

Coat of Arms of the Federal Republic of Yugoslavia

Federal Republic of Yugoslavia

Supreme Defence Council

SP /as written/

Number: 8 -1

02. 09. 1996

Belgrade

Defence

Official Secret

Strictly Confidential

Pursuant to Article 135 of the Constitution of the Federal Republic of Yugoslavia, I hereby convene the 56<sup>th</sup> Session of the Supreme Defence Council on Thursday, 5 September 1996 at 1300 hrs, with the following

#### A G E N D A

- Adoption of the minutes from the 55<sup>th</sup> session of the Supreme Defence Council
- 1. Proposal for staffing of the Yugoslav Army.
- 2. Financing of the Yugoslav Army.
- 3. Other business:
  - Staffing of the 30<sup>th</sup> Staff Centre.
  - Information on innovation of the Rules of Service of the Yugoslav Army.
  - Letter from the Steel Works Nikšić on the occasion of co-operation with the Federal Directorate of Stockpiles.

The following persons were invited and attended the session: Dr Radoje KONTIĆ, Federal Prime Minister, Pavle BULATOVIĆ, Federal Minister of Defence and Colonel General Momčilo PERIŠIĆ, Head of General Staff of the Yugoslav Army.

The session will take place at 15 Užička Street.

President

Zoran LILIĆ

/signed and stamped/

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Supreme Defence Council

President of the Federal Republic of Yugoslavia

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SHORTHAND NOTES

from the 56<sup>th</sup> session  
of the Supreme Defence Council  
held on 5 September 1996

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Belgrade

SHORTHAND NOTES

from the 56<sup>th</sup> session  
of the Supreme Defence Council  
held on 5 September 1996

The session commenced at 1400 hrs.

The following persons were attended: Zoran LILIĆ, the President of the Federal Republic of Yugoslavia and the President of the Supreme Defence Council; Slobodan MILOŠEVIĆ, the President of the Republic of Serbia and Momir BULATOVIĆ, the President of Montenegro – both members of the Supreme Defence Council; Dr Radoje KONTIĆ, the Federal Prime Minister; Pavle BULATOVIĆ, the Federal Minister of Defence; Colonel General Momčilo PERIŠIĆ, the Chief of General Staff of the Yugoslav Army; Major General Dr Slavoljub ŠUŠIĆ, the Secretary of the Supreme Defence Council and Chief of the Military Cabinet of President of SR/Federal Republic/ of Yugoslavia.

(Jordan ŽIVANOVIĆ, the Senior Stenographer for Debates– Editor, took the shorthand notes).

Zoran LILIĆ, the President of the Federal Republic of Yugoslavia, presided at the session.

Zoran LILIĆ:

I propose that we start the session.

I open the 56<sup>th</sup> session of the Supreme Defence Council.

I propose that we vote on the agenda that was delivered to you:

1. Staffing of the Yugoslav Army.

2. Information on financing the Yugoslav Army.

3. Current issues:

- Staffing of the 30<sup>th</sup> Staff Centre.

- Information on adoption of the Rules of Service of the Yugoslav Army, during which it should be said that this is exclusively the jurisdiction of the President of the Supreme Defence Council.

- The letter of the Steel Works Nikšić on the occasion of co-operation with the Federal Directorate of Stockpiles. This is not in our jurisdiction either. I think that we have to task the Federal Government with this, to find most suitable solution, given the fact that there are many similar cases.

2.

Do you agree with the proposed agenda?

(Countenance).

Before we proceed with the discussion, I propose that we adopt the minutes from the 55<sup>th</sup> session of the Supreme Defence Council, which took place on 19 August 1996.

Are there any objections to the minutes? (No).

Do you accept the minutes? (Countenance).

We go on to the first item of the agenda:

# 1. STAFFING OF THE YUGOSLAV ARMY

I suggest for the General PERIŠIĆ to first introduce the proposals of the General Staff of the Yugoslav Army, regarding filling of some vacant positions.

Momčilo PERIŠIĆ:

Gentlemen, you received the material on time and you have all information, so I would not waste my time explaining.

We propose General Sava KOVAČEVIĆ be appointed as the Commander of the First Army. He is currently the Deputy Commander in the Military Schools Centre of the Yugoslav Army. He is competent.

For Major General Dr Siniša BOROVIĆ to take up his post. He is currently the Head of Staff of the Chief of General Staff.

Furthermore, we do not have any adequate candidate for the post of the Assistant for the Land Forces. Therefore, besides his regular duties, we propose PETKOVIĆ for that position. He could perform that and PANIĆ could replace him in the next phase. PANIĆ is currently the Commander of the Corps of the Special Purpose Forces. But, he should remain there until we complete the transformation of staff, after which he can be appointed as the Assistant for the Land Forces. I think that he is better solution than Branko PETKOVIĆ. Besides, we did not intend to appoint Branko PETKOVIĆ. We just wanted him to perform that duty along with his regular duties until we create conditions for PANIĆ to take up that post.

## 3.

Furthermore, for Konstantin ARSENOVIĆ to be appointed as the Assistant for Logistics. He was the Chief of Administration for Operative and Logistic Tasks and at the same time the Deputy of PNGŠ /?Assistant Chief of the General Staff/. Vidoje PANTELJIĆ, who is currently the Assistant for Logistics in the First Army, is to take up his post with a perspective that after he gets familiar with the work in the General Staff, PANTELJIĆ takes it over, since ARSENIJEVIĆ is older.

Next, the Assistant Commander for Logistics in the First Army – and I would regulate it with my order - should be Ljubiša VUKOVIĆ. If he meets the requirements during one year, we would then propose for you to decide on that.

Next, the Chief of the First Administration of the General Staff of the Yugoslav Army – which is a vacant position at the moment – we would appoint the Chief of Operative and Educational Sector from the Air Force. We believe that Major General Spasoje SMILJANIĆ can successfully perform that. That position is vacant since former Chief of the First Administration has occupied the position of the Chief of the Third Army.

For the position of the Representative of the Chief of School of National School /as in text/ - Boško ANTIĆ. But we cannot appoint him since he has not been appointed by the decree, but pursuant to my order he has successfully performed it for two years and we think that there is no need to replace him. This means that he should be the Representative until the end of this year and if he continues to be proficient, I could propose him for the appointment.

Next, for Colonel Dragan LAZAREVIĆ to be appointed as the Chief of Procurement Administration in the SMO /as written/, which is a vacant position. This should also be carried out upon my order, but considering that in the next period he is going to come to this auditorium, I am saying this so that you can observe his quality of performance.

And, for Colonel Vladeta MILANOVIĆ to be appointed as the Chief of Research and Development Department, which is also a vacant position in the Ministry.

So, we would decide on both positions upon my order and all this is in order for you to observe the work of the candidates after which you could solve their status in the following year.

Furthermore, we have the next.

Zoran LILIĆ:

I would stop here. Let us solve the issues related to the Yugoslav Army and later on we would go on to these two sub-items.

4.

The Minister of Defence has agreed on this?

Momčilo PERIŠIĆ:

Yes, it has.

Zoran LILIĆ:

I would like to suggest for us to select Miodrag PANIĆ, because he would be a better candidate. PANIĆ is the Commander of Corps and also a major general. PETKOVIĆ was the Chief of Corps Staff, subordinated to PANIĆ.

Regardless of this proposal of General PERIŠIĆ, I will support the decision to immediately appoint him the position of the Assistant for Land Forces, not to waste our time. Why would we do this, since we already have had a great Chief of Staff, which is STOJMIROVIĆ?

PETKOVIĆ, however, meets all the requirements for retirement.

I would propose that we accept proposals of General PERIŠIĆ, with my suggestion.

Momčilo PERIŠIĆ:

I did not propose Ljubiša, since my Chief of Staff is leaving and we were thinking to have Ljubiša on that position.

Zoran LILIĆ:

No, we do not want that. Ljubiša STOJMIROVIĆ commanded in all possible situations. He is an excellent Chief of Corps Staff and I think that he should stay there. If PANIĆ is getting moved, he could be the Commander of the Corps of the Special Purpose Units.

That is my proposal.

Slobodan MILOŠEVIĆ:

I agree with that.

Momir BULATOVIĆ:

I support your proposal.

Zoran LILIĆ:

Thank you!

5.

I state that we have accepted proposal for the filling of vacant posts in accordance with what General PERIŠIĆ presented, with this additional change i.e. for PANIĆ to be appointed as the Deputy for the Land Forces and for Colonel Ljubiša STOJMIROVIĆ, who, by the way, graduated from the School for National Defence, to be appointed as the Commander of the Corps of Special Purpose Units.

Momčilo PERIŠIĆ:

He meets all the requirements.

Zoran LILIĆ:

Momo, please carry on!

Momčilo PERIŠIĆ:

Furthermore, upon the proposal of the Main Staff of the Army of Republika Srpska, which the General Staff completely agrees with, for them to remain in the status of being at the disposal – we could also pension them off, because if we pension them off we

could face the discontent and lose them since we would not have any influence on them and they could join the SDS /Serbian Democratic Party/. In order to have control over them, I propose that they should be at our disposal: Dragomir MILOŠEVIĆ has been the Commander of the Sarajevo-Romanija Corps so far.

Slobodan MILOŠEVIĆ:

That guy is on KARADŽIĆ's side – that is why he pensions them off.  
(Laughter).

Momčilo PERIŠIĆ:

Yes, but if we now pension them off, then we would not have the influence and control. Here, we have him at our disposal, I give him a work to do and I do not allow him to go there, which means that I control him. That is for six months and after the New Year's Eve we pension them off.

Next one is Major General Božo NOVAK. He is useless.

Slobodan MILOŠEVIĆ:

Do not explain that to us. The proposal made by MLADIĆ concerning the pensions – we agree with that, since the background is clear to us. Let us carry on.

6.

Momčilo PERIŠIĆ:

There are also Vladimir ARSIĆ and Vuleta VULETIĆ. Vuleta VULETIĆ is sick and I propose that we grant him a status of medical treatment. For, we cannot fill his post until we decide about the other ones.

Slobodan MILOŠEVIĆ:

So that his retirement allowance is not smaller than his salary. A man is sick but he is a very good general.



Zoran LILIĆ:

I propose that we accept these four proposals as the Chief of General Staff proposed.

Do you agree with that? (Countenance).

Momčilo PERIŠIĆ:

We also have a proposal for the promotion.

You, Mr President, and MILOŠEVIĆ know about that.

Slobodan MILOŠEVIĆ:

I agree that they all should be pensioned off. They all are pensioned off and promoted.

Momčilo PERIŠIĆ:

LONČAR is pensioned off, but these other two do not meet the requirements.

We have two options now. They are all there now – you know that. We can promote them and keep them there, so when they come here ...

Slobodan MILOŠEVIĆ:

And, what are these two guys doing there? KLAJN /as written/ appointed LONČAR as his assistant.

7.

Momčilo PERIŠIĆ:

These are his transmission in the range /sic/– one is for Baranja and the other one is for this other part.

We have two options: one option is to promote them and keep them there with their mouth shut. Second option is that when they return to the Yugoslav Army, we should find some positions for them and if they do their job well, we can promote them, or after they meet the requirements for retirement. But, none of them meet the requirements for the retirement.

Besides, we have realised your political decisions to have that carried out there, for the people not to start fleeing and not to get the equipment out, which was successfully carried out.

Slobodan MILOŠEVIĆ:

I told you that they would not even “bat their eyes” because we were going to get that equipment out.

Momčilo PERIŠIĆ:

We did everything without a single incident, to general satisfaction of our country, people of the SBO /Slavonia-Baranja Area/ and the International Community.

ŠPANOVIĆ was born on 8. 5. 1948 and according to law, he cannot be pensioned off.

The second one is ANTONIĆ. He was born on 27. 9. 1946 – he also cannot be pensioned off.

Slobodan MILOŠEVIĆ:

LONČAR was pensioned off. He worked well and he should be promoted. These two guys should be promoted after they return here. I would not promote them as long as they are there.

Zoran LILIĆ:

So, this means that LONČAR is to be promoted to lieutenant general in reserve? For, he has not been with us since 30 January 1994.

8.

Momčilo PERIŠIĆ:

We cannot send them to reserve structure before we pension them off.

Slobodan MILOŠEVIĆ:

General KLAJN is also a retired general. And LONČAR as well.

Zoran LILIĆ:

So, we promote him to lieutenant general in reserve and these two other guys should be promoted upon their return.

Slobodan MILOŠEVIĆ:

For, LONČAR performed his duty very well. He retires and after he finally gets back, he is a pensioner.

Zoran LILIĆ:

I have to admit, I am not sure, since I went with you to the Užice Corps, did we make a good decision then concerning the issue of LONČAR?

Slobodan MILOŠEVIĆ:

Good, but he turned out to be a really honest person.

These two guys should be told that they would get this after they get back. Because if they start drinking there and buying drinks because of the promotion, that would inflame political problems and they will say: "they promote generals and these guys still sit here with us".

Zoran LILIĆ:

Good, I state that we have made a decision to promote LONČAR to lieutenant general and there will be no promotions for these two colonels at this moment.

What else do we have, Momo?

Momčilo PERIŠIĆ:

I have something regarding the 30<sup>th</sup> Staff Centre. They ask for some issues to be solved:

9.

Firstly, regulation of the status of cadets who are graduating from the Centre of High Military Schools in Banja Luka. Actually, they have already graduated. I have this conception: to leave this as it is until the elections, that is until Republika Srpska is finalised, and after Republika Srpska is finalised. . .

Slobodan MILOŠEVIĆ:

We are providing them with material aid now. Now we need to help those guys considered as loyal officers by the General Staff. They should be treated like that so that these enemies do not take them under their control. As soon as these elections are over and the power is established, we shall see how we can help them in order to have that functioning.

Did you see how ŠEŠELJ got in conflict with the General Staff? Do you know that everything that ŠEŠELJ said about the Army was order by the Leadership in Pale. Therefore, they will not criticise the Leadership in Pale, although they know that ŠEŠELJ did that. That, what ŠEŠELJ does, is a reflection of the Leadership from Pale. They are too soft towards the Leadership in Pale, because everything that ŠEŠELJ says is actually what they say.

Momčilo PERIŠIĆ:

My biggest reproach to Ratko is that he tolerated that too much – he raised KARADŽIĆ, as well as others after which they were reduced to poverty.

Slobodan MILOŠEVIĆ:

It is all right that we help them. They should be given salaries in order to prevent those idiots from Pale to strengthen and in order to prevent them from manipulating with those children.

Momčilo PERIŠIĆ:

That would burden the military budget for about 5 million. I am saying this in order to bear that in mind when we start planning the budget for the next year.

10.

Momir BULATOVIĆ:

Do we admit those people into the professional service of the Yugoslav Army or we are just providing them with material aid?

Zoran LILIĆ:

We are only providing material aid.

Slobodan MILOŠEVIĆ:

We are giving them material aid. We do not admit them here.

Momir BULATOVIĆ:

But, here it reads: "The General Staff of the 30<sup>th</sup> Staff Centre suggests admitting into the professional military service . . ." and that is our Staff Centre.

Slobodan MILOŠEVIĆ:

Yes, but it is there, not here. That Centre is not ours, but theirs. That is only a code here. They are only on our payment list.

Zoran LILIĆ:

This is a good proposal – after the elections are over we should sit and separate this.

Momo, regarding the people who were temporarily sent to the 30<sup>th</sup> Staff Centre by our order – most of them have their appointments expired. They now wish to return here. I have information – I would like to have this clarified – that the Military Police of the 30<sup>th</sup> Staff Centre is coming here in order to arrest them here in Belgrade. If this is so, that is horrible! On the other hand, I think that all of them should be brought back if their appointments have expired. In future, I will issue an order to arrest the Military Police that do that.

Slobodan MILOŠEVIĆ:

PERIŠIĆ must not allow that!

11.

Momčilo PERIŠIĆ:

Nobody has been arrested. I did not allow that. I did not want to burden you. I told them that they could make arrests in their area but not here. I sent them all back and nobody was arrested, neither there is a chance for that!

Slobodan MILOŠEVIĆ:

That would be disgrace for you.

Momčilo PERIŠIĆ:

We have officers from Serbia and Montenegro who are there on a voluntary basis and who are the main motive of everything, and we have officers that we temporarily sent from that area. If we yield to someone from that area, it could cause the attrition and most of the people would leave.

Let them stay until Republika Srpska is finalised and until their status is regulated. And, there is nobody from Serbia and Montenegro who wishes to go back.

Slobodan MILOŠEVIĆ:

No citizen of ours can be forced to stay at any place.

Momčilo PERIŠIĆ:

Certainly! But, people from that area ask for that, and they are all citizens of the SRJ /Federal Republic of Yugoslavia/ because their families are here.

Zoran LILIĆ:

I think that damage could be bigger for writing such letters to Pavle and me – and I do not know how many of them are there.

Slobodan MILOŠEVIĆ:

Momo, that should be arranged with them.

Momčilo PERIŠIĆ:

The one who was born there and sent to the Army there cannot come here. Because, if we allow that to one person, it would be a chain principle.

12.

Slobodan MILOŠEVIĆ:

How many of such persons are there?

Momčilo PERIŠIĆ:

Almost all of them have the SRJ citizenship.

Zoran LILIĆ:

No, I'm talking about those that we sent?

Momčilo PERIŠIĆ:

We have 166 officers and 92 non-commissioned officers – a total of 258. They are from the area from where they were sent to former JNA /Yugoslav People's Army/.

Slobodan MILOŠEVIĆ:

That always has to be agreed with them.

Momčilo PERIŠIĆ:

We do solve everything with the agreement. The problem is that without Ratko's and mine approval nobody can enter here, but you cannot motivate those indefinable minds, because one simply packs up and comes here. If I allow that to ten persons, it would be a chain reaction afterwards.

Zoran LILIĆ:

I think that we should not make a fuss before the elections. This issue with them should be solved approximately within the next 20 days and they should be sent back to units that they have left, pursuant to our order on temporary assignment to the 30<sup>th</sup> Staff Centre. Or, to extend that by an order, if they agree.

Slobodan MILOŠEVIĆ:

But, this should apply only to those who are there on a voluntary basis. That should not be done by force.



Momčilo PERIŠIĆ:

I ask you to allow me “freedom of action”, meaning that no one is allowed to come back, until Republika Srpska is finalised. We will put that on the agenda after the elections.

Momir BULATOVIĆ:

I can recall our decision. At that time we faced the fact that they were lack of some particular skills. We also authorised General PERIŠIĆ to talk to those people, to motivate them, with negative stimulation, but there was again the principle of voluntariness, and we regulated it with an order.

If this is so, then we have to extend the order to them.

Momčilo PERIŠIĆ:

Well, we will extend the order!

Momir BULATOVIĆ:

Extend the order to them for one more month and when the time comes for the next extension, you can do it selectively. If you do not extend the order to someone, that means that you returned him legally and there will be no attrition.

Slobodan MILOŠEVIĆ:

Do not let the order to go there, for these could intercept it and say that we did not fulfil something.

Momir BULATOVIĆ:

Their time is up. He wants to return and somebody arrests him!? That does not work.

Slobodan MILOŠEVIĆ:

They must not be arrested by anyone. They have a right to return. Therefore, somebody should talk to them and tell them that they should wait for these elections to be finished and then to organise it properly.

14.

Momčilo PERIŠIĆ:

They should be motivated, otherwise they will request to come here.

Zoran LILIĆ:

Those that we did not even send cannot come. We cannot accommodate the entire 30<sup>th</sup> Staff Centre. That is 10 thousand people!

A fair conversation should be conducted with those who we sent by our order, without extension of the order, without anything. And we should say: until the end of the elections, after which they would be returned to their units or to some other places within 15 to 20 days.

Momčilo PERIŠIĆ:

After that we are to solve their full status.

Zoran LILIĆ:

Good, can we consider this being concluded? (Countenance).

We go on to the second item:

## 2. FINANCING OF THE YUGOSLAV ARMY

This is more like information on difficulties that exist and if we can find some solutions; and to avoid having the same situation we had i. e. make a political damage to ourselves.

As for the Information on the Rule of Service, that is in my competence, and I can only say one sentence regarding that.

The letter that was sent to the Steel Works - we it give to the President of Administrative Committee of the Steel Works for further action.

Radoje KONTIĆ:

“I will forward” it to the President of Administrative Committee of the Steel Works! (Laughter).

15.

Momčilo PERIŠIĆ:

As for the financing, the situation is dramatic. For, 90% of the people in the Army do not receive anything else except their salaries. They do not have any other income.

Slobodan MILOŠEVIĆ:

Momo, skip those issues that we have to listen to every time. Tell us only what is new?

Momčilo PERIŠIĆ:

We have the following problem:

Last time you said that the blockade would be lifted.

Slobodan MILOŠEVIĆ:

It was lifted the following day.

Momčilo PERIŠIĆ:

Still, it remained for seven more days.

Radoje KONTIĆ:

Yes, it remained for seven more days.

Slobodan MILOŠEVIĆ:

Do you know why it remained for seven more days? The blockade was lifted the following day. However, these people in the Ministry of Finance did not want to lift it until the blockade of other issues concerning the budget is lifted i.e. Why was the Army not etc /sic/. But, I found it out later on and I told them to lift all the blockades. Everything has been lifted because the blockade is not the way.

Momčilo PERIŠIĆ:

But, the problem is that during that blockade, the Army did not get a single dinar from the total inflow of seven days. During that period the inflow was taken off /sic/. The Army lost 115 million.

16.

Slobodan MILOŠEVIĆ:

That does not matter. Forget about that, because you get what belongs to you according to the budget. Whatever belongs to you according to the budget – you will get it by the end of year.

Momčilo PERIŠIĆ:

It belongs to me, Mr President! But, I have to tell you that my bills got much bigger.

Slobodan MILOŠEVIĆ:

Did you include there what you have compensated?

Momčilo PERIŠIĆ:

I have a debt of 636 million, out of which I owe 320 million to the suppliers.

Slobodan MILOŠEVIĆ:

Was the compensation included in what you have received?

Momčilo PERIŠIĆ:

Yes, it was!

Pavle BULATOVIĆ:

It was not included.

Slobodan MILOŠEVIĆ:

I asked KERTES about that. He makes compensations to the Army. Finally, compensations are a normal way of payment – 208 million dinars, which could exceed the budget and that could be paid to the Army, which is 160 million of your debts to “Jugopetrol” and 48 million of all other debts. That was included in the income of the Army!

Pavle BULATOVIĆ:

That is not recorded as an income.

Slobodan MILOŠEVIĆ:

How comes that it is not recorded as an income, when it only entered “across”  
/sic/?

17.

Otherwise, it would have been recorded as the obligation of the Army towards “Jugopetrol”. For instance, for the fuel 160 million. And, now he compensates it like this and then they owe him after which he writes off their debt and he owes the Army and it is done.

Pavle BULATOVIĆ:

So, the income of the budget is not realised in the amount of a compensated part because it is not registered.

Slobodan MILOŠEVIĆ:

It should be registered. Why is that not registered? That is completely the same difference, because there is not enough money in the circulation.

Momir BULATOVIĆ:

Director of the Customs cannot do that.

Slobodan MILOŠEVIĆ:

It helps him not to owe, e. g. to “Jugopetrol”, and that this one writes off the debts to the other one – it is the same difference.

Radoje KONTIĆ:

The debts have not been written off at all.

Slobodan MILOŠEVIĆ:

They have to write off the debts.

Radoje KONTIĆ:

Then some other questions should be also posed here – but, all right now!

Slobodan MILOŠEVIĆ:

The companies do not have money to pay off and on the other hand they claim money from the Army – make the compensation. They also have a right on that. What is the problem there?

Momir BULATOVIĆ:

How can the Director of the Customs do that?

18.

Slobodan MILOŠEVIĆ:

To help himself, why not to help himself? For, otherwise the claims would be bigger.

Momčilo PERIŠIĆ:

We owe 320 million to the suppliers, which cannot be compensated. Some suppliers have already cancelled their services. For instance, the PTT /Post Office/ started disconnecting phone lines, and in some towns there is no distribution of meat, bread, etc.

Another problem is the issue of Meat Packing and Canning Factory “Požarevac” – the Court ruled in their favour on the basis of inflation in 1993 when the debt was about one million dinars and it has grown now up to 11 million and “Požarevac” is asking for it. They freeze and take complete daily inflow. The problem is not that company only. But, if that becomes the rule of behaviour and 1993 becomes re-vaulted, then the whole budget will be gone because of the 1993.

Please, stop that if you can!

Next, for the salaries and retirement allowances 240 million and 76 million /sic/.

During this blockade of seven days we did not have any inflow. There is no way that we get required inflow by the end of year – about 25 million per day, in order to

finance the budget as it was approved, which is about 14 million per day – it oscillates, from 20 to 7 million.

What are the consequences? They are very big: we do not have other incomes and in the beginning we had a budget burden of approximately 20% for salaries and retirement allowances. And, since the costs of living are growing as we are getting closer to the end of year, we now have more than 50% of the budget for the salaries and retirement allowances. Budget means for the combat readiness, standard of soldiers, nourishment, etc. are going down. Officers and I are not in the Army because of us, but for the combat readiness.

Therefore, I ask you to ensure this category.

Slobodan MILOŠEVIĆ:

The Army has to get its whole income from the budget by the end of year.

Momčilo PERIŠIĆ:

From the real point of view, that is very difficult to achieve. Therefore, I ask you to help us.

19.

We have lessened many things and activities that do not affect combat readiness. We have introduced measures of savings. For instance, there is no danger now from the area of SBO /?Slavonia-Baranja Area/, that is from Croatia – we have withdrawn all units from that area and we do not mobilise reserve structure anymore. The tensions regarding Prevlaka have been decreased – we do not have increased measures of combat readiness anymore regarding Prevlaka, etc.

In these social instabilities, the Army is a very big factor of stability under the condition that it also does not become a social case. If it becomes a social case my influence on the Army will not be the same as it was in the normal living and working conditions. Therefore, I ask you not to have blockades anymore. This is the first thing.

Slobodan MILOŠEVIĆ:



Well, the blockade has been lifted!

Momčilo PERIŠIĆ:

Yes, but again, 11 million required for that has still been blocked.

Pavle BULATOVIĆ:

Yes, but the debt from April until now still remains on the basis of taxes and individual contributions of 140 million.

Slobodan MILOŠEVIĆ:

That should be equalled through the incomes.

Pavle BULATOVIĆ:

One hundred and forty three million have been taken for the funds of Serbia; but nothing has been taken for the funds of Montenegro, and this is until April inclusive. There is still 140 million from April until now.

Zoran LILIĆ:

That is not a debt to the Army. That is a real debt for taxes that were not paid to an account, since that situation was in the federal budget. Therefore, we should see and make necessary inflow by the end of year in order to make the entire budget that was approved. And, is it possible to make that – if it is not possible let us see what we should do.

20.

Radoje KONTIĆ:

Firstly, I would ask to make a report on how much movable and immovable property the Federal Government allowed to be transferred for the needs of financing the Yugoslav Army? I would like Ministry of Defence to prepare that for our next session. There

is no meeting of either Federal Government or the Commission on which we do not implement decisions that you, as the Council made.

Secondly, the excise duties are a big problem, especially the excise duties on oil that are actually being double paid. We persistently insist that the excise duties are being paid on the occasion of issuing from the commodity reserves, but not double paid. Now, nobody wants to return oil into the reserves because he should pay the excise duty again.

What is new? Last time I was really optimistic regarding those 100 million dollars from the Swiss Banks. I thought that the problem of federal budget would be solved with that. Unfortunately, Swiss informed us on the next day that it would not happen—Slovenia and Croatia froze it. In the meantime, I undertook measures to try with the documentation again – Joca ZEBIĆ will probably travel to Switzerland tomorrow or the day after tomorrow in order to try to unfreeze those 100 million. That would be a salvation for the federal budget.

Secondly, this blockade of 143 million has been lifted. For the first time in this year we have fulfilled a quota of 502 million, but since there are 140 million less that means that last month there was 350 million. So, Moma is right – the Army is in a worse situation.

Momir BULATOVIĆ:

Is it true that the interest was calculated as well?

Radoje KONTIĆ:

Yes, it is true. The interest is a little bit more than 20 million. It was not only taken from the Army – 115 million were taken from the Army – but the federal budget was frozen for one week and 33 million of interest was paid. I do not know if this is true. I did not check that. They even calculated the interest of 0.4% per day, but that is not important at this moment!

Thirdly, according to your conclusion from the last time, the Army receives salary now with the delay of one month. We paid off their salaries yesterday – the first half for the month of August.

21.

Slobodan MILOŠEVIĆ:

Today is 4 September– and they received salaries for August?!

Radoje KONTIĆ:

Yes, but for the first half of August – which means that they are late for one month. We adjust to what we have concluded. Military retirement allowances have not been paid off, yet. So, they are also late for more than a month.

Slobodan MILOŠEVIĆ:

Rajo, we paid off the police for the second half of June only! The last payment that our police received was for the second half of June! And they received salaries for the first half of August!?

Radoje KONTIĆ:

Yes, but we acted upon your decisions – we are one month late. We cannot be late for two months at the same time!

Slobodan MILOŠEVIĆ:

Absolutely no! But, how comes that they are late for one month when they received salaries for the first half of August? This means that they were paid off as of 15 August?

Radoje KONTIĆ:

Yes, the Army, but not the retirement allowances, yet.

Momir BULATOVIĆ:

The Army always receive salary in advance.

Momčilo PERIŠIĆ:

No, not in advance!

Zoran LILIĆ:

Momir is right: on 4 August the Army received salary for the first half of August, which is in advance!

Radoje KONTIĆ:

Second question about which we argue now in the Federal Government: a month ago the Federal Government increased some coefficients to some categories of employees.

22.

That increment was of approximately 10%. Unfortunately, that is one of the rare materials that I have not read. I did not preside that session. That was increased to some categories: us, him, me (addresses the presidents). Pavle did not get any increment. And now, on the basis of that increment, the Army has concluded that they should increase their salaries for 10%! That is now before the Federal Government. In order to achieve that, they need 230 million more by the end of this year.

Zoran LILIĆ:

Is that with the Army included or excluded?

Radoje KONTIĆ:

Only the Army; the Administration is 5 to 6 thousand people and that is a small amount of money. So, we would need 460 millions for one year. When I saw that, I have to admit that I almost fainted – where shall we get the money from!?

The Army has now transferred from the other amounts. It has redistributed the budget, which drove me crazy. For, if we transfer the money required for the food, weapons and equipment to this side, which usually was 50:50 percent, we cannot give the food to the Army anymore!

I have to admit that I do not know what to do with this?

And the last thing, I think that there is no chance to realise the federal budget by the end of the year? I talk about turnover tax and excise duties in particular.

As for the customs duties, it is all right; taxes are all right but there are no excise duties and turnover taxes. My calculation shows that we need approximately 27 millions per day till the end of this year in order to release the federal budget. The Army currently owes 600 million. We owe 100 to 200 millions to the Republics, not through the Army, but directly.

According to me, we will lose half a billion dinars in comparison to what we planned at the end of year.

23.

Slobodan MILOŠEVIĆ:

What is the total amount?

Momčilo PERIŠIĆ:

Total budget is 4 billion and 250 million and we are missing 2 billion and 100 million. This means that by the end of year, we need to finance 50% of the approved budget more. I agree that there is no chance to achieve that with this tempo. At the end of year we will have huge debts, which we will again be transferred to the next year.

I support the idea that our vital functions should not be endangered. I ask you to find a way to solve that problem. I agree and support the idea of strengthening the combat readiness and not to increase salary to an officer because of the standard, etc. We are not here for ourselves but for the safety of the country.

I support the idea not to increase salaries, but they should remain as they are in all other structures as well, and for us to continue financing important functions. I ask for the inflow to be increased. Otherwise we will finish this year with one billion of debt!

Slobodan MILOŠEVIĆ:

You calculate that the budget is missing half a billion, which means that the Army is missing 400 million. That is not that awful at all!

Radoje KONTIĆ:

But, salaries must not be raised.

Pavle BULATOVIĆ:

“Imlek” claims 7.5 million dinars and that is the only organisation that does not complain!? Unbelievable! Others claim 500 thousand and they complain.

Slobodan MILOŠEVIĆ:

Tell me, is the budget inflow improved now?

Radoje KONTIĆ:

I said that this is the first time in this year that we had an average planned inflow.

24.

Slobodan MILOŠEVIĆ:

KERTES told me that he certainly provided over the planned.

Radoje KONTIĆ:

Do we need to fight about KERTES so many times?! There is 135 million less than in previous months; five million per day! Might be, but it does not go to the federal budget?

Slobodan MILOŠEVIĆ:

Where does it go?

Radoje KONTIĆ:

I do not know, but that is not in the federal budget. Here is all information – that is not there! The customs duties are approximately on the level we planned.

Slobodan MILOŠEVIĆ:

That is what I am telling you.

Radoje KONTIĆ:

But, it is not more than we planned.

Slobodan MILOŠEVIĆ:

It will be even more.

Radoje KONTIĆ:

Taxes are that high, but turnover tax and excise duties are disaster!

Slobodan MILOŠEVIĆ:

The strongest is the fourth quarter. It has always been the strongest one.

25.

Radoje KONTIĆ:

If they get their salaries increase there is no chance to achieve that.

Slobodan MILOŠEVIĆ:

The salaries cannot be increased.

Radoje KONTIĆ:

That is over, they had made a decision. After I came back from leave, I stopped that.

Slobodan MILOŠEVIĆ:

That mistake that occurred in your Government with the increment of salaries, has to be immediately transferred to the Army?

Zoran LILIĆ:

Yes, and you should also give back the increment for the administration.

Radoje KONTIĆ:

How can I give it back?! The Army proposes their salaries to be linearly increased. A colonel will have bigger salary now than the Prime Minister.

Momčilo PERIŠIĆ:

He will not have bigger salary.

Radoje KONTIĆ:

How comes?!

Slobodan MILOŠEVIĆ:

Momo, how big is your salary?

Momčilo PERIŠIĆ:

My salary is smaller than any of yours here and I have nothing else besides the salary.



Slobodan MILOŠEVIĆ:

And, we “have”, we receive, we “moonlight”, we clean the windows on buildings.

26.

Radoje KONTIĆ:

Momo, every Colonel has bigger salary than mine. Not the basic one but the salary!

Momčilo PERIŠIĆ:

No, he does not have.

Radoje KONTIĆ:

Yes, he has, Momo – with a troop allowance and all other allowances.

Slobodan MILOŠEVIĆ:

How much is the salary of a colonel?

Radoje KONTIĆ:

He has 2700 dinars and he has 200 to 300 dinars of allowances. This means that he has 3000 dinars!

Momčilo PERIŠIĆ:

I have less than 3000 dinars, but it is not me who is important here.

Zoran LILIĆ:

Momo, that is without any allowance?!

Momčilo PERIŠIĆ:

He does not have that much!

Radoje KONTIĆ:

Momo, please do not say that – there is 30% of this allowance and 70% of that allowance!

Slobodan MILOŠEVIĆ:

Momo, when we started the Program in 1994, your salary was 3 marks /?Deutsche Marks/ and you said that you would be happy when you have 60 marks, and now you have 1000 marks!

27.

Radoje KONTIĆ:

We had made a huge mistake at that time for listening to AVRAMOVIĆ who constantly talked that “big salaries would rise up the manufacture!” Branko CRVENKOVSKI laughed at me yesterday saying: “Where did you get the idea of that great reformer AVRAMOVIĆ of yours?”

Slobodan MILOŠEVIĆ:

I think that the average salary in Belgrade is 825 dinars and 650 in Yugoslavia. Our lowest non-commissioned officer has a bigger salary than the average salary!

Zoran LILIĆ:

I think that we can conclude the following:

We have got information. We task the Ministry of Defence and Federal Government to consider this problem in details.

Slobodan MILOŠEVIĆ:

And, do not increase salaries!

Zoran LILIĆ:

Yes, and to give back these salaries that have been increased.

Slobodan MILOŠEVIĆ:

Mr President, is it possible that our Inspection for Control of Weapons that goes to Republika Srpska, recognises the Deputy of the OEBS /Organisation for Security and Co-operation in Europe/? For, all other Commissions have recognised him. Only our Commission has not recognised him? There are opinions that we should not recognise him since we are not a member state of the OEBS.

Zoran LILIĆ:

And then we recognise him – upon the proposal of the MIP /Ministry of Foreign Affairs/!

Momir BULATOVIĆ:

That is a consisting part of the Dayton agreement and not the OEBS.

Zoran LILIĆ:

Yes, we absolutely accept everything that concerns Dayton Agreement and that has to be implemented accordingly. That is valid for both the Commission and monitors, for everything that is in accordance with the Dayton Agreement. We had also made that decision earlier.

Hereby we would complete official part of session.

(The session was completed at 1510 hrs).

(The consisting part of these shorthand notes is a press release of this session).