

OHR BiH Media Round-up, 30/10/2002

Headlines in Print Media

Oslobodjenje: Covic helped Lijanovici Company evade 47 million KM?; Orao case – Arms trade banned

Dnevni Avaz: General William Ward on Orao affair – Resolution is a single Defense Ministry

Dnevni List: Solution for issue of irregularly retired defenders at sight?

Vecernji List: Federation is losing \$ 18 million because of “Orao”

Slobodna Dalmacija: Affair Eronet: What was role of new member of BiH Presidency was in ceding of HPT shares to Eronet: By fictitious accounts Covic transferred millions to private mobile communications company?

Glas Srpski: RS Housing Fund says housing loans will be increased; Implementation of property laws: Black holes in BiH Federation

Nezavisne Novine: General William Ward – SFOR closely monitors investigation into Orao case; BiH and FRY sign dual citizenship agreement – Traveling to FRY with ID only; BiH authorities put weapons trade in order; IC proposal – VAT to be introduced at state level

Blic: Agreement on dual citizenship between FRY and BiH signed; Ivanic: Slobodan Bilic is not directly responsible; Murderers of General Bosko Buha arrested

FRY Nacional: Djindjic finds a replacement for Mihajlovic: Vesic, new chief of police; General Simic: I am not guilty, but I had to resign; Police arrested murderer of General Bosko Buha

Vecernje Novosti: Murderer of Bosko Buha arrested; Nebojsa Covic on Yugoimport: Big money, personal interest

Orao affair-related news

A ban on arms imports and exports will be in force in BiH

until a control mechanism at the level of the state of BiH in this sphere is established, BiH Minister of Foreign Trade **Azra Hadziahmetovic** announced on Tuesday after a meeting with Principal Deputy High Representative **Donald Hays** and OSCE Mission Head **Robert Beecroft**. Hadziahmetovic told a news conference in Sarajevo that a plan of activities to establish control over imports and exports of weapons and military equipment at the level of BiH would be implemented by 15 November, given that the country's Constitution clearly says that the responsibility for foreign policy rests within the state of BiH (and not its entities). All relevant services at the level of BiH and its entities have been sent a memo saying that all transactions of this kind carried out after 20 October will be deemed illegal. Hadziahmetovic said that since 20 October the BiH Ministry of Foreign Trade has received no requests for arms export licences.

"A particularly important role in the control mechanism will be played by the BiH State Border Service and the Standing Committee for Military Affairs," she said. Hays for his part emphasized that the entity's authorities should fully cooperate with the BiH state bodies in the arms control establishment at the state level. (**Oslobodjenje**, pages 4-5, mentioned on the front page, **Dnevni Avaz**, p 3, **Dnevni List**, front page, p 3, **Vecernji List**, p 3, **Slobodna Dalmacija**, p 15, **Glas Srpski**, p 3, **Nezavisne Novine**, front page, p 2, **BBC**, **AP**, **Reuters**)

"The RS authorities must make concrete moves related to the Orao affair. I expect the process to continue," SFOR Commander William Ward said at his first independent press conference in Sarajevo on Tuesday. Ward also said SFOR was continuing activities in apprehending the war crime suspects. (**Dnevni Avaz**, front-page, p 2, **Oslobodjenje**, p 5, **Vecernji List**, front page, p 3, **Dnevni List**, p 5, title "SFOR expects continuation of the process of resolving the Orao affair", **Glas Srpski**, p 3, **Nezavisne Novine**, front page, p 3, **Vecernje Novostip** 4, **Blicp** 7)

Glas Srpski (p 3) and **Nezavisne Novine** (p 3) carried a press

release, issued by the RS President's Cabinet, which states that the RS Supreme Defence Council accepted resignations of RS Defence Minister **Slobodan Bilic** and RS Chief of Staff **Novica Simic**. The session emphasised the RS determination to conduct a thorough investigation into the Orao case, find those responsible and punish them. The Council came up with the Plan of activities of RS institutions and authorities, which foresees specific tasks and deadlines that RS authorities and institutions have to meet. The press release also states that business dealings of other companies that deal with production, repair and trade of military equipment will also be checked. The Council supported the RS Government's decision that RS Tax Administration and RS Supreme Auditor do the audit in the Orao Aviation Institute (**Vecernje Novosti** p 4, **Vjesnik**, p 10, **Slobodna Dalmacija**, p 15)

FRY Nacional (p 7) quotes removed RS Army Chief of Staff, **Novica Simic**, as saying that he is not responsible for illegal weapon trade with Iraq. *"But I fell responsibility toward the post I performed and toward people I belong to, and because of that I resigned. If my resignation helps in calming down tensions and brings back respect the RS had in the world, then it will be exactly what I have wanted,"* Simic said.

The chairman of the BiH Presidency, **Mirko Sarovic**, said late on Tuesday that the resignation of the RS Defence Minister **Slobodan Bilic** and the RS Army's Chief of Staff Gen **Novica Simic** as well as the prompt action by the RS Government represent a great step towards the resolution of the situation with regard to the Orao Aviation Institute affair. *"The conclusions of the RS Supreme Defence Council should demonstrate to the world that we respect the UN resolution on arms embargo to Iraq as well as the resoluteness of the top RS bodies,"* Sarovic said as a studio guest of the Banja Luka-based BEL TV. He added that the situation with regard to the Orao Aviation Institute has caused damage to the Serb Republic

regardless the fact that it was not connected with politics in any way. Sarovic said that it was necessary that the RS demonstrated its efficiency because of the threat of sanctions to the Serb Republic and BiH. *"We should demonstrate the resoluteness of the RS to abide with international obligations and, as far as this issue is concerned, we must not be led by any individual or group financial interests as the damage caused by this affair could be sustained by both the Serb Republic and the employees of Orao and their families,"* he added, according to the SRNA news agency.

RS Government adopted the Plan of activities for implementation of the conclusions that the RS Supreme Defence Council reached on its session Monday night. The Plan has to be implemented by November 27th. RS Prime Minister **Mladen Ivanic** stated that the Plan includes 20 specific tasks and strict deadlines that have to be met. Prime Minister Ivanic said he accepted resignation of the RS Defence Minister though Bilic is not directly responsible for the Orao affair. *"I see his resignation as his own decision to take political responsibility for the things that happened"*, said Ivanic (**Glas Srpski**, p 3, **Blic** p 7)

OHR on Tuesday did not want to assess the Monday's session of the RS Supreme Defence Council and the removals of the Entity Defense Minister, Slobodan Bilic, and RS Army Chief of Staff, General Novica Simic. *"Only after a thorough and transparent investigation is completed, which the representatives of the BiH state institutions and maybe some international organizations will be involved in, the whole scale of responsibility will be known, and particularly the political responsibility for the affair,"* OHR Chief Spokesman Julian Braithwaite told Dnevni Avaz (p 3).

Glas Srpski (p 3) and **Nezavisne Novine** (p 3), quote Chief OHR Spokesman **Julian Braithwaite** as saying that the resignations of the RS Defence Minister and the RS Chief of Staff as well

as dismissals of three officials by the RS Government probably will not be enough to improve BiH reputation in the eyes of the world. *“All those who take political responsibility have to pay the price. We do not know who those persons are until the investigation is completed. We told RS authorities publicly that we cannot speculate on consequences and that all who are politically responsible for this affair must be punished”*, said Braithwaite. Nezavisne Novine reports that the OHR called on RS authorities to do two things. *“We request that RS authorities conduct a full and transparent investigation and to take steps to improve the reputation of BiH. RS authorities have to make sure that those involved in the Orao affair take responsibility for what happened. OHR also request the authorities to change the system in which export and import of weapons have worked so far”*, stated OHR.

“The US expects the RS to bring persons responsible for the “Orao” case to court,” the Spokesperson of the US Department of State, **Richard Boucher**, stated. He pointed out that the US finds the RS Government’s decision on the removal of 3 high-ranking officials insufficient. He added that this was a good start, but more should be done. He welcomed the steps undertaken by Yugoslav authorities in Yugoimport case. (**Vecernje Novosti** p 4, **Nacional** p 7, **Oslobodjenje**, p 5, **ONASA**)

“The Federal Republic of Yugoslavia did not export arms to Iraq and it did not violate the UN embargo on export of arms to this country,” Federal Defence Minister **Velimir Radojevic** said. He says that since 5 October 2000 the Federal Defence Ministry has not authorised any arms exports to Iraq. *“I can positively say that during this period there were no instances of arms export to Iraq. I am certain that the UN embargo was not violated before that period, either – and it is not difficult to check this. We have nothing to hide and we will do everything in our power to explain the Orao affair completely. We insist that the truth be established, since we are aware of the situation our country is in and the thought*

of violating the UN embargo has not even crossed our minds," Radojevic says. (**Vecernje Novosti** p 5)

Director of Belgrade's office of the ICG, **James Lyons**, thinks that Iraq affair is a tip of the iceberg. *"What are the capacities of FRY to produce chemical or biological weapons, keeping in mind that in 1992 the Yugoslav Army transferred Mostar's factory to Krusevac? Were machines for chemical weapons' production destroyed, as it had been promised, or some of them were sold? In 1885 Yugoslavia bought from Sweden a very sophisticated equipment for controlling cruise missiles and included it in the Navy,"* Lyons asks. (**Nacional** p 7)

"There is no doubt that not a single member of the RS leadership will sleep calmly in coming month (due to Orao affair)," Sead Numanovic wrote in the Dnevni Avaz Commentary of the Day emphasizing that the removals of Slobodan Bilic and Novica Simic were still insufficient bearing in mind the proportion of the case.

Vecernji List (front and page 3, by Zdenko Jurilj) reads that Federation BiH, i.e. its nine factories of military production, will lose 18 million US dollars because already agreed jobs of exporting military equipment and weapons to countries of Western and Eastern Europe were cancelled.

Croatian weekly **Nacional** (pages 16-20) carries a long article about breach of "Yugoslav-Iraqi smuggling chain", i.e. about the ship "Boka Star" that was kept in port Rijeka. The weekly learns from Croatian Police sources that the ship was transporting explosive for "Orcan" missile-system, chemical component for SCUD missiles, spare parts for mortar guns etc. Croatian weekly refers to writings of Israeli weekly "Makor Rishon", which says that Israeli intelligence is suspecting that Banja Luka-based companies "Rudi Cajavec" and "Kosmos" are also breaking embargo on Iraq.

The High Representative, **Paddy Ashdown**, will be in Brussels on Wednesday 30 October to brief NATO and the EU on the reform process now underway in Bosnia and Herzegovina, and on how, if these reforms are implemented, they should accelerate the process of moving BiH closer to these two institutions. He will also report on the Orao affair. (**Oslobodjenje**, p 5, **Dnevni Avaz**, p 4, **Dnevni List**, p 2, **Vecernji List**, front page, p 3, **Nezavisne Novine**, p 3)

The efficient and timely introduction of a state-wide value-added tax (VAT) and the rationalisation of the BiH customs services are crucial in establishing a self-sustaining economy in BiH, Principal Deputy High Representative **Donald Hays** told a meeting of the Inter-Agency Group – Tax (IAG-T) in Sarajevo on Tuesday. “These reforms are part of a coherent strategy that will begin reversing the trend whereby young talented entrepreneurs choose to leave Bosnia and Herzegovina and pursue their careers elsewhere,” Ambassador Hays said. “We must offer constructive partnership to the domestic authorities to implement these urgent reforms as soon as possible so that citizens will start to reap the benefits as soon as possible.” It was also noted at the meeting that the introduction of VAT and the reform of the customs service would help the process of integrating BiH in European structures. The IAG-T includes the BiH Central Bank, the World Bank, the IMF, the EC, CAFAO, USAID, GTZ, the US Treasury and the OHR. (**Dnevni Avaz**, p 12, **Nezavisne Novine**, p 11)

The **PLIP** agencies, OHR, UNHCR, OSCE, CRPC and UNMIBH, announce the Property Law Implementation statistics for September 2002, which show that the overall implementation ratio reached 62 percent in September, up by an average of 3 percent countrywide from last month, and up by 21 percent from the end of last year. In the Federation, 66 percent of cases have been resolved, which represents a rise of 4 percent since August. In the RS, 56 percent of properties were repossessed, which represents a rise of 2 percent. Meanwhile in Brcko, there has been an increase of 2 percent, up to 66 percent, the same total as the Federation. Despite these rises, a significant

number of properties have still to be vacated. Out of a total of more than 250,000 claims in the whole of BiH, nearly 100 000 have still to be solved. (**Oslobodjenje**, p 2 – statement by Mario Brkic, an OHR Spokesman at a press conference in Sarajevo on Tuesday, **Dnevni Avaz**, p 10 – **Fena** report)

“I am pretty well informed about the situation in the BiH judiciary and I agree with a thesis of some domestic legal experts that the country has good judges but poor laws. This is the fact indicating that the reform of the BiH judicial system is necessary,” Jan Erik Oja, the President of the BiH High Judicial and Prosecutorial Council’s said in an interview with **Dnevni Avaz** (p 10).

Affairs in the Federation

The BiH Federation Customs Administration has filed charges at the Federation Prosecutor’s Office against **Lijanovici** D00 Siroki Brijeg and Mesna Industrija Lijanovici (meat industry, partly owned by the chairman of the People’s Party – Through Work to Prosperity, Mladen Ivankovic Lijanovic) on suspicion of importing final meat products via the Mostar customs office while registering the goods as raw materials and paying customs duty for raw materials on the basis of the illegally-issued orders of then Federation Finance Ministry. In this way the payment of duties for finished products had been avoided and the Federation budget suffered losses of around KM 47 million, a statement by the Federation Customs Administration says. Although this was not exactly specified in the Customs Administration’s information, the findings of the investigation into the case indicate that former BiH Federation Finance Ministers, HDZ’s **Dragan Covic** and **Ile Krezo**, were in during their mandates illegally helping Lijanovici not to pay appropriate contributions. (**Oslobodjenje**, front page, p 6, **Dnevni Avaz**, p 9) **Slobodna Dalmacija** (last page) carries that the Federation Customs’ Administration informed the Federation Prosecutor’s Office on Monday about the results of the investigation on the abuse of office by **Mehmed Alijagic**, a former Deputy Minister

of Finances of the BiH Federation, during the issuing of orders to customs' offices in Bihac and Orasje about the way of payment of a special tax for tobacco products. Due to this decision, the Federation budget was damaged for about 4,5 million Marks. The same article carries that there is a grounded suspicion that company "Lijanovici" and "Meat Industry Lijanovici" also damaged the Federation budget for about 47 million Marks. The BiH Customs Administration informed the Federation Prosecutor's Office about these two cases.

Dnevni list (front and page 7) learns that yesterday (Tuesday) were held talks of representatives of HPT Mostar, "Hercegovinja osiguranje", Croherc" and "Alpina Commerce" companies, with provisional administrator **Toby Robinson** representing interests of "Croherc". According to the daily, she offered 4,48 % of shares of ERONET mobile phone company, in ownership of "Croherc" for 1,6 million KM, while HPT asks for return of all 51 % of shares and is ready to pay nominal value that was paid in 1999, with all legal obligations. Representative of "Hercegovina Osiguranje" stated that he had no authorisation from the Assembly of shareholders. President of Steewring Board of HPT Mostar, **Slavo Kukic**, confirmed that the talks were held yesterday, but he did not want to inform public about them.

Slobodna Dalmacija (front and page 17, by Miroslav Landeka) and **Dnevni List** (page 7, by Zoran Vidic) carry a report of an expert group, which was investigating the suspicious privatization of "Eronet" company. According to the report, ceding of 51 % of HPT shares in "Eronet" to companies 'Hercegovina Osiguranje", 'Alpina Comerc" and "Croherc" was done on the ground of the decision passed by a former composition of the HPT Steering Board, whose President was **Dragan Covic**, a current Croat member of the BiH Presidency, who was the Minister of Finances and Deputy Prime Minister at that time. SD says that during the session of the Steering

Board, Covic stated that *“on the ground of new laws everything that is socially owned becomes a property of the Ministry of Finances and this is a good move to prevent the situation that HPT Mostar loses its funds in Eronet.”* The article says that *“after this statement the decision on HPT’s funds in Eronet was passed and thus HPT “saved” its funds “for the interest of the Croat people” and much credit goes to Covic for it, since due to his position at that time he was well informed and thus he helped bypassing of the Law in privatization”.*

Vecernji List (front and page 4, by Frano Matic) carries that the Stolac Islamic Community demands an urgent removing of Catholic symbols in this Municipality and their moving to the land owned by the Catholic Church. Also, Medzlis of the Stolac Islamic Community sent the letter to the Federation Government and another 10 relevant addresses in which they accused the Catholic Church, led by **Rajko Markovic**, a Stolac parish priest, for *“systematic destroying and change of the historical significance of the Stolac fortress and old town in Stolac”*. They also accuse Rajko Markovic that he was participating in pulling down of the Stolac mosques in August 1993. Markovic judged accusations of the Stolac Islamic Community as ridiculous and provoking and, according to Markovic, they do not contribute to the development of co-existence in the Stolac Municipality.

BiH, FRY sign agreement on dual citizenship

The BiH Minister of Civil Affairs and Communications, Svetozar Mihajlovic and the FRY Interior Minister, Zoran Zivkovic, signed in Belgrade on Tuesday an inter-state agreement on dual citizenship and travel documents. The agreement, after it has been ratified by the parliaments of both countries, will make it possible for the BiH and Yugoslav citizens to cross the interstate borders without passports, only with the presentation of national Ids. Mihajlovic yesterday also signed an inter-state agreement regulating the issues related to the pension insurance, health-care and social welfare. ON behalf of FRY, the agreement was signed by the Yugoslav Assistant

Labor and Social Welfare Minister, Maksim Korac. (Oslobodjenje, p 3, Dnevni Avaz, p 3, Nezavisne Novine, p 6, Glas Srpski, p 3, Blic, p 7, Vecernje Novosti, p 6)

The BiH Foreign Ministry does not support the decision of the BiH Minister of Civil Affairs and Communications, **Svetozar Mihajlovic**, to sign in Belgrade on Tuesday an agreement on dual citizenship (with Yugoslavia) as this would give the citizens of BiH who live in Yugoslavia a privileged status among other Bosnians who live abroad, a source close the Foreign Ministry has told the **Fena** news agency. *"We are reserved about this move by Minister Mihajlovic and the Foreign Ministry was present at the signing of the agreement on dual citizenship with Yugoslavia only as technical support,"* Fena's source said. Because of the failure to adopt the amendments to the Law on Citizenship, hundreds of thousands of BiH citizens living abroad will have to give up their citizenship at the beginning of the next year. Chances to have the necessary amendments to the law adopted before 1 January 2003 have been slimmer than ever because of the resistance of the Serb deputies in the state parliament.

"The signing of the agreement with Yugoslavia will actually serve as the means of discrimination against the majority of our citizens living abroad because we have failed to reach dual citizenship agreements with a great number of countries. It would have been more correct if we adopted amendments to the Law on Citizenship and, in that way, avoided losing a great number of our citizens than just concentrating on BiH citizens in Yugoslavia," Fena's source said. (**Dnevni Avaz**, p 3, **FTV 1**)

Post-election statements

Vecernji List (page 2) carries that explaining the motifs of the meeting that American Ambassador in BiH **Clifford Bond** had with leaders of Party for BiH, SDP, NHI, People's Party Working for Prosperity, SNS and PDP, the American Embassy in Sarajevo stated that *"Bond met with the persons that he*

*respects and the purpose of the meeting was not forming of Governments but talks on the election results". With regard to this meeting, representatives of SDA and HDZ stated that they would participate at the official but not secret meetings with diplomatic representatives of influential states. **Seada Palavric** from SDA sees the aforementioned meeting as "a shameful attempt of losers, first of all of SDP and NHI, to come in power contrary to the will of voters". **Veso Vegar**, a Spokesperson of the Coalition HDZ-HNZ-CCD, stressed: 'We are demanding a full transparency from both, political parties and international representatives". VL says that Thomas Miller, a Bond's predecessor, initiated similar talks two years ago.*

Headlines in Electronic Media

BHTV 1 (Tuesday, 1900)

- By November 15, BiH authorities to take over control over the weapons trade
- Orao scandal – Chief of RS Army Headquarter requested to be dismissed, and Vojislav Kostunica and military leaders held session behind the closed doors
- BIH and FRY signed agreement on dual citizenship

FTV 1 (1930)

- Custom Administration of Federation suspects former Deputy Minister of Finance, Mehmed Alijagic for damaging budget for more that 4 million KM
- Tuzla Canton: due to frauds amounting millions of KM, investigation in 25 bogus companies; eight persons already in detention
- Payment of October pension in Federation starts on November 1
- Agreement on dual citizenship between BiH and FRY signed

RTRS (1930)

- BiH and Yugoslavia signed agreement on double citizenship and travel documents
- RS Supreme Defense Council accepted resignations of Defense minister Bilic and General Simic
- Ashdown and the State Department expect more determined measures of the RS authorities