of Civil Trust in Stolac wrote to the Apostolic Delegate in BiH, Giuseppe Leanza, to say that the request for church construction, put forward by the local parson Don Rajko Markovic, was a case of apartheid. Reis-ul-ulema Mustafa Cerić used the same term when speaking of Mostar Bishop Ratko Perić's speech, and said that the Muslim tolerance in Stolac "will defeat you and the likes

of you.”

The daily says that Dr. Senad Mehmedbasic, the President of the Association for Restoration of Civil Trust in Stolac, went a step further in distorting and forging historic facts. In his letter to Bishop Peric, he wrote that the mosque in Stolac was “built by our ancestors in their town where they have lived ever since the town was established.”

The truth is quite the opposite, says the paper. Ottoman conquerors, or to be more precise, Sultan Selim I Javuz “rearranged” what was originally a ground plan of a Catholic Church for the construction of a mosque. As Bishop Peric says in his reply to Mehmedbasic, this is confirmed by Bosniak writers Mujezinovic, Jaganjac and Hasandedic. The Bishop, however, condemned all sorts of crime and said that no genuine believer or priest could stand behind any crime on behalf of the Catholic Church. He suggested that the fairest solution and the truth should be reached by checking it up in the books in both Istanbul and Rome and by archeological diggings.

Boris Graljuk, an archeologist from Zagreb, has recently called for archeological diggings at Ferhatpasina Mosque in Banja Luka as he believes there was once a Catholic Church in its place.

Still, referring to history, science and morality may not be the major argument in passing final judgments on the Stolac case, reads Vecernji List in conclusion.

Bishop Peric about the petition against the Jubilee-Cross

Mostar Bishop Ratko Peric sent a letter to Mostar Mufti Seid Efendi Smajkic in which he commented on the petition, which showed up in Mostar East, demanding the pulling down of the Jubilee-Cross, erected on the 2000th Anniversary of Christianity on Hum, a hill overlooking Mostar. Bishop Peric wrote: “;It has never occurred to us that someone from the

Christian, that is, from either Catholic or Orthodox Community, could have a right to call on the International Community to pull down reconstructed or newly built mosques, even those which are illuminated during the night and which were built in Mostar after the end of the war (Mostar had 16 mosques before the war, and people say that now it has 38). It would never occur to someone from this Community to object if you would build a mosque with a minaret somewhere on the Fortica, if you should find it desirable. However, you will admit that it is against religious and human common sense to demand by the petition the pulling down of the cross," wrote Bishop Peric.

Republika Srpska

Refugees from eastern Bosnia warn of misappropriation of Bosniak land, property

Refugees from Podrinje held a protest rally in Tuzla on Saturday and urged High Representative Wolfgang Petritsch to ban the allocation and distribution of the state-owned property and the construction of buildings on agricultural plots until a Restitution Law is passed. Refugees from Janja, Bijeljina and other municipalities in Podrinje demanded that the High Representative order the Parliaments to adopt identical legislation on restitution at the level of the whole state. The assistant minister for reconstruction and refugee return in Tuzla Canton, Fadil Banjanovic, said at the protest rally that the refugees of Podrinje expected international officials to intervene and stop the misappropriation of the Bosniak property in Janja. The refugees warned that the flats for Serbs and an Orthodox church were being built on the Bosniak land in the centre of Bijeljina.

Serb Deputies in the BiH Parliamentary Assembly Request Dismissal of Serb Representatives in the BiH Common Institutions

Weekend edition of "Glas srpski" reports that Serb deputies in the BiH Parliamentary Assembly requested that the work of the Serb representatives in the BiH common institutions, that is the BiH Presidency and the Council of Ministers, is investigated because these representatives allegedly contribute to the process of "unitarization". The latest steps pertaining to the adoption of the Election Law are in line with initiatives on elimination of entities, which is at variance with the DPA and the BiH Constitution. A larger number of Serb deputies in the BiH Parliamentary Assembly request the RS authorities to stop all activities aimed at entity elimination and to initiate the procedure to replace Serb member of the BiH Presidency, Zivko Radisic.

Arbitration Decision for Dobrinja I and IV Before the BiH Constitutional Court – Radisic Against Justice Sheridan

Weekend edition of "Glas srpski" reports that member of the BiH Presidency, Zivko Radisic filed a law-suit to the BiH Constitutional Court in June, questioning the constitutionality of Justice Sheridan's Arbitration Award for Dobrinja I and IV. Radisic did this in line with the RS NA conclusion. Radisic's Legal Adviser, Slobodan Radulj says that Radisic questions the authority of the international arbitrator to rule in this dispute. "The question of territorial delineation between the RS and the BiH Federation is resolved by the DPA. The principle of 51:49 division was agreed upon before the Peace Conference", says Radulj. He emphasized that this principle was included in the BiH Constitution preamble and became one of the fundamental constitutional principles. This is why only the BiH Constitutional Court has the authority to rule in inter-entity territorial disputes. "If Sheridan's ruling would stand the RS would loose 0,56% of its territory", says Radulj.

Update on Ferhadija Violence – Another 5 Persons Identified

"Nezavisne novine" reports that members of the RS Interior

Ministry Investigation Team identified another five persons who participated in the Ferhadija incident which took place on 7th of May. UN/IPTF Spokesman, Alun Roberts says that the information that the police has received are based on statements given by 200 police officers who were securing the event. Roberts reminded that 4 criminal charges were pressed against persons who participated in the riots that took place on 7th of May while another 14 charges were pressed against persons who participated in the riots on 18th of May when the corner stone for Ferhadija mosque was laid.

PDP Spokesman Says There is No Conflict Between SDS and PDP

Weekend edition of "Nezavisne novine" quotes PDP Spokesman, Igor Crnadak as saying that the Election Law was not imposed with the "little help from PDP" and it does not mean that refugees and DPs are betrayed. Commenting on the statement made by certain SDS officials that the adoption of the Election Law leads to further destruction of the RS, Crnadak says that PDP contributed to the adoption of the Law, which makes BiH closer to Europe. "The adoption of the Election Law does not create any sort of prerequisites for elimination of the RS, as certain SDS officials claim. The Election Law was passed in line with the planned procedure. However, regardless of SDS deputies abstaining from vote, PDP is of opinion that it does not lead to a conflict between these two parties", says Crnadak.

Milorad Dodik Says That SDS "Privatized" the Process of Privatisation

"Nezavisne novine" quotes former RS Prime Minister, Milorad Dodik as saying that the RS economy is ruined, financial system is falling apart and the privatization process is "privatized" by the SDS and PDP. Dodik says that the Government reshuffle, announced for September, is just a cosmetics because SDS ministers will stay in the Government,

and SNSD cannot support that. Commenting on PDP attempts to remove Banja Luka Mayor, Dragoljub Davidovic, Dodik says that PDP wants to shift attention to some other issues because Ivanic's Government has lost the support of its coalition partner and almost the entire RS population. "PDP has the right to do it but Dragoljub Davidovic will not be removed", said Dodik.

International Press

BiH Transparency International presents its report on the transparency in the work of the international community in BiH

At a press conference held on Friday, representatives of the BiH Transparency International presented their second report entitled: ["The International Community Is Not Immune To The Corruption Plague Either."](#) The organization's president Boris Divjak said that this was the first attempt of a domestic independent association to turn public attention to the lack of transparency in the work of international organizations in BiH. Sarajevo media noted with disappointment, however, that this long-awaited and pompously announced study did not provide a single name or an example, and instead focused on the already published allegations and reports on issues such as the third GSM license, CIPS and Mostar Aluminum audit.

Despite this, Divjak said that there has been tremendous pressure exerted on his organization by "the highest IC circles" which sought to prevent the publishing of this report. Asked if these circles included the OHR, Divjak said "You are free to conclude this on your own." Oslobodjenje journalist indeed did so, and one of the front page stories in Saturday's issue was titled "The OHR tried to prevent the publishing of the (TI) report". Similarly, BH Television aired a three minute news report on this issue on Friday showing throughout the footage of the OHR building.

In a follow up editorial, Oslobodjenje's Azhar Kalamujic noted that the OHR has recently found itself in the center of three corruption affairs: The Aluminijum Factory Audit Report, Third GSM operator and the CIPS project. Finally, Kalamujic said "panic and fear that the document titled International Community is not immune to corruption either" perhaps explains the unclear conscience of Wolfgang Petritsch.

Also commenting on the report, the daily's Ibrahim Prohic said that BiH has become a "world's brothel for money laundering and dubious transactions." He noted that it is become increasingly clear that the International Community, who was until recently believed to be here to foster democratic principles, is actually in BiH in order to protect its own interests. For full report, see attachment!

(TI report was very prominently covered by all Federation and RS media)

OHR to issue final legal opinion on privatization of apartments in the Federation?

In a shorter interview with Dnevni Avaz, OHR spokesperson Alexandra Stiglmayer said that if the Federation Ministry of Urban Planning and Environment fails to issue instructions and guidelines for implementation of the most recent OHR decision on the privatization of apartments, the High Representatives may be forced to do so. "We however hope that it (Federation Ministry) will cooperate. They can also include some of their suggestions in that Act," said Stiglmayer.

OHR's Alexandra Stiglmayer – The Election Law Is Not Damaging For Refugees

Today's edition of "Nezavisne novine" carries an interview with the OHR Spokeswoman, Alexandra Stiglmayer in which she says that the Election Law is not damaging for refugees and DPs as some politicians claimed recently. "We think that the adoption of the Election Law is very important and we have

been waiting for it for such a long time. It is also important for the process of European integration but also because it is one of the pillars of every democratic society. We commend the determination of the parties that supported the Law. The fact that SDS and HDZ decided to abstain from vote is their choice and I would not comment on the objections they had", says Stiglmayer. "Commenting on the position in which refugees and DPs found themselves now when the Law is passed, Stiglmayer says that refugees and DPs have no reason to fear. Those who live in somebody else's property should not be using it. Those who have CRPC order or order issued by the housing authorities will be considered as users of somebody else's property. In most of these cases, orders are being issued when people are entitled to alternative accommodation or when they have some other sort of accommodation. The OHR supports this provision (P2 forms) although we are aware that it is not going to be very easy to implement it because the housing status of all 2,5 million voters will have to be checked. We think that this provision will contribute to better implementation of the property laws", says Stiglmayer.

Editorials

Vecernji List: Accusations are keeping Bosnia 'calm'

Written by Jozo Pavkovic

Weather forecasters say that this is one of the warmest Bosnian summers in the last hundred years. However, according to announcements and mutual accusations the next season will not be any colder. A hot autumn is being expected. Naturally, that is in political terms.

Everything is in the sign of bills of indictment. The Hague, Entity and Cantonal Courts are full of descriptions of crimes... For this reason Carla Del Ponte can select the most major bigwigs.

To those that they cannot ascribe a war crime, they are trying to 'dig out' something from the recent period. For instance, in two days the Sarajevo Court will try to prove that by creating the Croat self-rule Ante Jelavic was undermining the state. This resembles the staged political processes during the time of the former Yugoslavia. Politicians in BiH have nothing against these constant accusations. If there were no accusations, many real problems would come out in the open. The state, which does not produce almost anything at all, where the employment rate keeps dropping, which does not pay out pensions on a regular basis – is on the verge of social unrest. It has not exploded yet only because the three leaderships persuaded their peoples that it is still worth to tight their belts for the sake of national interests. Also, the ruling Alliance, which consists of various parties, believes that by constant accusing of former officials and the others 'a peaceful Bosnia might be kept.' According to this policy, they even started a campaign against those who brought them to power – the International Community. The Alliance openly reproaches the High Representative for many things. For instance, they objected him that he is robbing the state property, that he is serving foreign interest lobbies, which want to overtake national wealth... For this reason Petritsch's chair will be hot in autumn. It is questionable as to what extent he can keep the chaos strictly controlled in such an atmosphere, especially since in the state, whose protector he is, interests of many domestic and world powers are being reflected and clashed. They are just blurred in thousands of bills of indictment in which only the past can be seen.