

SHORTHAND MINUTES

of the 22nd session

OF THE SUPREME DEFENCE COUNCIL

held in Dobanovci on 11 July 1994

The session started at 1640 hrs.

The following were in attendance: Zoran LILIĆ, President of the Federal Republic of Yugoslavia /FRY/ and President of the Supreme Defence Council; Slobodan MILOŠEVIĆ, President of the Republic of Serbia, and Momir BULATOVIĆ, President of the Republic of Montenegro – members of the Supreme Defence Council; Radoje KONTIĆ, Prime Minister of the Federal Government; Pavle BULATOVIĆ, Federal Defence Minister; Colonel-General Momčilo PERIŠIĆ, Chief of the Yugoslav Army /VJ/ General Staff; and Major-General Slavko KRIVOŠIJA, Chief of the FRY President's Military Office.

(Shorthand minutes taken by Jordan ŽIVANOVIĆ, senior conference stenographer in the FRY President's Office).

The session was chaired by Zoran LILIĆ, President of the Supreme Defence Council.

ZORAN LILIĆ:

I propose that we start working.

Before we move to discuss the agenda, I would like to ask you whether there are any objections to the minutes from the 21st session of the Supreme Defence Council? (No).

According to me, the minutes are completely correct.

That means that we have adopted the minutes from the 21st session.

For the session today you have received a proposal of the following

A g e n d a

1. VJ FINANCING

2. CURRENT ISSUES

Under current issues there are a few things on which, in my opinion, we shall agree fairly quickly:

- /?Rules/ of Military Discipline
- Cooperation with the People's Republic of China in the development and production of a 1220 horse power modular propulsion system
- Potential procurement of weapons from Russia.

I would leave one issue for the end: General PERIŠIĆ should brief us, as much as possible, on the consistency of reports that our units were on the territory of the former Republic of Macedonia – is that true and is there an adequate order from our side?

Are there any other proposals for Current Issues?

MOMČILO PERIŠIĆ:

Here I have some personnel issues, issues in connection with the Republika Srpska and the Republic of Serbian Krajina /RSK/.

ZORAN LILIĆ:

I propose to leave that for the end, because Presidents MILOŠEVIĆ and BULATOVIĆ do not have those documents. General PERIŠIĆ will present it.

That also includes the appointment of military attaches; Presidents MILOŠEVIĆ and BULATOVIĆ have not received those documents either, but that will also be presented by General PERIŠIĆ.

RADOJE KONTIĆ:

I would have something for the Current Issues, but let's not formally include this in the agenda for the time being.

ZORAN LILIĆ:

Fine, let's move to discuss the first item on the agenda:

1. VJ FINANCING

I give floor to Defence Minister Pavle BULATOVIĆ.

PAVLE BULATOVIĆ:

Presidents, at the last session of the Supreme Defence Council General PERIŠIĆ outlined problems in the financing of the VJ in the second half of this year, levels of basic weapon supplies, military equipment supplies, issues in connection with quartermaster supplies and VJ's medical support.

In the meantime, it has been concluded that we are short of 436 million dinars, according to the General Staff estimates, in order to ensure the minimal functioning of the VJ until the end of the year. The share of salaries and pensions in that 436-million deficit was 189 million, counting by the 50-dinar salary base.

After that session a meeting with the prime ministers of the Serbian and Montenegrin governments was held, as well as a session of the Federal Government at which it was agreed – at the recommendation of the Supreme Defence Council – that there would be no monetization of the deficit in relation to the proposed budget.

In line with the harmonisation of salaries and pensions in FRY's state administration, the salary base has been increased from 50 to 81 dinars. This has led to the increase in the deficit for salaries and pensions by an additional 46 million dinars. That means that the overall deficit for that item is 235 million dinars.

Several rounds of talks and meetings between the ministry and the General Staff were held in order to cover that deficit. The only possible thing was to redistribute the funds that have already been approved. A proposal was put forward to cover that deficit by reducing certain items in budget which has already been drawn-up and approved. Naturally, this now has an impact on the combat readiness of the units and the entire VJ.

Given that a reduction has taken place in salary coefficients as defined in the Law on the VJ, whose Article 75 says that the overall funds for salaries and pensions may not be lower than three, nor higher than five average net salaries paid out in one of the member republics – in keeping with this the Federal Government adopted a decree saying that for professional servicemen this coefficient is 4 and for civilians 2.8 - which means that in relation to the law-prescribed coefficient it was reduced by 20 per cent when the decree was adopted; now, in the wake of the decision that there

would be no budgetary financing by creating a deficit, it was reduced from four to three for professional servicemen or to 2.11 for civilians working in the VJ – this has created the additional 46-million dinar deficit, which was covered by the following proposal:

- to reduce the items for weapons and military equipment by 28 million dinars, for technical support by 6 /million dinars/, training by 7 and medical support by 5 million dinars. That means that the item for weapons and military equipment was reduced by 78 million dinars.

General PERIŠIĆ will certainly talk about the consequences. A question has now arisen as to how it is possible to alleviate these consequences? We have tried to formulate some proposals and I daresay that in my opinion only two realistic proposals are possible:

- that the Federal Government adopts a decision that income generated by the VJ above the amount which in the 1994 budget was set at 10 million dinars be placed at the disposal of the VJ, although I believe that this sum cannot more significantly improve some items in terms of financing;

- second, it is possible that funds which have been found in a subsequent inspection of the SDPR / Federal Directorate of Supply and Procurement/ so far, amounting to 22.5 million dollars, or 37 million dinars, should they be effectively available, will be used for this purpose. However, which is the final consequence of this? It is that the funds from the budget which were intended for the equipment and modernization of the VJ during 1991 and 1992 for certain reasons – one of the explanations are the sanctions – that import did not happen; therefore, material funds for certain items were reduced /as printed/. These funds are now being reused for personal incomes. This means that in a lengthy three-year period these items were

reduced and material upgrading is again not being carried out, as these funds are used for personal incomes.

I think that that these other proposals in connection with the changes in the structure of financing the federal budget in the sense of changing the proportion in the sales tax will be difficult to pass and that the republics will not accept such a mechanism of change.

Also, I don't believe it would be realistic at present to go ahead with the revision of the federal budget or FRY's possible borrowing from the National Bank.

Therefore, a completely open issue remains as to how to close the deficit by the end of the year with the current level of salaries and pensions, because this item in the current budget will be empty with the August pay-out; only 15 million dinars for salaries and pensions remains for August, while the monthly fund is around 46 million. Naturally, it is possible to carry the December salary to 1995, as it was done in 1993. That also happened in 1993 when the December salary was paid out in January /1994/ and was part of the following year's budget.

However, the consequences for combat readiness are huge, because we are giving up the procurement of 23.500 tonnes of diesel and the procurement of 8,000 tonnes of kerosene. By giving this up we have been reduced from being able to engage in war over 15 days to two days, which is worrying, but in this situation it was impossible to find another source of income from the existing planned funds.

By 1 July 41.2 per cent of the military budget had been used; for the forthcoming quarter the amount of 340 million has been planned; this means that if the salary and pension fund is 46 million, what remains for financing is 125 dinars /as printed/. The VJ's the current daily debt to the commercial sector is 53 million.

SLOBODAN MILOŠEVIĆ:

How many active servicemen and military pensioners do we have?

RADOJE KONTIĆ:

Around 120,000.

MOMČILO PERIŠIĆ:

Mr President, it has been planned, once the transformation is over, to have a total of 125,600 people in the VJ, including 12,000 officers in the VJ and 691 officer in the Ministry of Defence; 8,000 non-commissioned officers in the VJ and 53 in the ministry; 17,000 civilians in the army and 2,000 in the ministry. That is our plan.

Currently, in both structures there are 97,470 people – which is far below the projected number, of which there should be 15,000 officers in the army, but there are 12,000; there should be 11,000 non-commissioned officers, but there are 8,000; there should be 18,886 civilians, but there are 17,642; there should be 65,000 conscripts when the cycle is complete, currently there are 40,000; there should be 24,000 soldiers under contract, but currently there are 11,000. In the reserve force every month we should have 20,600 people, but we have only 6,000, because through rationalization at the beginning we reduced the force by 15,000.

This means that in total we should have 89,000 people, but we have 57,000 in our military force.

As for the reduction in the number of people in comparison with the projected number, nothing will happen. I should add here that in addition to these we also maintain: 4,173 salaried persons in the Republika Srpska, including 1,358 officers, 863 non-commissioned officers, 1,652 civilians and 300 soldiers under contract. In

the Republic of Serbian Krajina we maintain 1,474 persons, including 275 officers, 242 non-commissioned officers, 253 civilians and four soldiers under contract.

SLOBODAN MILOŠEVIĆ:

How many pensioners are there?

MOMČILO PERIŠIĆ:

Around 55,000.

RADOJE KONTIĆ:

In total that is around 120,000. Pavle, the amount for monthly personal income is high. That does not work! That can never be 46 million!

SLOBODAN MILOŠEVIĆ:

I was wondering myself! That can't be 46 million.

PAVLE BULATOVIĆ:

These are salaries, pensions and all personal income!

RADOJE KONTIĆ:

They may be, but still this is not true!

SLOBODAN MILOŠEVIĆ:

That is around 400 dinars a month per person?

RADOJE KONTIĆ:

That is surely where the mistake is!

PAVLE BULATOVIĆ:

There can be no mistake!

RADOJE KONTIĆ:

There is surely mistaken by 20 to 30 per cent!

SLOBODAN MILOŠEVIĆ:

What is the relation between gross and net?

RADOJE KONTIĆ:

One to one.

SLOBODAN MILOŠEVIĆ:

That is one third more.

RADOJE KONTIĆ:

I think that you have made a mistake when calculating with the 81-dinar salary base, because the base for the federal administration is not 81, but we have reduced the coefficients by 30 to 40 per cent. Our base in the Federal Government is 50 dinars. We reduced the coefficients by 30 to 40 per cent and then we used the 81 dinar base. You should have calculated it with the 50 dinar base, because you did not touch your coefficients.

PAVLE BULATOVIĆ:

What do you mean we didn't touch the coefficients?

RADOJE KONTIĆ:

When did you reduce the coefficients?

PAVLE BULATOVIĆ:

They were reduced by decree from 5 to 4.

RADOJE KONTIĆ:

No, that's a different thing that was reduced by decree!

PAVLE BULATOVIĆ:

And now they have been reduced, after that, from 4 to 3.

RADOJE KONTIĆ:

I don't know that, who has reduced them?

PAVLE BULATOVIĆ:

We have.

RADOJE KONTIĆ:

Who – the Army reduced them on their own? The government did not reduce them.

PAVLE BULATOVIĆ:

We have reduced them from 4 to 3 in order to fit into this deficit.

SLOBODAN MILOŠEVIĆ:

There is more than one third of the funds here. Because, if the average is 150, times 2, that is 300 – it means, that is 30 million instead of 46!

Something is wrong there.

PAVLE BULATOVIĆ:

For May, when the base was 50 dinars, 12.5 million was given for net salaries; 6.18 million for other personal income - reserve force, soldiers' income and payment of expenses; 16.2 million for taxes and contributions. That is 34.88 million in total.

RADOJE KONTIĆ:

That is correct –these were May salaries. The same was in June. There were no salary increases in the government from May to June, we have only changed the coefficients. I said that last time too – there is no possibility for a further salary increase.

PAVLE BULATOVIĆ:

Army pensions are 10.7 million. That is how much it was in May. In total that is 44.95 million – salaries and pensions.

RADOJE KONTIĆ:

Nevertheless, something does not work there! That is your base of 81 dinars, not 50 dinars. Divide this by the number of employees, and you will get the average. If you calculate it, the Army average is over 200 dinars!

PAVLE BULATOVIĆ:

The average is around 260 dinars.

RADOJE KONTIĆ:

That is another thing, but I don't know how such an average was arrived at. That is twice as high as in Yugoslavia's commercial sector.

PAVLE BULATOVIĆ:

The average pension is also high – around 240 dinars.

RADOJE KONTIĆ:

That is impossible, in Serbia it was 133 dinars!

Moma, how much was your salary in May?

MOMČILO PERIŠIĆ:

Around 400 and something dinars.

RADOJE KONTIĆ:

Pavle, what are you talking about – how did you arrive at that average then? The salary of a minister in the federal government without work experience is 420

dinars. The average in the army is 240 dinars. We have frozen everything at the May level.

PAVLE BULATOVIĆ:

On 30 June 1994 the average pension was 264.5 dinars!

RADOJE KONTIĆ:

That is impossible – something doesn't work there!

PAVLE BULATOVIĆ:

I requested information today and got it from the Social Welfare Bureau.

SLOBODAN MILOŠEVIĆ:

No, that can't be true. We have been in the finances over the past 30 years.

The number of people divided by 50 million gives an amount higher than is possible to have the average salary or pension. Raja and I have estimated that this has gone up by one third, although we had not discussed it. That can't be true!

Your information is not true! It would be true if the average net salary and pension in the army were 250 dinars, it can't be like that, because both in the commercial and non-commercial sectors, in the health service, education and everywhere else, it is not that high. As we can see, the salary of the chief of the General Staff confirms this. If it were so, his salary would have to be 1,000 dinars.

Therefore, there is an accounting error there. I wonder - for how much longer will these accounts be unclear? I don't understand, why can't we get correct information? These totals do not mean anything if we don't have correct information.

RADOJE KONTIĆ:

For reaching conclusions today there is no need to exhaust ourselves too much with how much the average is. We have a total sum. We have agreed that the total sum cannot be different from May.

SLOBODAN MILOŠEVIĆ:

That does not spoil anything, in June prices dropped by 1.4. How much was paid out in May?

PAVLE BULATOVIĆ:

That was 34.8 million.

RADOJE KONTIĆ:

What expenses do you calculate in the salaries?

PAVLE BULATOVIĆ:

Well, the separation allowance.

RADOJE KONTIĆ:

These are not expenses.

PAVLE BULATOVIĆ:

It is not a salary, but it is a personal payment.

RADOJE KONTIĆ:

That is 35 million. How many salaried soldiers do you have?

ZORAN LILIĆ:

There are around 57,000.

MOMČILO PERIŠIĆ:

Not that many, together with Krajinas there are around 55,000.

RADOJE KONTIĆ:

35 million divided by 60 thousand makes 600 dinars gross salary per person. Come on people, something is not correct here, that gives a net salary of 300 dinars.

SLOBODAN MILOŠEVIĆ:

Simply speaking the information is illogical. When you divide the average salary with the number of employees you do not arrive at those figures. According to these figures it would turn out that the net salary is 360 dinars, which can't be true.

Pavle, this information can't be true!

ZORAN LILIĆ:

I really don't know any more how to request information. We have said that a joint report should be produced by the Ministry's Finance and Budget Administration

and the 5th Administration of the General Staff. That has been done and this is their joint report.

RADOJE KONTIĆ:

Let's leave the average for the time being. It is important to see whether we stand by the commitment that the total of funds paid out in June is a de facto frozen total of funds. That is the most important thing. The same goes for July, August and September.

ZORAN LILIĆ:

That means that the amount paid out in May remains in June, and you can change that through your internal redistribution.

RADOJE KONTIĆ:

The 180 million that we ought to find through internal redistribution can't be found through an increase in budgetary expenditure, nor through the revision of the budget, we have to find this through other items. The third problem is a budgetary deficit amounting to 100 million dinars for the second half of the year. These are the three problems that we need to resolve.

SLOBODAN MILOŠEVIĆ:

The 100-million deficit is not a problem we need to "wreck our brains about". That problem has to be resolved. It is not a problem!

RADOJE KONTIĆ:

I have an additional proposal regarding all this.

We shouldn't forget that Russians owe us 1.5 billion dollars, whose monetary effects have completely been eliminated. You have written in that report: "We shall demand to pay our companies". There is nothing like that, our companies have been paid. The only thing that remains is that this has not been resolved through the division of assets. That is federal revenue. All our companies that had exported to the USSR received those funds amounting to 1.5 billion dollars and that is clear federal revenue.

We could, if the Russians are keen to give us something for this money, to write off and say: this is neither budget nor outside the budget, but we have 20 million, 30 million, we import that and say: "Brothers, this has reduced your debt by 30 million," and then write it off. The other option is to take a loan for the Army.

SLOBODAN MILOŠEVIĆ:

The Army should not become a debtor.

RADOJE KONTIĆ:

Fine, but this is an option that we can seriously think about - if the Russians are keen to give us that.

SLOBODAN MILOŠEVIĆ:

They will probably give us something!

RADOJE KONTIĆ:

If they gave us something that would be clear gain. From that letter I have understood that the Russians are ready to do so. That is the only solution.

As for the excise tax, I think that a proposal should be made –there is no excise tax in Montenegro – that the Army should not pay excise tax. Therefore, the Army should import oil for its needs without the excise tax.

SLOBODAN MILOŠEVIĆ:

We should approve that.

MOMČILO PERIŠIĆ:

It would be good to exempt us from tax too.

SLOBODAN MILOŠEVIĆ:

Which tax?

MOMČILO PERIŠIĆ:

On all goods and services!

RADOJE KONTIĆ:

That would be slightly more difficult.

SLOBODAN MILOŠEVIĆ:

There can be no exemption from paying tax.

RADOJE KONTIĆ:

The revenue is the revenue of the republics.

MOMČILO PERIŠIĆ:

The minister presented this well in terms of how to find compensation for it. But this means that nothing else can be set aside for equipment and weapons, we cannot buy anything. That means that our production will be halted; people have been sent on annual leave and have been given the minimum salary. It means that they are spending and not doing anything. Why wouldn't they produce something for the army for that money which is given to them anyway?

Second, strategic war reserves are at a minimum. We have 110 per cent of infantry weapons, only 60 per cent for anti-armour artillery, for fire support only 46 per cent, for combat vehicles 45 per cent, for PVO /anti-aircraft defence/ missile systems 107 per cent, because we haven't used a single one, we will not give them to those over there, while the air treat is great, and for barrel weapons we have 49 per cent.

As for fuels, petrol 44 per cent, D-2 only 21 per cent; that is a huge problem.

SLOBODAN MILOŠEVIĆ:

What is the envisaged figure for D-2?

MOMČILO PERIŠIĆ:

Around 100,000 tonnes, and we have around 30,000 tonnes.

We have only 8 per cent of jet engine fuel, 46 per cent of fuel; 100 per cent food in troop reserves, 80 per cent at the army level and zero per cent in the Supreme Command.

ZORAN LILIĆ:

This means that in terms of food, clothing and footwear we have an increase on last month, this means a slight improvement in reserves?

MOMČILO PERIŠIĆ:

Yes, I don't want to bore you with details. The problem is as follows: if the level of threat of war is huge, and strategic war reserves are at a minimum, we should focus on that. This means that there is no longer production for the needs of the army, nor for the replenishment of reserves, which has an extreme impact on combat readiness.

As for salaries, they should be frozen, the same as in the non-military sector, there should be no difference there. If the average in the non-military sector is one dinar, the same should go for the Army!

As for the deficit, if only it were lower than 100 million by the end of the year I would be full of joy, but according to our calculations the deficit will be around 200 million by the end of the year, on condition that salaries are put back at the May level.

RADOJE KONTIĆ:

General, what do you mean when you say deficit?

MOMČILO PERIŠIĆ:

What we have spent, but have nothing to pay with!

RADOJE KONTIĆ:

That is not deficit; this means that the budgetary expenditure is higher by that amount. The deficit is much higher!

Things are being mixed up here. The budgetary expenditure and the budgetary revenue may only be changed by a decision of the Assembly!

MOMČILO PERIŠIĆ:

Mr President, we started with the salary base of 35 dinars, and reached 81 dinars. What do you mean there is no expenditure?

RADOJE KONTIĆ:

We haven't reached 81 dinars, but 50 dinars.

MOMČILO PERIŠIĆ:

The excise duty and sales tax haven't been calculated, which the Army did not pay and is paying now.

ZORAN LILIĆ:

Do you have calculations as to what you would get if the sales tax and excise duty were to be abolished?

RADOJE KONTIĆ:

Mr President, we are discussing certain issues in a wrong way. There can be no increase in budgetary expenditure, there can be no increase in budgetary revenue without the Assembly's decision – revenue can only be smaller. It can't be, definitely can't be!

Therefore, this year we have 1,260 million for the Army and that's it. This can't be 1,270 million – the 10 million can't go without the Assembly. In the first six months of the year we had a 20 per cent reduction and thus saved some 110 million dinars. If we continue in the second half of the year with the 20 per cent, we will eliminate the deficit. If we do not have the 20 per cent, then we have to obtain the 110 million from somewhere – that is it!

As for salary increases, there can only be redistribution within this figure – reduce one item, increase another, nothing else!

MOMČILO PERIŠIĆ:

That's what I am talking about. We have covered what has been spent so far. Look, we are dropping 78 million from the procurement of weapons and military equipment, we are dropping 40 million from the strategic war reserves and all this put together amounts to 235 million.

I am talking about the following thing: if we do this our combat readiness will be at an exceptionally low level.

SLOBODAN MILOŠEVIĆ:

How much was spent over five months.

PAVLE BULATOVIĆ:

In total around 415 million dinars has been spent.

RADOJE KONTIĆ:

I have information for seven months.

SLOBODAN MILOŠEVIĆ:

You see, 415 million for five months; this figure translated into six months is 500 million, times two – that is a billion, and they have a budget of 1,260 million!?

MOMČILO PERIŠIĆ:

The problem lies in the following thing: most of the debt incurred has not been paid, because for strategic reserves we don't have to make a payment for everything they produce in June, but we pay before the end of the year. I have information here exactly how much was spent.

SLOBODAN MILOŠEVIĆ:

Moma, if your spending in the first six months is half a billion, there should be another half a billion for the second half and you are left with another 200 million to cover what you are talking about.

MOMČILO PERIŠIĆ:

That means that nothing can be produced and nothing procured.

SLOBODAN MILOŠEVIĆ:

That is not true – you have 200 million!

MOMČILO PERIŠIĆ:

Today we owe 65 million.

ZORAN LILIĆ:

We also brought forward 50 million from last year.

SLOBODAN MILOŠEVIĆ:

When I look at cash money, it is completely clear what is happening. If 415 million is for five months, one fifth of this is 80 million, and that is 496 million for half a year. For one year that is 992 million. They have 1,264 million. They have 266 million over that. This means that in order to secure the completely normal financing of the army, as was the case in the first six months, there are 266 million which cover their current debts of 60 million immediately and 200 million remain to cover other needs.

MOMČILO PERIŠIĆ:

That means that we cannot procure anything else!

RADOJE KONTIĆ:

All this on condition that we cover the 100 million deficit; that means that we don't have 110 million as budgetary revenue, that is budgetary expenditure.

This is the third option about which I have been speaking. If despite this the Supreme Defence Council believes that something has to be done, then it can be done in two ways:

- What Russia owes us, as this is revenue of the federation, something should be bought for the Army with it and it should be written off – this means it would go without the budget, no Assembly, nothing, it will simply be written off.

- Second, it should be compensated through the SDPR.

SLOBODAN MILOŠEVIĆ:

Both of them!

RADOJE KONTIĆ:

Yes, both of them. These are the only ways, there no other ways, apart from going to the Assembly. I can assure you that nothing will pass through the Assembly, let's not even think about it!

Third, the Army should be exempted from paying the excise duty.

SLOBODAN MILOŠEVIĆ:

How much have they been paying in excise duty so far?

RADOJE KONTIĆ:

The excise duty is 100 per cent. That is why they have halted their imports.

ZORAN LILIĆ:

I don't think that abolishing the excise duty is contentious.

SLOBODAN MILOŠEVIĆ:

They should be allowed to do this to import fuel; they should not pay the excise duty.

ZORAN LILIĆ:

Second, this in connection with Russia should be done, also linked with the SDPR.

I would also like to put forward what Minister BULATOVIĆ has said, to launch an initiative for changing the Law on the Financing of the FRY, for the income generated by the VJ to remain its own.

RADOJE KONTIĆ:

This has no purpose!

ZORAN LILIĆ:

I have been told at the VMA /Military Medical Academy/ that they were preparing an operation that costs 10,000 DM; they charge 50,000 marks, you take it from them, and this means that you also took from them the money they had spent for the preparation of the operation.

RADOJE KONTIĆ:

Well, it can't be otherwise!

SLOBODAN MILOŠEVIĆ:

He is only following his logic that he finances them from the budget and all their income is income for the budget.

RADOJE KONTIĆ:

All their income is my income; we can't do anything else.

ZORAN LILIĆ:

Then they are not motivated to work.

RADOJE KONTIĆ:

That is a question of motivation, because then they will spend my money and earn money for themselves; they will receive salaries, expenses will be paid and I will have to give money from the budget. We must not accept that. This is not the case here only, it is the case everywhere else. Take the SUKL /Federal Air Traffic Control Administration/ for example – annually they earn between five and seven million dollars. Imagine if they kept that money.

MOMČILO PERIŠIĆ:

I have reduced medical support by five million dinars. That means that the manpower will not perform operations because there is no material.

MOMIR BULATOVIĆ:

I have to admit that I am already tired. This is the third or the fourth time that we are discussing this. To be honest, I don't understand these figures. Let me just give you a brief illustration. I have read in the reports, doesn't matter who drew them up: "For salaries, allowances and other personal income of those employed in the Army and for military pensions – at the salary base of 50 dinars –additional funds in the amount of 189 million dinars are needed. When the salary base is 81 dinars it is necessary to provide 384 million." That means that for an increase of 60 per cent an increase of 200 per cent is needed. This essentially "does not hold water"!

PAVLE BULATOVIĆ:

This is not an increase, this is a total.

MOMIR BULATOVIĆ:

It says here: “for this purpose there will be a shortfall of 384 million dinars”.

With the increase from 50 to 81, that is 62 per cent, and if you increase the amount of 189 million by 62 per cent, you will get around 290 million!?

One should proceed from a conclusion of the Supreme Defence Council that the funds approved in the federal budget must not be exceeded – that is a conclusion by which we abide. I appreciate as realistic these two or three proposals made by Presidents LILIĆ, KONTIĆ and MILOŠEVIĆ. Let’s do it that way!

ZORAN LILIĆ:

We have no other sources.

MOMIR BULATOVIĆ:

If there is this possibility of a motivating aspect, that should be seen, although the logic of fiscal financing is the following: I take it from you today, tomorrow I give it all back to you, because I pay all your expenses.

ZORAN LILIĆ:

Moma, I agree, but he takes more from them than he gives them /VMA/!

MOMIR BULATOVIĆ:

It can't be the case, because the VMA would not exist if it did not receive a daily "infusion" from the budget.

SLOBODAN MILOŠEVIĆ:

The budget maintains the VMA irrespective of its own revenue and all VMA's revenue is revenue of the state budget.

MOMIR BULATOVIĆ:

He can give him a scale of incentives, because if the guy is really working then he should get compensation, because salary is also expenditure.

RADOJE KONTIĆ:

But then the "gamut" will include the Army, institutions for maritime navigation, for inland navigation, the Geomagnetic Institute etc.

SLOBODAN MILOŠEVIĆ:

Raja, we should not be afraid of logics! Because if that is so, they will have no incentive. You can decrease it for them through the budget.

RADOJE KONTIĆ:

It can't be done on an "either, or" principle. They /VMA/ can't take from the budget as much as they need and in addition to that earn money. That is out of the question. Gentlemen, then we could move to profit-making, and when we go there for treatment we shall have to pay for it!

SLOBODAN MILOŠEVIĆ:

Raja, perhaps you should think about this: not to take it from them /VMA/, but to calculate their income and reduce the amount they are financed from the budget by that much.

RADOJE KONTIĆ:

That's another matter!

SLOBODAN MILOŠEVIĆ:

But I suggest you don't reduce it by that much, maybe by 90 per cent, let them have 10 per cent to motivate them to earn more. This is how you will relieve the tax burden better. Not that they /VMA/ should pay you and then you pay them back, but what they register as their income, by that much you reduce the amount they are financed from the budget, not by that much, but by 90 per cent. Then it will be the same, they will be encouraged and will be better paid.

PAVLE BULATOVIĆ:

Is it possible to do that in the current fiscal year?

RADOJE KONTIĆ:

No!

SLOBODAN MILOŠEVIĆ:

I think it is possible because that is how he will reduce their expenditure from the budget.

RADOJE KONTIĆ:

That could be some extra-budgetary revenue, but through the budget it isn't.

SLOBODAN MILOŠEVIĆ:

You reduce the amount with which you finance them /VMA/ from the budget by that much. Therefore, it is always possible to go for less. If you give them the entire amount and calculate the reduction by 0.9 per cent, that is a sort of incentive. Raja, think about this!

RADOJE KONTIĆ:

This is indeed a problem that I have noticed, but it is comprehensive. It should be resolved in a principled way, so that it should not happen that it /VMA/ relies on the budget, that it spends money while turning completely to the other side, neglecting the duties for which it has been established and for which it receives funding from the budget. I think that the problem exists realistically and that we should fully analyse it.

MOMIR BULATOVIĆ:

There is a possibility of incentives. That is best resolved through two payments: one is into the budget, as much as it costs, and the other one is what you pay for development of the VMA or some other institution.

RADOJE KONTIĆ:

That is how we normally give it.

SLOBODAN MILOŠEVIĆ:

Result is the same, but it should be seen what is more practical.

RADOJE KONTIĆ:

That will be regulated in a different way. For example, the SUKL brings in a lot of money into the budget.

SLOBODAN MILOŠEVIĆ:

It's not bringing in anything, because they are not flying.

RADOJE KONTIĆ:

Not at the moment, but annually there is between five and seven million dollars.

SLOBODAN MILOŠEVIĆ:

Ask them to pay here; who does not pay here cannot fly.

RADOJE KONTIĆ:

Between 150 and 200 airplanes fly over every day.

SLOBODAN MILOŠEVIĆ:

Of what use is it when they are paying it into a different account.

RADOJE KONTIĆ:

Yes, but in the future that will be unblocked.

SLOBODAN MILOŠEVIĆ:

Forget that better future!

How much money is there?

RADOJE KONTIĆ:

I think something close to 100 million dollars.

SLOBODAN MILOŠEVIĆ:

It is a pity for this to be blocked.

RADOJE KONTIĆ:

It can't be blocked without sanctions. We are working with double tariffs and a discount. We agreed this at the last session: those who bring money into Yugoslavia have a 10 per cent discount on the tariff. On this basis we already have 1.5 million dollars.

ZORAN LILIĆ:

I suggest that we reach conclusions.

Can we confirm our previous conclusion that the funds approved in the federal budget must not exceeded, that the excise duty on oil and oil derivatives should be abolished? (Approval)

SLOBODAN MILOŠEVIĆ:

That is authorisation to the Army that it may import oil for its needs.

ZORAN LILIĆ:

Then, that the National Bank of Yugoslavia should offer assistance to the Army to collect its debit claims from the SDPR, which I believe is going in the right direction – that is 22.5 million.

SLOBODAN MILOŠEVIĆ:

Raja, according to the current state of affairs, who appoints the SDPR director?

RADOJE KONTIĆ:

He is appointed by the Federal Government!

SLOBODAN MILOŠEVIĆ:

Change the director!

ZORAN LILIĆ:

This one was appointed illegally, in effect – he has not been appointed yet!

RADOJE KONTIĆ:

I am waiting for the court to cancel it!

SLOBODAN MILOŠEVIĆ:

What are you waiting for if the Federal Government appoints the director under the current law? Perhaps you will find it easier if you had a director of the SDPR.

RADOJE KONTIĆ:

I agree – who shall we appoint? Agree on who to appoint and we shall appoint him! The three of you can give me the name this evening, I have a government session on Thursday.

ZORAN LILIĆ:

Have you proposed some debit claims?

RADOJE KONTIĆ:

I have put forward a proposal for debit claims from the USSR, let's see whether they will give us something to reduce the balance.

SLOBODAN MILOŠEVIĆ:

As the USSR no longer exists, they won't give anything!

MOMIR BULATOVIĆ:

There is an important item – we have been advised to ask for dinar backing; people have to know that all that has been paid, the state has paid all that. This is a clear gift which the state can give, that is no expenditure.

RADOJE KONTIĆ:

Yes, there are no monetary consequences there, no expenditure etc. That will be good if the Russians accept it.

ZORAN LILIĆ:

Fine, do you agree that we conclude this item, with these conclusions?

(Approval).

We are moving to the second item:

2. CURRENT ISSUES

First, we have draft proposal of rules on the changes and addenda to the military discipline rules.

Moma, have you got something to add?

MOMČILO PERIŠIĆ:

The draft was issued unsigned. These are only changes and addenda referring to soldiers under contract. There is no need to brief you into greater detail on this.

ZORAN LILIĆ:

Do I only need to sign it?

MOMČILO PERIŠIĆ:

Yes, if the Supreme /Defence/ Council agrees!

ZORAN LILIĆ:

Do you agree with it? (Approval).

The second thing is – a supplementary report on cooperation with the People's Republic of China on the development and production of a 1,200 horse power modular propulsion system, that is for our T-84 tank, for this new *Vihor /hurricane/*. Pavle, it's your turn.

PAVLE BULATOVIĆ:

This is an order from a Chinese company to send them two 1,200 horse power engines worth around 3.5 million dollars, which would give us a chance to complete work on this project. There are presumptions that they would buy around 300 of these engines, because China and Pakistan are in a kind of cooperation for developing the tank. While General PANIĆ was chief of the General Staff I think that a protocol on cooperation was signed and this is the result of these talks.

There is a danger that this will be taken and that there will be no further business – that they simply master their own production. They already have our 1,000 horse power engine. It has been said that there is a danger that engineers copy it and master its production, and then further cooperation will be discontinued.

MOMIR BULATOVIĆ:

Can these solutions be protected by a contract?

ZORAN LILIĆ:

The ministry can protect it when concluding the contract – protect the technical solutions. I think that we should enter into this deal with the Chinese.

SLOBODAN MILOŠEVIĆ:

There are instruments of protection there, standards etc. They will not do that, that's dirty business, even more so because they are going for a contact with us. If they did not go for a contract with us, then they would have "free hands". I don't think that the Chinese will do that. We should go for that job.

ZORAN LILIĆ:

That is also my opinion, in addition to what Momir has said.

SLOBODAN MILOŠEVIĆ:

They should be limited to not being able to do business with the Pakistanis during hostilities, because Pakistan is actively helping the Muslim side; they must not in any way make information on it available to them. They will accept that; they know how to trade with all. They will not overstep that!

ZORAN LILIĆ:

But, let's do all this once we appoint the new SDPR director, because this business will also go via them.

It means that we accept the proposal of the Ministry of Defence, with a remark that a contract should protect our interests and not to give information to Pakistan.

The third issue is cooperation with Russia.

PAVLE BULATOVIĆ:

That is what Prime Minister KONTIĆ has already said.

ZORAN LILIĆ:

Fine, let's accept that as Raja has proposed.

I had another couple of reports, I think that we should discuss them in particular.

Regarding the production of weapons and military equipment, you have received that report and there is no need for the general to present it specially. We can leave it for the next session as a report, should there be any objections.

Much more important is a note from a meeting between the ministers of defence of the Republika Srpska, of the RSK and our federal defence minister.

MOMIR BULATOVIĆ:

I didn't receive it!

ZORAN LILIĆ:

Fine, then only Minister BULATOVIĆ should brief us, and we should leave it for next session as a special issue, if necessary?

PAVLE BULATOVIĆ:

That was a meeting organized in line with a conclusion of the Supreme Defence Council. What we discussed was the issue of how the SRJ could help the Republika Srpska and the RSK.

In their demands they were precise and resolute in saying that unless they receive assistance this state will bear responsibility for their future. We did not write it down in the note in that way, but this was basically the gist of the talks.

RADOJE KONTIĆ:

That's pretty much the sense of the note.

SLOBODAN MILOŠEVIĆ:

It says here that the frontline is over 4,000 kilometres. Is it a military standard to double everything?

MOMČILO PERIŠIĆ:

In both republics it is 4,000 kilometres. In the Republika Srpska the frontline is over 2,000 kilometres, in the RSK it is 1,300 kilometres – 4,000 kilometres in total. This includes the enclaves around Sarajevo, Žepa, Goražde, Teslić etc.

MOMIR BULATOVIĆ:

It says: "The objective is that the replenishment with weapons and military equipment be under the control of the state!?"

PAVLE BULATOVIĆ:

They admit that this is not the case now.

There is a proposal here for the Republika Srpska and the RSK to be able to conclude contracts with special purpose producers in our country, with the consent of the Federal Ministry of Defence.

SLOBODAN MILOŠEVIĆ:

They can't! They can only do it with the federal ministry and the General Staff. They have no business ties with producers of weapons and military equipment, nor can they be delivered directly – they can only be delivered under the control of the ministry and via the VJ. No country allows that.

This KOVAČEVIĆ is minister of defence in the Republika Srpska? (Yes).

Listen to what he proposes: “KOVAČEVIĆ reiterated that the situation is critical for the Republika Srpska and the RSK” – I don't know what he has to do with the RSK. He proposes “first, to re-examine the prices and find reserves held by the producers! Second, to organize a system of joint import of weapons and military equipment – the Federal Government, the VJ, the MUP /Ministry of the Interior/, in order to import the most necessary goods and that this be resolved at the level of the Federal Government.

Third, a way of collecting debts via the SDPR and the National Bank of Yugoslavia!?”

Fourth, again the issue of returning conscripts!?”

He is proposing things that have nothing to do with his job. He has nothing to do with any of these issues!

I propose that the Russians give Japan the Kuril Islands! (Laughter).

PAVLE BULATOVIĆ:

But he says that they have debit claims worth 200 million?

SLOBODAN MILOŠEVIĆ:

Who owes whom 200 million?

PAVLE BULATOVIĆ:

Those in the Republika Srpska have debit claims from the SDPR.

SLOBODAN MILOŠEVIĆ:

You mean, BH exported something at the time of the SFRY /Socialist Federal Republic of Yugoslavia/?

RADOJE KONTIĆ:

Yes!

SLOBODAN MILOŠEVIĆ:

I don't understand how serious people can conduct such conversations?

MOMČILO PERIŠIĆ:

The same goes for the RSK – MIKELIĆ is asking for the same...

SLOBODAN MILOŠEVIĆ:

You know what, on Avala there is an institution in which many people say many things! (Laughter).

I don't want to listen to drivel any more which has nothing to do with reality or anything else. Farmers at Kalenić pijaca /market/ negotiate carrot prices with much more common sense, they cannot set the price as much as they want, but as much as someone is prepared to pay! I really don't understand this!?

MOMČILO PERIŠIĆ:

You insisted that a joint balance sheet be produced.

SLOBODAN MILOŠEVIĆ:

This is not a balance sheet; this is nothing! They came to you to request goods according to an old system, for which there are no funds.

ZORAN LILIĆ:

We have such a conclusion and there is no need to repeat it.

PAVLE BULATOVIĆ:

The balance is: 33 million for the Republika Srpska and four for the RSK.

ZORAN LILIĆ:

What the RSK demands is 1.5 billion dollars!

PAVLE BULATOVIĆ:

As far as prices are concerned, I think it is worth paying attention that on our part we examine the level of prices of our producers, although that is difficult to differentiate; but, a large part of reserves are transferred to the products for the army.

RADOJE KONTIĆ:

Pavle, a calculation has to be made. Calculation should be made for every part; there are our engineers, there are theirs.

SLOBODAN MILOŠEVIĆ:

I urge that we examine things as serious people! This is not serious! If he has to come from Pale to propose a conclusion that Yugoslavia should collect its debt from Russia and if nobody has so far thought about it, that is not serious, in all that tragedy over there.

MOMIR BULATOVIĆ:

They are absolutely aware of what the situation is like.

ZORAN LILIĆ:

That only confirms the decision from the beginning of the story.

SLOBODAN MILOŠEVIĆ:

The biggest tragedy is that they are saying that 30 million is necessary to replenish some reserves. If they can resolve the issue of procuring weapons and military equipment with 30 million, I propose that we increase the price of bread, if necessary, and then we can give them the 30 million. But it is so absurd and irrational to assert such a thing, by those who spent a billion dollars last year. It is absurd to talk about it at all.

ZORAN LILIĆ:

The RSK's request is 1.5 billion dollars.

MOMČILO PERIŠIĆ:

Yes, they are asking for a T-55 battalion which costs over 100 million dollars.

ZORAN LILIĆ:

I would like to suggest that General PERIŠIĆ presents these things about personnel issues.

MOMČILO PERIŠIĆ:

I really feel uncomfortable, but so far the procedure has so far been such. I urge that we either observe it or change it.

At a session of its Supreme Council the Republika Srpska promoted chief of their General Staff Manojlo MILOVANOVIĆ to the rank of lieutenant-general; Milan GVERO and logistics officer Đorđe ĐUKIĆ to the rank of lieutenant-general. It promoted to the rank of major-general the following colonels: Mićo GRUBOR, Zdravko TOLIMIR, Mićo VLAISAVLJEVIĆ, Budimir GRUBOR, Milutin SKOČAJIĆ, Dragomir MILOŠEVIĆ, Boža NOVAK, Jovan MARIĆ and Stevan TOMIĆ. At the same time it proposed for retirement some of these promoted officers: Mićo GRUBOR, Vlado SPREMO, Stanislav GALIĆ, Slavko LISICA, Milutin SKOČAJIĆ and Nikola VLAISAVLJEVIĆ.

From the aspect of eligibility for promotion, given the number of soldiers compared to our armies, that is in order; from the aspect of quality, these that are being pensioned off are not worthy of becoming generals, because they are simultaneously being put forward for promotion and retirement. Slavko LISICA is already a general and they have put him forward for retirement.

I can give you my opinion on each of them. I believe that we can accept this, because I think that by doing so we neither lose nor gain anything in terms of expenditure. But, because of politics we have to voice our opinion as we have decided not to supply them any longer?

ZORAN LILIĆ:

Moma, we have not decided to supply them /as printed/, but we cannot supply them, because we have nothing to send!

MOMČILO PERIŠIĆ:

Precisely that, I am not speaking about the reasons.

In this connection, another two important issues have arisen: further payment of their people who will in the meantime become officers and non-commissioned officers. There are 155 non-commissioned officers, future officers – the difference is slight, that is fine; there are 194 in total, plus 36, meaning around 130 newly-commissioned officers, who should be added to this list of 4,000 or so, whom we maintain from our budget. /as printed/

Their motivation is completely clear – to maintain them. So far we have maintained all others. It would be good if we had money, because these people have been trained and educated here, they are appointed to some duties over there. If we don't appoint them they will probably appoint some who are below that level. And there is a danger, given different ideological trends, that some of them bring people of another orientation.

It would be good to say here whether we accept them or not?

SLOBODAN MILOŠEVIĆ:

I know that General LISICA is one of the best soldiers in that entire army and they are pensioning him off. How old is he?

MOMČILO PERIŠIĆ:

LISICA is an exceptional soldier, an exceptional patriot, intelligent, but he is a heavy drinker. I can tell you, since recently – at least Ratko told me so – he has been turning towards KARADŽIĆ's option; that is the essential reason for pensioning him off; not only him, but all these other officers; but, Ratko has succeeded to have him pensioned off precisely for that reason. He has 39 years of work experience, he is 54 years old – he fulfils all conditions for retirement and their proposal is to that effect.

SLOBODAN MILOŠEVIĆ:

I think that we should examine it a bit before making any decisions; we should see what it is?

MOMIR BULATOVIĆ:

We are, in effect, verifying minutes from the Supreme Defence Council of the Republika Srpska!?

ZORAN LILIĆ:

I wanted to say precisely that.

MOMČILO PERIŠIĆ:

So far the procedure has been like that so that we should be able to influence their personnel policy.

SLOBODAN MILOŠEVIĆ:

This is no influencing! This is just verifying what they decide.

MOMČILO PERIŠIĆ:

It would be a completely normal procedure that they only propose people for promotion, rather than promote them. They have done everything and now we are verifying it.

ZORAN LILIĆ:

The procedure would be normal – as we promote our generals in the VJ – that they send their proposals here for us to consider them and possibly to promote them. We made a decision to promote General MLADIĆ. The decree that we issued was not accepted, but a decree signed by KARADŽIĆ was accepted 10 or 15 days later. Now we should verify what we have already done and what has been published in the press! Not to speak of everything that happened in Bileća and Bijeljina when these names were announced.

SLOBODAN MILOŠEVIĆ:

What happened in Bileća and Bijeljina?

ZORAN LILIĆ:

Applauding KARADŽIĆ, all sorts of amazing things; all that was pompous; broadcast live on radio and TV.

MOMČILO PERIŠIĆ:

It was all reported in the press.

ZORAN LILIĆ:

Ratko also spoke very passionately. I think that he also has to adjust himself more to what is happening in here in the VJ. Moma, such decisions can't be made without your agreement and decisions! That is my opinion.

MOMIR BULATOVIĆ:

We have an obligation stemming from our decisions and that is to consider a colonel a colonel. If they believe that there is more honour for him to be a major-general, let them treat him that way; we have an obligation towards colonels.

A particular problem is the commissioning of officers. These are young men from that area who were in the war and suddenly they get the rank of a non-commissioned officer and start receiving money from the FRY budget. The issue here is not the expenditure.

ZORAN LILIĆ:

They explained that they had created their army, they had done everything on their own and had not been given anything. Moma, this was officially said over there?

MOMČILO PERIŠIĆ:

In addition, we are educating these people; they are completing the academy here; we are sending them there; the president should sign the decree on commissioning them.

ZORAN LILIĆ:

We have passed that decision on free education, but not in order to pay later too.

MOMČILO PERIŠIĆ:

According to that mechanism we should finance them. We have to decide now what to do: shall we leave it to them to educate their personnel, finance them, or not?

MOMIR BULATOVIĆ:

The thing is that they use every opportunity to say that they have done everything on their own – “the unarmed, defenceless people created the army,” and then we receive a letter saying: “unless you pay our non-commissioned officers they will all leave the front”.

ZORAN LILIĆ:

They have produced “miracles on their own”!

SLAVKO KRIVOŠIJA:

There are two categories: those that we are training and those that they are training.

ZORAN LILIĆ:

We have concluded here that they may only adopt decisions in agreement with the VJ General Staff. They are obviously not complying with this. They have to learn that this is the only possible way. They are proposing new establishment posts, they

have written amazing things here – for some religious and other issues; and we have to verify this!?

Ratko and this other one, I don't know his name, before they propose they have to agree with you (addressing General PERIŠIĆ).

MOMČILO PERIŠIĆ:

So this means that verification and promotion of those who were educated here are out of the question?

ZORAN LILIĆ:

There is a decision of the Supreme Defence Council to accept education. This is the two million that we have accepted. Nothing above that!

MOMČILO PERIŠIĆ:

Now you should sign their decree on promotions. We should see whether we will pay these people or not? That is very important. Their proposal is that they should be paid. They are not included in the budgetary funds.

SLOBODAN MILOŠEVIĆ:

I propose that we postpone it and see.

MOMČILO PERIŠIĆ:

We have another personnel issue in the VJ. Last time we pensioned off Zoran JOVANOVIĆ, commander of the Danube Division. Now instead of him we propose to appoint Jagoš STEVANOVIĆ, commander of the Division who completed highest

military education; he discharged several duties; he took part in the war. He is an extremely competent man who could perform that duty. We should appoint him by decree.

SLOBODAN MILOŠEVIĆ:

I believe that there is no reason not to accept your proposal – you proposed that at the Collegium.

MOMČILO PERIŠIĆ:

Yes, this has gone through the entire procedure.

We now have the appointment of military attaches. Last time you said that this should be postponed until next session. This refers to four countries: Russia, Egypt, India and Italy. For each country we have two to three candidates.

For Moscow we have three candidates, and our proposal is candidate number two, Colonel Mihailo PETROVIĆ, son of Božidar, born on 10 April 1950 near Požega; a Serb, currently chief of the Department for Electronic Surveillance, has 28 years and eight months of pensionable service; he completed all military schools. He performed a number of military duties. He speaks Russian and English. In last two assessments he was marked as excellent. He performed the duty of chief of the Technical Service at the airport and desk officer for intelligence and surveillance affairs of the RV i PVO /Air Force and Anti-Aircraft Defence/. He is the best of the three candidates.

The other two candidates are Uroš GRBIĆ; we have some unverified information on him, he has 39 years of pensionable service; and Colonel TOPALOVIĆ.

SLOBODAN MILOŠEVIĆ:

We don't know him. We presume that you have assessed this properly.

For Cairo you propose Slobodan DIMITRIJEVIĆ?

MOMČILO PERIŠIĆ:

Yes, Slobodan DIMITRIJEVIĆ, although Cairo has a negative attitude towards Yugoslavia. However, as this is the centre of developments for the Continent of Africa, I think it would be good to have a man there.

SLOBODAN MILOŠEVIĆ:

Is he capable of doing it?

MOMČILO PERIŠIĆ:

He is capable, Mr President!

SLOBODAN MILOŠEVIĆ:

I have nothing against.

You haven't proposed a candidate for New Delhi?

MOMČILO PERIŠIĆ:

For New Delhi we have proposed the candidate under c) - Naval Commander Janko JANIČIĆ, son of Novak, born 1952, from Nikšić, a Montenegrin.

SLOBODAN MILOŠEVIĆ:

Who do you propose for Rome?

MOMČILO PERIŠIĆ:

For Rome we propose Colonel Josif JOVANOVIĆ, son of Milisav, the candidate under a). Currently the situation in Italy is not good - therefore we are withdrawing that military attaché. In New Delhi he is important for a number of reasons, particularly because of development programmes.

We have withdrawn our attaché from Russia, and now we have to appoint another one.

I have held consultations with the people from the Ministry of Foreign Affairs. We have very good cooperation in terms of choosing envoys together and assisting each other in terms of exchanging information and in terms of criteria for appointment.

ZORAN LILIĆ:

Therefore, we can conclude: for Moscow Colonel Mihailo PETROVIĆ; for Cairo Colonel Slobodan DIMITRIJEVIĆ; for New Delhi Naval Commander Janko JANIČIĆ and for Rome Colonel Josif JOVANOVIĆ.

Moma, have you got something else?

MOMČILO PERIŠIĆ:

I have. The following people left the VJ last year and this year for different reasons and at their own request: 248 non-commissioned officers, 297 officers, 345 in total /as printed/. They include a majority of people who are not good, but recently

more and more experts, such as doctors, lawyers and others have asked to leave.

Many of them go to the MUP from the Radio Interception Service.

I would like us to discuss this.

SLOBODAN MILOŠEVIĆ:

There can be no transfer without agreement.

MOMČILO PERIŠIĆ:

I would like to ask you not to allow transfers without agreement.

Finally, I would like to brief you on incidents on the Macedonian border.

We did not violate Macedonia's territory at all. You know that it has not been defined, that there is an administrative border which was hand-drawn according to the Land Registry; that means that part of the property of our municipalities crosses into Macedonia and vice versa. The typical examples are Dragaš and Gostivar. There was no conflict anywhere else, apart from Čupino Brdo. Čupino Brdo is specific, because it belongs both to us and Macedonia. The following happened there: our people positioned themselves where it was completely logical for observation purposes. The Macedonians and the UNPROFOR did the same. Suddenly we had, in a very small area, at a distance of between 500 and 1,000 metres, three armed groups which could have caused a conflict between themselves. With UNPROFOR's help we resolved it by withdrawing all forces in that area from Čupino Brdo. Wherever such incidents arise we will resolve them.

I tried to speak to the chief of the General Staff of Macedonia, not to resolve the border issue, but the issue of deployment of troops to prevent incidents, as well as an agreement on the exchange of flats, because there are our officers who have flats

there and their officers who have flats here. However, they have turned this down and will not accept it. In the meantime they set up a state commission for border demarcation and have asked us to do the same. I will send a request to the Federal Government in this respect, because I have no right to do that.

RADOJE KONTIĆ:

The government has already turned it down.

MOMČILO PERIŠIĆ:

In effect, I am sure that they are keen – under UNPROFOR protection - to push us to demarcate the border as soon as possible, by which we would automatically recognize Macedonia.

SLOBODAN MILOŠEVIĆ:

That is not an obstacle; this does not mean automatic recognition. It would be good if we had a defined border; an undefined border is not good for us. The border is an administrative border. I wouldn't want to enter into any conflicts with the Macedonians over an undefined border. Why is it only problematic in that place and not elsewhere?

MOMČILO PERIŠIĆ:

Under UNPROFOR protection they will now go to the next place which is very important to them, and that will again cause difficulties.

SLOBODAN MILOŠEVIĆ:

Is there a border according to maps?

MOMČILO PERIŠIĆ:

Yes.

SLOBODAN MILOŠEVIĆ:

Is that border correct?

MOMČILO PERIŠIĆ:

It is correct!

SLOBODAN MILOŠEVIĆ:

What is the problem then?

MOMČILO PERIŠIĆ:

They don't have topographic maps.

SLOBODAN MILOŠEVIĆ:

They don't have, how, we were in the same state?

MOMČILO PERIŠIĆ:

Yes, but we have taken most of them. All secessionist republics are coming to us now asking us to give them maps, because we have topographic maps for all of them.

ZORAN LILIĆ:

Is it true that our soldiers were 1,000 metres inside their territory?

MOMČILO PERIŠIĆ:

They were not, Mr President. They don't have the right maps. I can guarantee that I will prevent border incidents, but I have no right to take part in determining borders.

SLOBODAN MILOŠEVIĆ:

Why should anyone demarcate the border if it already exists on the map?

MOMČILO PERIŠIĆ:

Yes, but what if there is a dispute?

SLOBODAN MILOŠEVIĆ:

Who is saying that it is a contentious issue?

MOMČILO PERIŠIĆ:

You claim that it is here, I claim that the border is there!

SLOBODAN MILOŠEVIĆ:

But, there is a map.

RADOJE KONTIĆ:

Macedonians don't recognize these maps.

MOMČILO PERIŠIĆ:

They don't recognize the maps. I think that this is more in the service of their politics.

SLOBODAN MILOŠEVIĆ:

Have they raised the question of our army's presence on our border in any other part, or only in that part?

MOMČILO PERIŠIĆ:

They have raised the question near Đeneral Janković too, although there is no dispute there. They are saying that we have been amassing our forces there.

SLOBODAN MILOŠEVIĆ:

The amassing of forces in our territory has nothing to do with them, but the question is whether the border is contentious?

MOMČILO PERIŠIĆ:

The armies were not directly close to each other at any point. We shall avoid every possible incident, but we have to bear in mind that they may use it as their initiative and accuse us as a state that they are keen to define the border and that we are not. I am telling you that we have to bear this in mind.

We as the army will ensure that incidents do not happen, but I ask you to assume a stance on whether to set up a state commission, go for the demarcation of

the border and sign it, or not?

SLOBODAN MILOŠEVIĆ:

That is not demarcation of the border, because the border is defined on the maps which already exist; a commission should determine it precisely, actually a commission should acknowledge the situation in order to place border stones, not to determine the border, because it is already determined on the maps.

MOMČILO PERIŠIĆ:

This will certainly cause disputes because of the difference between the administrative border and the land registry border.

SLOBODAN MILOŠEVIĆ:

It's the same in all countries – somebody has a field on the other side of the border and farms it! That is of no consequence, he will continue to have a field on the territory of a neighbouring state, while somebody else will have a field on our territory.

MOMČILO PERIŠIĆ:

I have another issue.

It would be good if the Supreme Defence Council voiced its opinion on the idea to draw up a plan to use the port of Valdanos for the needs of the Navy. We have a development plan for Valdanos. Now we should work out a study and send it to the Montenegrin Government to say whether it accepts it or not. Currently we don't have the money and the possibility to enter into the business, but – if you agree – we could

do something on our own and work out a technical study to transform the Valdanos holiday resort into a base for only one group of ships. I have spoken with representatives from Ulcinj. They are extremely interested in it for many reasons, among other things, the ethnic mix of the population would significantly change in favour of the Montenegrin-Serbian people, because the trend of the Montenegrins and Serbs leaving the area is still present. Over 90 per cent of the local population is Albanian.

MOMIR BULATOVIĆ:

That is one of the most important investments that we should make.

MOMČILO PERIŠIĆ:

The overall project – to make all this – costs around 300 million dollars. We would use these funds from our own sources, what we can, to base our ships there from time to time.

ZORAN LILIĆ:

Good, Minister BULATOVIĆ had another thing in connection with the reorganisation of the ministry.

PAVLE BULATOVIĆ:

We have brought up this issue several times, but we never succeeded to wind it up. One of the issues is the position of area organs at the level of the republics – what we have now is an interim solution.

There are two opinions here: according to one, that has to be a constituent part of the organizational structure of the Federal Ministry, not to have an area organ at the level of the republic with the title of secretary or whatever name it would have.

SLOBODAN MILOŠEVIĆ:

We don't have it anyway!

PAVLE BULATOVIĆ:

Another opinion is to retain the area organ as a link between the Federal Ministry and the republican organ of defence.

SLOBODAN MILOŠEVIĆ:

We have agreed to have single defence, a single army and a single defence ministry. I think that there is no need to set up any kind of area organs in our republics. All this is part of the Federal Defence Ministry?

PAVLE BULATOVIĆ:

Not in an organisational sense, but in reality that cooperation and functions are maintained, but there are also opinions that at the level of the republics we should have these organs.

SLOBODAN MILOŠEVIĆ:

Why should we double the organs all the time; I see no reason for that. What is specific in these services, military departments etc for Montenegro and Serbia? I don't

think there is anything specific. That should be done directly by the municipality, keeping records of army conscripts, call-up papers and so on.

MOMČILO PERIŠIĆ:

I would like to make a digression. Military territorial organs and Yugoslav Army units are part of the Yugoslav Army, the republican or any other principle is not present here and that has been resolved. The ministry is outside this. What does it want? At present we have the federal ministry and two republican ministries; in these interim solutions they wish to have branch offices at the level of republican governments. Therefore, this is not a ministry any more, but an area organ.

We ought to decide whether to keep some area organs at the level of the republics or not, and follow the military-territorial principle, in which a republic has nothing to do with a body which is not a ministry or something else.

SLOBODAN MILOŠEVIĆ:

The republics have no jurisdiction there and I don't know what that area organ would do in the Serbian Government?

PAVLE BULATOVIĆ:

The affairs of civilian defence, civilian protection, functioning of public services, preparation of big industrial systems for possible war, actions in case of natural disaster, training the population for the affairs of defence etc.

SLOBODAN MILOŠEVIĆ:

We have the Civilian Protection Staff, but that's not it.

MOMČILO PERIŠIĆ:

In other words, this is preparation of the economy and the population for defence, which is part of the ministry.

SLOBODAN MILOŠEVIĆ:

I understand what it is; that is a legacy which is difficult to overcome.

PAVLE BULATOVIĆ:

This is where the problem is.

SLOBODAN MILOŠEVIĆ:

We have abolished ministries of defence; let's make sure that we stick to the fact that we have abolished them. I don't know why we need it now. But if you want it, let it be!

MOMIR BULATOVIĆ:

I think that it is difficult to decide on the basis of these arguments. To tell you the truth, I understand that problem in connection with municipalities and these records. Perhaps the problem is in coordination. This man should know these people, there should be a mechanism, through the government and its services he should be able to coordinate the work of municipalities or districts.

I think that we should stick to our conclusion to have a single ministry of defence, and you should professionally assess what is more efficient.

ZORAN LILIĆ:

They now have a problem because the ministry has been abolished, but they have been left with the people.

SLOBODAN MILOŠEVIĆ:

These area organs that exist should be taken over by the federal ministry. If they are not taken over by the federal ministry, the ministry will have to appoint its people. There must be a military clerk in Knjaževac who keeps the records of army conscripts, send out call-up papers etc. He has to have an office in the municipality. Is he an official of the Yugoslav Defence Ministry or of some other organ in Serbia? I think that he should be an official of the single Ministry of Defence.

PAVLE BULATOVIĆ:

He has been an official of the Ministry of Defence since 1st January.

SLOBODAN MILOŠEVIĆ:

Well, why do you need area organs for the republic now. What will it do at the level of the republic? What is specific about calling up military conscripts and keeping military records in municipalities in Montenegro and Serbia? I see nothing specific there.

MOMIR BULATOVIĆ:

I don't see any need whatsoever for this to go the Supreme Defence Council. They are all officials of the Federal Defence Ministry. Pavle, they are all in your ministry!

PAVLE BULATOVIĆ:

That is not contentious!

SLOBODAN MILOŠEVIĆ:

Organize them as you see fit.

PAVLE BULATOVIĆ:

But, currently there are 88 employees in the area organ in Montenegro and around 300 and something in Serbia.

SLOBODAN MILOŠEVIĆ:

What are they doing there? (Laughter).

PAVLE BULATOVIĆ:

They are doing bits and pieces!

MOMIR BULATOVIĆ:

They have to have their boss.

PAVLE BULATOVIĆ:

They have their boss now.

MOMIR BULATOVIĆ:

They are all employees of the ministry! How you organize them is your business.

PAVLE BULATOVIĆ:

I can link them up in order not to have an area organ at the republican level, but instead have an administration in the ministry on a vertical basis. From Ulcinj to Surdulica, for specific jobs, and it works. /as printed/

MOMIR BULATOVIĆ:

That is your problem!

MOMČILO PERIŠIĆ:

He only wanted a political stance so that it should /blank space/ turn out that he is doing it of his own accord. The ministry is single, defence is single too.

MOMIR BULATOVIĆ:

How will you do this technically, these are internal competences.

PAVLE BULATOVIĆ:

I have another question. That is transformation of military income-generating institutions. These are catering institutions within the Army which offer catering services to soldiers, officers, these are also production organizations, such as *Karadorđevo*, and repair and maintenance depots such as *Zastava*, *Čačak* and *Sava Kovačević* in Tivat. According to the current solution, some are connected to the

Federal Ministry, some to the General Staff. They are called income-generating institutions, but I think that in essence they are government-financed institutions.

SLOBODAN MILOŠEVIĆ:

Objectively speaking, their place is in the Army. The fact that the Army is operating a few farms, let it do so. By this it is slightly improving its provisions.

RADOJE KONTIĆ:

Pavle, let us have a quick look at that in the government. Draw up a brief note and we can consider it.

SLOBODAN MILOŠEVIĆ:

I would link that to the Army, to PERIŠIĆ, they could send him potatoes and resolve many other things. How much income-generating these institutions are he will see.

RADOJE KONTIĆ:

Whether it is an enterprise, an institution or a government-financed organization, all this should be distinguished.

SLOBODAN MILOŠEVIĆ:

These are not enterprises, these are military institutions.

ZORAN LILIĆ:

Fine, are there any further questions?

RADOJE KONTIĆ:

I wanted you quickly to verify something that has become practice, but with which General PERIŠIĆ has indirectly been putting pressure on the government. That is the transfer of oil derivatives from abroad across military border posts, actually through crossings where the army guards the border.

ZORAN LILIĆ:

We have already agreed on this!

RADOJE KONTIĆ:

We haven't presented it to the Supreme Council, maybe I have spoken with you about it?

MOMČILO PERIŠIĆ:

I have asked for it a few times.

RADOJE KONTIĆ:

I propose that we verify it. I don't think it would be good for this to be sent to the government, for the government to discuss it at a session, because in that case it would become known and some people would know it even before we announce it. I don't think it would be good to go to government; you know that this is violation of the sanctions, that the crossings are open only at night.

There are six of us here and I propose that we agree on it.

MOMČILO PERIŠIĆ:

Mr President knows, we have resolved it in the following way: a crossing is opened, the MUP turns up, receives a certain consignment, passes and closes it. As I don't have the right to open the border I proposed that the government should do it. As the government cannot do it, because then it would become public, it is up to you to make a decision.

RADOJE KONTIĆ:

As the MUP is not ours, but republican, in both republics, then the Federal Government cannot make decisions. Therefore, we can agree not to "bang the drum," the MUP can control it in order to collect the sales tax and excise.

ZORAN LILIĆ:

What is the Supreme Defence Council supposed to conclude now?

SLOBODAN MILOŠEVIĆ:

To put Moma in a situation in which he does not violate the Service Regulations; that is the only issue.

RADOJE KONTIĆ:

Yes, nothing else. Not to say that he decided it independently.

SLOBODAN MILOŠEVIĆ:

We are in a situation in which every import is useful for the country and he should be given the authorisation to approve that imports cross the border. Of course, nothing can leave the country!

MOMČILO PERIŠIĆ:

I have spoken about this with Mr President and it would be good to resolve it here: that the border is opened at a given time, that both MUPs oversee a certain consignment being brought in and then the border is closed.

ZORAN LILIĆ:

You have been given consent.

MOMČILO PERIŠIĆ:

Yes, you should sign it!

RADOJE KONTIĆ:

What should I sign, I don't want to sign anything!? I can't sign anything on behalf of the Supreme Defence Council.

MOMČILO PERIŠIĆ:

But, someone has to sign it. You know that someone can get killed!

ZORAN LILIĆ:

I can sign to give General PERIŠIĆ consent to do so, but I can't sign where to open the border etc.

MOMIR BULATOVIĆ:

We are running round in circles here. Earlier I accepted that suggestion and we sent a precise list of the places and everything else to the Federal Government.

ZORAN LILIĆ:

The Federal Government should sign this.

MOMIR BULATOVIĆ:

The Federal Government cannot sign this, to legalize this as border crossing. As the Supreme Defence Council we ought to give authorisation in principle to General PERIŠIĆ that he may promptly do that with the ministries of internal affairs.

SLOBODAN MILOŠEVIĆ:

We have said that, that is clear.

RADOJE KONTIĆ:

It is clear, there is nothing that we need to decide, that will be in the minutes.

ZORAN LILIĆ:

Good, with this I would like to conclude the session of the Supreme Defence Council.

(The session finished at 1830 hrs).