

SHORTHAND NOTES

from the 17th session of
the S U P R E M E D E F E N C E C O U N C I L

HELD ON 10 JANUARY 1994

The session began at 16:30 hrs.

Present: Zoran LILIĆ, President of the Federal Republic of Yugoslavia and Chairman of the Supreme Defence Council; SLOBODAN MILOŠEVIĆ, President of the Republic of Serbia and Moiré BULATOVIĆ, President of the Republic of Montenegro, members of the Supreme Defence Council; Dr. JOVAN ZEBIĆ, Vice-president of the Federal Government; Pavle BULATOVIĆ, Federal Defence Minister; Lieutenant General Momčilo PERIŠIĆ, Chief of General Staff of the Yugoslav Army; Major General Slavko KRIVOŠIJA, Chief of the Office for Military Affairs of the President of the SRJ /Federal Republic of Yugoslavia/.

(Shorthand notes taken by Jordan ŽIVANOVIĆ, senior court reporter – reviser, General Secretariat of the President of the SRJ).

The session was chaired by Zorn LILIĆ, Chairman of the Supreme Defence Council.

ZORAN LILIĆ:

I propose that we begin with our work.

You have received the draft agenda, as follows:

A g e n d a

1. DISCUSSION OF THE FUNDING FOR THE YUGOSLAV ARMY

2. CURRENT ISSUES

- Passing the decision on the setting of the date for the Day of the Navy
- General issues relevant for the formation and replenishment of the planned levels of strategic stockpiles

Are there any amendments to the proposed agenda?

Go ahead, MOMIR!

MOMIR BULATOVIĆ:

I have two questions related to the Current Issues item, but I would like to present them when we deal with that item.

Zorn LILIĆ:

Are the minutes from the 16th session adopted (minutes are adopted).

Very well.

We will now address the first item.

I give the floor to the Chief of General Staff of the Yugoslav Army.

MOMČILO PERIŠIĆ:

Mr. Chairman,

On the basis of the analysis of the current status of the reserves, and on the basis of the projections for the standing and temporary forces – which will not be 124,000 as we anticipated but only 104,000 – we have calculated that to maintain at least the existing level of combat readiness, with slight improvements, i.e., increasing the stockpiles and replacing the existing uniforms, we need 1.369 billion dollars for the current year, as follows:

- for weapons and military equipment – only the basic items essential for maintaining combat readiness, primarily for ammunition – we need 16.21% of that amount, i.e., 223 million dollars;

- for scientific research, whose primary objective is to develop know-how for the production of ammunition we used to manufacture in the territory of the secessionist republics where we have not been able to salvage the technology; or in Bosnia and Herzegovina – where it has been damaged or cannot be salvaged;

- construction of military structures and engineer works in the terrain; 26 million dollars or 1.93%; this refers exclusively to the construction of watch-towers on the new borders with Herzegovina, Bosnia and Macedonia;

- for the construction of housing, for the completion of the housing that is already under construction only, because a total of 900 apartments are already under construction and are 20 to 80% finished; it would be a pity to freeze this when we know we have 18,000 homeless people;

- wartime materiel stockpiles should be brought up to 23%; they are currently between 2 and 23%; the situation is the most critical with ammunition and M-1 jet fuel;

- training and education; the education process must continue, especially in light of the fact that we have pensioned off about 3,000 trained officers; we must take care of the renewal of the personnel. This is, incidentally, the most important aspect of combat readiness, because officer training is an exceptional and long process;

- salaries, benefits and other forms of remuneration – 18.91% or 258,149,000 dollars. We have anticipated that the highest salary should be in the region of 50 dollars, and the highest pension should be around 40 dollars, which is certainly below the levels maintained by others;

- real estate maintenance; this refers to the maintenance of the existing infrastructure, from airports to thermal power plants, etc., the amount is as follows;

- technical maintenance – 111 million dollars. This primarily refers to maintaining the existing levels of equipment in working order – somewhere between 80 and 90%;

- quartermaster support – meals, uniforms, etc. 264 million dollars;

- medical support – 66 million. You do know that with the funds that have been approved to us we have been providing medical treatment to all the wounded from the Republika Srpska and the Republic of Serbian Krajina, for which we do not have any more funds now;

- military pensions – 102,727,000 dollars or 7.45%.

Please look at salaries and pensions – even if we were to reduce the number of professional officers, we still gain almost nothing, because these people then retire and are again paid from the military budget. The only difference is that there are about 15% less pensions than salaries. A radical cut in the number of active duty personnel does not give us much in budgetary terms;

- other activities – primarily organisation and mobilisation. For instance, we have now passed the decision to send conscripts from the territory of the Republika Srpska and Republic of Serbian Krajina; these people must be called up, provided with transportation and a number of other things; 69 are needed to call the reserve force up for training, or a total of 1.379 billion dollars. Any instances of unrest in the crisis spots and the financing of the Republika Srpska and the Republic of Serbian Krajina have not been taken into account at all. If the war there were to continue, we know that they need to be given certain assistance, beginning with weapons and ordnance and all other materiel, which according to the balance sheet would amount to the minimum requirements for the Yugoslav Army. However, if we were to add to this the requirements of the Republika Srpska and the Republic of Serbian Krajina, the amount goes up to two billion and 325 million dollars, or the

following solution – you can see that this is more prominent here (indicating on a slide).

This means that 522 million dollars are needed for the Republika Srpska and 307 million dollars for the Republic of Serbian Krajina; for the Yugoslav Army, if we do decide to provide all the material reserves for them and if we are forced to carry out any kind of operation – this is the amount. You are aware that the probability that there would be a war this year in the territory of the Federal Republic of Yugoslavia is greater than it was last year.

Another chart – just for comparison: in the course of the previous year, 437 million dollars were approved. The 1.2 billion dollars that were spent from the materiel stockpiles are not taken into account here. You know that there were substantial stockpiles for 90-120 days of war; during the wartime years, they were being spent and we have now reached the level where, if they are not replenished, combat readiness would be reduced radically. This is the critical moment. This shows that we cannot continue in the same vein, because combat readiness would be reduced drastically.

SLOBODAN MILOŠEVIĆ:

Momo, how is it possible that last year, when the salaries, benefits and other forms of remuneration, at the time when the Army was bigger, accounted for 182 million dollars, and now they account for 230 or 260 million dollars, when the salaries are lower in objective terms and the personnel strength has been reduced?

MOMČILO PERIŠIĆ:

You mean that last year less money went for the salaries than this year?

Throughout the last year, the Army had extremely low salaries. On 31 December, at 1400 hours, the Chief of General Staff had, at the black market exchange rate, provided he exchanged his money into marks as soon as he got it, 14.82 marks; a colonel – brigade commander had 10 marks, a lieutenant in the engineers had 6.12 marks, a platoon commander in the rank of a corporal had 5.17 marks. The entire last year, Mr. President, we were in an inferior position. If we were to continue in this direction, we face the danger of having the Army go on welfare.

SLOBODAN MILOŠEVIĆ:

Momo, I am not in favour of the Army going on welfare. I am asking the question because of the discrepancy in the figures which is great. Because, you will probably also allow that there may be an error in the calculation. Please, find the first table which deals with the proposed budget.

Momčilo PERIŠIĆ:

\$258 million for salaries and other remunerations. We more or less retain the current level, but note that in other structures of the society salaries are going down; we have paid out half for the salaries and half for the meals and other things.

SLOBODAN MILOŠEVIĆ:

Momo, there's something wrong here! If salaries, benefits and other remunerations amounted to \$258,149,000, and you have about 64,000 employees, this cannot be correct. If you divide 258 million dollars by 64,000 employees you will see that it amounts to almost 400 dollars per employee a month!

MOMIR BULATOVIĆ:

There is a total of 70,000 employees with an average salary of 50 dollars, that is 43 million dollars per year! There's something wrong here, that is a mistake!

SLOBODAN MILOŠEVIĆ:

Please, Momo, do the division and see if it amounts to 400 dollars on the average for each professional?

Momčilo PERIŠIĆ:

Yes, that is 400 dollars. There is a mistake here.

SLOBODAN MILOŠEVIĆ:

Then there is the issue of pensions. How many Army retirees do you have?

PAVLE BULATOVIĆ:

There are 53,000 Army retirees.

SLOBODAN MILOŠEVIĆ:

You have earmarked 102 million dollars for the pensions! That means 2,400 dollars per retiree, which would mean an average pension of 180 dollars!

Momčilo PERIŠIĆ:

Mr. President, here we are talking about all kinds of remuneration: per diems, salaries, call-ups of the reserve force, etc. We need 65 million dollars per year for the reserve.

SLOBODAN MILOŠEVIĆ:

Jovo, does the Army pay the contributions?

JOVAN ZEBIĆ:

Yes, it does.

SLOBODAN MILOŠEVIĆ:

We are robbing Peter to pay Paul. We should have a look at this. What does it mean if contributions are given to the Army, yet they end up in the state budget, only in the meantime their value has gone down, etc. It makes no sense to impose a gross burden on the state budget. Here we have to make a calculation which would make good economic sense.

Momčilo PERIŠIĆ:

Here we have factored in the additional 65 million dollars for conscripts, in order to make up for the shortage of soldiers.

SLOBODAN MILOŠEVIĆ:

Even when you take that into account, it still isn't right!

MOMČILO PERIŠIĆ:

Mr. President, here there are all the per diems, all the travel.

ZORAN LILIĆ:

If this information is correct, 182 million dollars were paid out last year. That is a tremendous figure!

JOVAN ZEBIĆ:

The increase cannot be of that magnitude in real terms; it cannot now go up to 258 dollars.

SLOBODAN MILOŠEVIĆ:

It should be less now, because the number of professionals has gone down.

PAVLE BULATOVIĆ:

According to our calculation, in 1993 the Army received 377,500,000 dollars for all its needs, not taking into account the consumption of the stockpiles. Out of this figure, \$85,768,000 went for salaries, benefits and other remunerations of active duty service personnel.

SLOBODAN MILOŠEVIĆ:

Almost four times less than what is planned now!

PAVLE BULATOVIĆ:

Pensions were 51,400,000, which means two times less.

MOMČILO PERIŠIĆ:

We have to add 65 million for the reserve, because we don't have enough troops.

SLOBODAN MILOŠEVIĆ:

What is your calculation for the average permanent reserve you will have in the course of the year?

MOMČILO PERIŠIĆ:

There must be about 30,000 on the average.

ZORAN LILIC:

It would be good to have the structure for the 258 million dollars.

SLOBODAN MILOŠEVIĆ:

We would have to make a clean budget because it makes no sense to burden the military budget with these contributions. This should be directed right at the budget beneficiaries, and not charge it on individual salaries. The calculation and everything else are simplified here. We know who the beneficiaries of the contributions are: health care, education, etc.

JOVAN ZEBIĆ:

The coffers are not the same!

SLOBODAN MILOŠEVIĆ:

If the coffers are not the same, payments can be made into these coffers. Because it makes no sense to make the accounts for 64,000 people and then to make payments out of the accounts, etc. The Army may participate in this with a lump sum payment, or, in other words, the federal budget can make lump sum payments with the beneficiaries.

JOVAN ZEBIĆ:

As it is, apparently the military budget takes up 75% of the budget of the federation, as a gross amount. If the contributions were to be scrapped, it would be much smaller.

ZORAN LILIĆ:

When everything is taken into account, I think it cannot be above 70 million with the contributions!

SLOBODAN MILOŠEVIĆ:

There must be a mistake!

MOMČILO PERIŠIĆ:

We will take this and take it to its final analysis.

SLOBODAN MILOŠEVIĆ:

Momo, we have to see what your projected figures are: the average salary in the army, the average pension for army retirees; and then it is applied to this figure. This is definitely not right. I have seen that often with my planners in the company and later on in the bank: they would make a mistake and add another zero.

MOMČILO PERIŠIĆ:

So, we have about 70 million for the salaries, plus the pensions, plus the amounts for those subject to military service and for soldiers with contracts.

SLOBODAN MILOŠEVIĆ:

This figure cannot be right, even for the reservists. If it is 60 million dollars, and you want 30,000 reservists, it means that the monthly salary of a reservist is 2,000 dollars. That cannot be right at all!

MOMČILO PERIŠIĆ:

Very well, we will check that and make an accurate calculation!

SLOBODAN MILOŠEVIĆ:

There is something wrong with the calculation. By the way, as far as planning is concerned, we are all for it; we are all for it that the army be provided for, but let us first see what we are dealing with.

ZORAN LILIĆ:

Fine, the best thing to do would be for the figures to be checked, to do the structure and to meet again on Thursday.

PAVLE BULATOVIĆ:

Can one get any suggestions about the ballpark figures we are talking about in view of the programme, in other words, to determine the level of costs for the Yugoslav Army. The programme envisages 600 millions.

SLOBODAN MILOŠEVIĆ:

If the figures are correct, then that is not the case!

MOMIR BULATOVIĆ:

Even if they are correct, it will be difficult. Because there are 60 million for food alone.

I think we have to take into account the programme for our future. Perhaps we cannot stick now to the figure of 600 million dollars, but one can realistically expect that in the first half of this year we can hardly go above the figure of 300 million dollars, until we have seen how the programme will work, what effects it will achieve.

ZORAN LILIĆ:

I think it would be best to go through this once again with a fine-tooth comb, but before that Momo should submit a clean report. I would not be sticking by the figure of 6 per cent of the national product or 0.6 billion; we cannot fit the Army into something that cannot be achieved.

MOMIR BULATOVIĆ:

Since the mechanism according to which salaries are distributed in the Yugoslav Army has been disastrous for the members of the Yugoslav Army; they had the worst deal if for nothing else than for the fact that they received their payments through the Postal Savings Bank. That is why the salary of the Chief of General Staff is so low, because at the time when it is calculated, the amount is worth that much, and then when he receives it, it is worth ten times less. I have spoken with the commander of the 2nd Army; it is a disaster – people receive a mark or two. It is said here, “Not one of the members of the Yugoslav Army has managed to collect their salary from the Postal Savings Bank, and the checks are not accepted in any of the shops.” In the actual fact, people are starving!

SLOBODAN MILOŠEVIĆ:

This programme must put a stop to that. They will get money that is worth something immediately.

SLOBODAN MILOŠEVIĆ:

Momo, I don't know where the average of 50 marks comes from?

MOMČILO PERIŠIĆ:

I would have to see the entire specification.

SLOBODAN MILOŠEVIĆ:

I think that 50 marks is a low average for the Army. I do not know the order of magnitude for other budget beneficiaries?

Momo, it would be a good idea for your planners to come and tell us how they calculated this. Here, for instance, it says, "Navy weapons and ordnance, 11 million dollars" and the Navy has never expended any ordnance, nor has it been in any wars. All the Navy stockpiles have been pulled out to the territory of the SRJ; the Navy has been reduced to the coastline that is 15 times shorter than it used to be.

MOMČILO PERIŠIĆ:

Certain types of rockets have their expiration date and must be replaced, and some we have used.

I will make a full explanation and submit it to you. I apologise for not having made further specifications, but I will do it for next time; I was away on a trip and have not been able to check everything in detail.

PAVLE BULATOVIĆ:

This should be done urgently because of the programme! The government will be deciding about the programme tomorrow or the day after tomorrow.

ZORAN LILIĆ:

Pavle, do you know what was spent last year? The order of magnitude is much greater than before.

SLOBODAN MILOŠEVIĆ:

That is clear, that is fine. That is why I took the salaries as the starting point, because salaries have not been taken out of the reserves; salaries are – salaries. If the average salary in the Army is 50 dollars, then that is 42 million dollars net, and not 260 million dollars. The question is whether they are indeed bigger and what is behind this figure; the same goes for pensions.

MOMČILO PERIŠIĆ:

Mr. President,

We will correct it and submit the specification in writing. I am really unable at this point to tell you everything, but I do know this: if we are to remain at this level of 50, we will make the calculation: however, it would be good to know the average being planned for, and perhaps we can then make the correction and an exact calculation.

SLOBODAN MILOŠEVIĆ:

Certainly, ZEBIĆ simply needs to give you the parameters to see how it works out.

JOVAN ZEBIĆ:

Yes.

ZORAN LILIĆ:

We can then take this as the conclusion and sit down again on Thursday.

SLOBODAN MILOŠEVIĆ:

We have to sit down.

JOVAN ZEBIĆ:

In accordance with the programme and the economic policy, we can say that we are planning for the average salary to be 56 dollars and the average pension 42 dollars.

MOMIR BULATOVIĆ:

Is this from the programme?

JOVAN ZEBIĆ:

That is what we are thinking of offering; they did not go into such details, they did not consider it to be necessary. But, for a budget you need quantification.

PAVLE BULATOVIĆ:

And 20 dollars for the unemployed?

JOVAN ZEBIĆ:

Yes.

ZORAN LILIĆ:

All right, we can do it this way, then: to give the basic data and to do the correct math, and then we can sit down again on Thursday at a time of your choosing.

SLOBODAN MILOŠEVIĆ:

If you have 85 marks or 56 dollars, if that is the average, that means that junior officers, who make up the majority, will have between 40 and 45

marks and the senior ranks between 200 and 300 marks a month. That is out of the question, that is clear.

MOMIR BULATOVIĆ:

As far as I am concerned, we can meet on Thursday, and we can make an arrangement for Wednesday, depending on the obligations.

SLOBODAN MILOŠEVIĆ:

On Wednesday we can specify the time for Thursday.

But, it would be a good idea to see, to have ZEBIĆ clear things with the finance – how it would be possible to simplify the military budget in terms of its calculation, because it makes no sense to calculate contributions for 64,000 users, push that into the military budget and then pay back from it in 64,000 items, based on the average salary, etc. It makes no sense for the state to be doing this.

PAVLE BULATOVIĆ:

Let them do it together then.

SLOBODAN MILOŠEVIĆ:

This should be calculated as a lump sum; they should contribute to the education, health care; public services, in other words; although, when it comes to health care, it is a specific item in the military health care system. As regards their family members and other things, these are general costs. However, it is then possible to see what we have.

JOVAN ZEBIĆ:

May I air another idea? I have been thinking about the fact that it does not play into our hands, even in political terms, that the Army has 75% of the

state budget. We have to make a verification here. We would analyse some other items in order not to have them in the military budget; for instance, what are military pensions doing in the military budget? Can we make the proposal that they be shifted to the pension funds of Montenegro and Serbia? That would cut down the budget by 100 million dollars.

SLOBODAN MILOŠEVIĆ:

Yes, and you are transferring the funds from the federal budget to the pension funds of the republics, because that is a federal expense. Contributions should not be in the military budget.

JOVAN ZEBIĆ:

We further thought – can we transfer the funds for science to the Ministry of Science, and to reduce it by that amount?

ZORAN LILIĆ:

I suggest that we set the date for the next session of the Council for Thursday and we can arrange the time later.

SLOBODAN MILOŠEVIĆ:

I think that you, Jovo, since you have been working on budgets for many years, should analyse the situation with a few people who would come to your place.

MOMIR BULATOVIĆ:

If we reduce the contributions, we can reduce the budget. That is in the same vein as your idea.

ZORAN LILIĆ:

I can do it, and do it substantially.

JOVAN ZEBIĆ:

We would cut down the gross budget.

ZORAN LILIĆ:

This is realistic – these are the minimum expenses the Army can take. We have to reach that figure, whether it be 6 or 7%, that is less important.

SLOBODAN MILOŠEVIĆ:

The Army will have quite decent salaries and decent quartermaster support in the next year. These are the two essential elements; the third very important element is – weapons and military equipment necessary to render it effective. All else is subject to restrictions.

Decent salaries; decent quartermaster support, so that people can have proper food and clothes.

MOMIR BULATOVIĆ:

The problem of the homeless remains. I think that the Army could present some more courageous ideas here about how and what we are to do, whether something would need to be sold and given to somebody for their use, to give a concession, or something like that?

MOMČILO PERIŠIĆ:

We have suggested that the principle that applies to the refugee status is applied here. We are in a tougher situation than those with a refugee status, I am talking about people who do not have their apartments. Furthermore, the federal

government was sent a specific proposal for resolving the issue of 18,000 apartments, which was sent back, with the explanation that there was no money – just as there is no money in every other situation.

Furthermore, we can give up, for instance, some of the Yugoslav Army clubs, to rent them out and then to build something with the funds. However, who will rent the clubs from us given the current situation? And if we were to sell them, again, there are no buyers. The problem remains.

MOMIR BULATOVIĆ:

Would it involve a great deal of expense to turn some military facilities into temporary housing?

MOMČILO PERIŠIĆ:

Given the funds that we had, we have remodelled everything we could.

PAVLE BULATOVIĆ:

That was 6 million marks.

MOMČILO PERIŠIĆ:

But that is only a temporary solution.

PAVLE BULATOVIĆ:

Eighteen thousand apartments cost about 2 billion marks.

MOMČILO PERIŠIĆ:

I would like to say one more thing, Mr. President. There is a substantial officer drain, precisely because of low salaries and no housing solutions; for instance, about 400 active duty service personnel left last year. Most of them go to the MUP /Ministry of the Interior/ or similar institutions where they can do their job in a professional manner and where everything is paid to them; while the entire category of contract soldiers was replaced in the course of 1993. So, we now have about 12,000 of them and 12,000 have already unilaterally terminated their contracts; we thus have about 12,000 left. After training and special unit training they also leave to join the MUP and lately more and more private businesses have been advertising for bodyguards and are paying much more than the Army.

I would like to ask you to make the decision at this level in those respects where we can make a difference, and we would in turn draft the decision prohibiting the active duty service personnel and contract soldiers from leaving to join an organ over which we have influence, to prevent the drain in this transitional period until the situation has stabilised, otherwise we will find ourselves in a very unenviable position.

ZORAN LILIĆ:

I would be more in favour of what we have already said – to provide decent salaries until we manage to solve the problem in that way.

MOMČILO PERIŠIĆ:

That is the best solution – if we could bring them to the level which would make it possible for us to keep the best.

MOMIR BULATOVIĆ:

For instance, a member a special unit in Montenegro earns a thousand marks in ten days he works off duty as a security officer in a privately owned gambling hall.

MOMČILO PERIŠIĆ:

Or, this thing that you have said – to provide salaries which would be at least as the average salaries in similar social structures, to prevent this.

ZORAN LILIĆ:

This amount of 56 dollars comes to over 80 marks; in the current situation, it should cover the bare essentials and be paid out regularly.

SLOBODAN MILOŠEVIĆ:

It comes to 90 marks, which is the average salary in the current situation.

PAVLE BULATOVIĆ:

The current salary ratio for the ranks of sergeant and Chief of General Staff is 1:2.8.

SLOBODAN MILOŠEVIĆ:

But there are about 5,000 sergeants and only one Chief of General Staff.

MOMČILO PERIŠIĆ:

This is lost in the end: 88,000, and the other one 22,000. This means that the ratio is 1:4.

Sergeant on contract or a platoon commander – you see it is the same.

SLOBODAN MILOŠEVIĆ:

Less than 1:3. That is not good.

PAVLE BULATOVIĆ:

The range is small.

MOMČILO PERIŠIĆ:

The range is indeed small, but in the current situation it cannot be any different.

SLOBODAN MILOŠEVIĆ:

It can. This is again an issue that has to do with demagogy and bad planning. How many generals do you have in the Yugoslav Army according to the Establishment?

MOMČILO PERIŠIĆ:

There should be 91 of them, and we have 45.

SLOBODAN MILOŠEVIĆ:

Let's take it that there are 50 of them; even if the generals were to have 10 times the salary of sergeants, that would not be felt, it would be like a drop in the ocean, because the sum is small.

How many colonels do you have?

MOMČILO PERIŠIĆ:

There used to be 3,700, now there are 2.700.

Do you think that the rest should be broken down to the be further specified, for instance for weapons, military equipment and other?

SLOBODAN MILOŠEVIĆ:

Well, we have enough here. We should see what is being used as a basis for calculations, what quantities, what price for small arms ammunition, for artillery ammunition and rockets. What do our factories charge? What is the price of a rifle round, for instance?

MOMČILO PERIŠIĆ:

About a mark.

SLOBODAN MILOŠEVIĆ:

The production cost in the factory?

MOMČILO PERIŠIĆ:

Yes.

PAVLE BULATOVIĆ:

Both the pistol and rifle rounds.

SLOBODAN MILOŠEVIĆ:

That means that there would be about 50 million rounds here.

MOMČILO PERIŠIĆ:

You know the structures and how that goes.

JOVAN ZEBIĆ:

How much are the shells?

MOMČILO PERIŠIĆ:

It depend on the calibre: the average shell is 200-300 dollars.
The calibre varies between 76 and 152.

SLOBODAN MILOŠEVIĆ:

What is the infantry combat set?

MOMČILO PERIŠIĆ:

Sixteen rounds for the pistol and 150 rounds for the automatic rifle.

SLOBODAN MILOŠEVIĆ:

How many combat sets are you aiming for?

MOMČILO PERIŠIĆ:

There should be three combat sets in a battalion-level unit; that is the minimum. These are the troop reserves that are sacrosanct and that we must have. We do have it at the moment. This means that all battalion-level units have all the ammunition they need, with the exception of imported ammunition, i.e., anti-armour guided missiles and those for tanks; this is in the range of about two BK /combat sets/.

However, the problem is with the reserves. We have army-level reserves and overall reserves at the level of the Supreme Command. Depending on the type of ammunition and weapon, they ranged from 90 to 120 days of warfare,

expressed in those terms, equivalent to 3 to 10 combat sets. However, since the war has been going on for four years, all the reserves have been spent. I showed here last time their size and I can bring that here again, it is not difficult to calculate again and to present them and to specify the average market price, etc.

SLOBODAN MILOŠEVIĆ:

I propose that Jova ZEBIĆ get together with your planners, look at their items, ways to simplify things and to transfer items from the military to the civilian budget, the items that can be transferred; and to factor in the possible redirection of a lump-sum for a part of the contributions to the budget beneficiaries; the defence minister and some people from the Army – planners – should also be there, to have a look at it, simplify it and have a realistic military budget which will ensure that the Yugoslav Army personnel have the average salaries that we have just specified; also, retirees' income, again at the average we have specified; and to see what the situation is with quartermaster support and other forms of support.

There are quite a few restaurants, of a lower standard, to be sure, and hotels offering full board for 5 marks, in Vrnjacka banja, Lepenski vir, etc. If you know that the troops do not have hotel full board, but are quartered in the barracks, if you do not prepare their meals and serve them restaurant-style, with waiters etc., then it is obvious that the sum is quite different, even for quite decent food. This should be looked into.

MOMČILO PERIŠIĆ:

You know, we have a problem supplying the troops; because without a stable budget we cannot hope to provide, in a situation like this, foodstuffs at the beginning of the year, in order to prevent shocks later on. We are now using tinned food, which is 3-5 times as expensive as fresh food.

ZORAN LILIĆ:

Are there any other suggestions?

Momo, do you have anything to add?

MOMIR BULATOVIĆ:

It would be logical for the items to be further specified for next time; for instance, salaries. We have to have the information about how things were until now: how much the salaries accounted for, how much the remuneration for reservists, travel expenses, per diems and all other items.

SLOBODAN MILOŠEVIĆ:

As far as salaries are concerned, one should see – soldiers, non-commissioned officers, junior and senior officers, generals; to see the average salary for a private, non-commissioned officer, officers from second lieutenant to captain, senior officers and generals; to have some justice here.

ZORAN LILIĆ:

There should not be any problems here.

SLOBODAN MILOŠEVIĆ:

It makes no sense for the salary of the Chief of General Staff to be three times the salary of a non-commissioned officer. It is not like that in any army. It makes no sense at all for the salary of a general in the Yugoslav Army to be three times that of a non-commissioned officer.

ZORAN LILIĆ:

And the effect it has on the overall funds needed is nonexistent.

SLOBODAN MILOŠEVIĆ:

Nonexistent!

PAVLE BULATOVIĆ:

It is a thousandth part.

SLOBODAN MILOŠEVIĆ:

Not even a thousandth part.

MOMČILO PERIŠIĆ:

You are aware of the fact that the salary policy, in fact the policy of financing the Army in the previous year virtually did not exist.

SLOBODAN MILOŠEVIĆ:

We will pass the decision at the Military Council on some kind of groups, classes. You have virtually levelled the salaries. That is not how it is done. The military is an organisation based on hierarchy.

MOMČILO PERIŠIĆ:

Mr. President, I agree completely. It is up to the Ministry. But both the Ministry and the General Staff, in a situation where it is the matter of survival, we have no other option; because we have constantly been trying to survive; you cannot then threaten the livelihood of a person by introducing a wide range of salaries; you have no influence over him then.

ZORAN LILIĆ:

I would like to move on to our next item on the agenda with the conclusion I have stated a little while ago: Jova should get involved and the budget items should be simplified as much as possible, with the suggestions that have been

made, with the participation of the Ministry and the General Staff; to do the full analysis of the salaries and then we should study this on Thursday.

SLOBODAN MILOŠEVIĆ:

Momo, you should arrange your timing.

ZORAN LILIĆ:

We agree to any time you say.

MOMIR BULATOVIĆ:

We can do it at 10 a. m.

ZORAN LILIĆ:

All right, Thursday, 10,00 hours.

Let us move on to current affairs.

- Passing the decision on setting the date for the Day of the Yugoslav Navy.

You have the proposal sent by the Chief of General Staff, Lieutenant General MOMČILO PERIŠIĆ: with the explanation that was provided for the selection of 10 August instead of 10 September.

Are there any questions or additional comments?

MOMČILO PERIŠIĆ:

There have been some reactions among the officers – why 10 September, as it has been until now; the reason is that the destroyer named *Zagreb*

was sunk, because of its name, *Zagreb*, and because it was sunk by people who were not of Serbian and Montenegrin ethnicity. In this sense, people think it is better for it to be 10 August, if you agree.

SLOBODAN MILOŠEVIĆ:

I don't know what they did.

MOMIR BULATOVIĆ:

The arguments do not seem sound enough to me.

SLOBODAN MILOŠEVIĆ:

To me neither.

MOMČILO PERIŠIĆ:

There are some indications that Croatia will opt for 10 September as the day of its Navy.

SLOBODAN MILOŠEVIĆ:

It is entitled to opt for whatever it wishes.

Slavko KRIVOŠIJA:

As regards the date for the Navy Day – I took it from an encyclopaedia – the ship was sunk on 17 April, it did not say that it was on 10 September.

MOMIR BULATOVIĆ:

How come, when we were given the explanation earlier that it was?

Slavko KRIVOŠIJA:

I took the data from the encyclopaedia – Sergej Mašara and Milan Spasić; on 17 April, the destroyer was sunk in the Bay of Boka Kotorska; so, it had nothing to do with this.

Let me read it out to you: “The Day of the Navy, 10 September, was established pursuant to the Order of the Minister of Defence of the Democratic Federative Republic of Yugoslavia issued in August 1945, as it marks the beginning of the formation of the partisan Navy in the NOV /People’s Liberation Army/, relating to the first armed combat operations launched in September 1942 on the Makarska coastline.”

So, it is related only to the beginning of these operations.

MOMIR BULATOVIĆ:

Last time you gave us the information that the 10 September was this day.

Slavko KRIVOŠIJA:

When you said something, I went to search for it.

MOMIR BULATOVIĆ:

Which date is linked with Mašara and Spasić?

Slavko KRIVOŠIJA:

It is 17 April 1941, two lieutenant commanders, Mašara and Milan Spasić.

MOMČILO PERIŠIĆ:

But, the first unit was formed on 10 September in Podgorica, in the territory of Croatia. You know where it is.

MOMIR BULATOVIĆ:

Let's have a look at this. We have that event, the rebellion of the sailors in Boka Kotorska; we have another option – when Montenegro was first granted the right to have sea access at the Berlin Congress; that was the first time we had access to the sea pursuant to a decision of the international powers. But, let this issue be studied.

We have opted for 10 September on the basis of a report which was in writing and official. If that is really the case, then they have the right to complain.

ZORAN LILIĆ:

This is to be prepared for Thursday.

We go on to the next time.

It is the letter we have received, or rather, the proposal of the President of the Federal Government, KONTIĆ, regarding the issue of the formation and replenishment of the planned levels of strategic stockpiles. He has provided three alternatives. He suggests that the lowest item, 384.5 million dollars, be accepted; it does not envisage any major replenishment, except minimum levels, of what we had in 1993. In other words, replenishment up to the level of 1993.

We have to come up with a general view, and the Federal Government will pass the final decision.

JOVAN ZEBIĆ:

If I may add – he wants to have the consultation because the second alternative, in light of the problems, envisages an increase of the level of the stockpiles by an additional 156.9 million, to a total of 541 million.

The third alternative is 303 million more, in order to comply with the request of the Army.

ZORAN LILIĆ:

That is 844 million dollars.

JOVAN ZEBIĆ:

Yes.

However, the third alternative would cost us 459 million dollars, the second 156, and the first, to remain at the level of costs only – 17 million.

We believe that this year we do not have the capabilities to increase the level of stockpiles and to expand them substantially.

SLOBODAN MILOŠEVIĆ:

What is requested for the stockpiles, according to the request of the Army?

JOVAN ZEBIĆ:

Fuel and livestock.

SLOBODAN MILOŠEVIĆ:

If war breaks out, all livestock becomes part of the military stockpiles. (laughter)

MOMČILO PERIŠIĆ:

The basic thing is that we have to put the defence industry on its feet; in order to put the defence industry on its feet, we have to invest; for instance, that means getting the know-how for the production of the parts of weapons and equipment, ammunition that was left in Bosnia and Croatia, starting from the ammunition for artillery and tanks and on to certain repair facilities.

PAVLE BULATOVIĆ:

But, this has not been provided here.

MOMČILO PERIŠIĆ:

Let me finish.

In order to be able to increase the level of stockpiles and not to depend on foreign sources, it is necessary to invest in the production capacities which could produce the stockpiles; because, if we do not get the resources next year, we are unable to increase the level of stockpiles in any way except by importing them, and

you know how things go with imports; first of all, there are no channels, and secondly, we have no cash.

For the next session, I have to bring an overview of the planned stockpiles and the current level of stockpiles and then we can make some conclusions.

For instance, we have a big problem, because there has been consumption of the federal stockpiles; some have been left behind according to plan, and some have been left behind in the territory of Slovenia and Croatia; now all this has been transferred and the Yugoslav Army has been charged with this, when in the actual fact it cannot be responsible for what has been left behind according to plan or what has been left behind in the territory of Slovenia and Croatia; we should be relieved of the responsibility for that part.

PAVLE BULATOVIĆ:

The Government issued its decision in July, writing off the things that were located in the territory of Slovenia and Croatia.

MOMČILO PERIŠIĆ:

No, it did not! We have asked for it to be written off several times, but it has not been written off yet.

PAVLE BULATOVIĆ:

The debt for the loans taken in 1993 has not been written off; but the things that were left behind in the territory of Croatia, Slovenia and Bosnia were written off in July, if I remember correctly.

JOVAN ZEBIĆ:

We took off the things that had been left behind; but the things that they spent from the stockpiles are recorded as their liability.

MOMČILO PERIŠIĆ:

This pertains mainly to gasoline, jet fuel and foodstuffs, consumed by the Republika Srpska Army and the Army of the Republic of Serbian Krajina. But that has not been written off.

MOMIR BULATOVIĆ:

I have a small suggestion. Mr. ZEBIĆ should make the people drafting such serious materials aware of the fact that there are no three alternatives; there is only one alternative – the basic solution and the alternative; what we have here are options.

SLOBODAN MILOŠEVIĆ:

I think that our federal administration, and indeed the administration in the republic and elsewhere, are at odds with that.

MOMIR BULATOVIĆ:

Slobodan is right; our federal administration can operate only according to a pattern.

ZORAN LILIĆ:

The first option in practical terms does not envisage any changes in relation to the last year; the second option envisages the replenishment of the stockpiles with meat and the financing of the loans the third option is what remains for the Army.

JOVAN ZEBIĆ:

That option is the most acceptable for us, since we will make it part of the programme and since we will have to make some sacrifices this year.

MOMIR BULATOVIĆ:

Since this is primarily in the jurisdiction of the Federal Government, as the Military Council we can say that we do take into account the reality, but that we want to make a suggestion to the Federal Government to try to make the effort in the given situation.

ZORAN LILIĆ:

Can we take this as our conclusion? (everyone consents)

MOMIR BULATOVIĆ:

I have two more things to say – one is a minor thing, and the second one is, I guess, a bit more serious.

I wanted to let you know that we in Montenegro were issued a kind of an ultimatum today by Admiral ISAKOVIĆ to cease all traffic with the Republic of Albania which does not go through border crossings for fuel. President LILIĆ was not here, but President MILOŠEVIĆ is acquainted with the tragic fact that a ship loaded with 90,000 oil products was turned back by an American ship 5.5 miles inside our territorial waters, because there were no Navy assets in the area. But, one can accept all that somehow – weather was bad; winds clocking 5 on the Beaufort scale and that is why our boats did not leave their ports. But I find it hard to accept that reality is in fact not being accepted and that we are issued an ultimatum to cease this entire operation.

I will not bother you with this. Today, the President of the Montenegrin Government gave the answer to Rear Admiral Dojčilo ISAKOVIĆ; among other things, he informed him that I would inform the Supreme Defence Council about it today at its session. The cooperation and coordination between the

Montenegrin Government and the Navy has so far been impeccable. All the locations and all the companies that have been authorised are listed here; the entire procedure and the good will to eliminate the existing weaknesses and defects in this area, the ones that we are all aware of. Instead of all the companies which have been engaged in this smuggling operation in precisely defined locations, we have selected a single company and we are ready to set all the rules of behaviour together with the Navy.

I think that you will agree that I should forward this memo to General PERIŠIĆ so that necessary measures and activities can be taken. Because there is really no need to complicate the situation in this area which is difficult as it is.

SLOBODAN MILOŠEVIĆ:

When sanctions are in place, every import constitutes smuggling. Every form of importation should be facilitated.

MOMIR BULATOVIĆ:

Secondly, when I spoke with the 2nd Army commander today, I informed him about the progress of the work on the implementation of the decision, or rather, conclusion, reached at the last session of the Supreme Defence Council about the sending of the recruits of the Republika Srpska Army and the Army of the Republic of Serbian Krajina to their destinations. He told me what the order was like and what actual problems exist, in light of the fact that close coordination with the Ministry of the Interior is required in this.

In this respect, I want to acquaint you with the real danger inherent in all this. I thought that last time we had concluded that we should treat this issue as an agreement between two states on military cooperation, that this would be the legal "conduit" for our activities and that in this way we would be a state offering our good offices by returning the conscripts to the Republic of Serbian Krajina and to the Republika Srpska Army. However, the activities are actually proceeding like this: persons and conscripts are sought in the lists, and the only available lists are those of the Red Cross, they get the call-up papers, the text and contents do not matter, what

matters is that they bear the stamp of the Yugoslav Army. By affixing this stamp of the Yugoslav Army, we put an enormous burden on ourselves, because in Montenegro, for instance, there are approximately 900 people; they have to be served their call-up papers to report to the barracks; but, such a person can take the call-up papers to any political party that does not favour us or a foreign observer and show them and prove that we are indeed doing it.

There have been some ideas advocated by some, I don't know why this was not accepted, that we should use the stamps of the Republika Srpska Army or of the Army of the Republic of Serbian Krajina, and that our police should merely bring the people in, to the barracks, and then transport them on from there. Or, I take the liberty to pursue this line of thought: why should we assume this risk with all the uncertainties it brings; I have information that in Belgrade alone 14,000 such people should be brought in; there could be a real ruckus there these days. Is it not simpler to do the same thing based on the Red Cross lists, but in a different way: I suggest that based on the Red Cross lists we get a request, say, from the Republika Srpska police and the Republic of Serbian Krajina police, and then our police can deliver the people to them and the Yugoslav Army can also get involved in this.

I want to turn your attention to the fact that the risk is exceedingly great. I do not want to interfere with the things we agreed to last time, but we have to keep our eyes open, lest we should make mistakes in the implementation of our decision.

SLOBODAN MILOŠEVIĆ:

I agree completely. I think that things are being unnecessarily complicated here. We have some 50,000 conscripts here. We should merely provide assistance to the organs of the Republika Srpska, nothing more.

I have told KARADZIC and KRAJISNIK that they must send the decision of their Government to our Government, requesting that the call-up papers issued by the Republika Srpska Army and the Army of the Republic of Serbian Krajina be delivered to their citizens in our territory; these are their call-up papers, not

ours; we do not call them up to the Yugoslav Army. There is probably a certain percentage of people who report themselves when they get the call-up papers. It is not necessary to go arresting people if some of them will report as a matter of course. Those who fail to report by a certain date will be brought in, as it was done here; you do not bring in every person you call up to be drafted; once they fail to report having received the call-up, they are brought in as a favour for the organs of the Republika Srpska or the Republic of Serbian Krajina.

That is why I told them, "Gentlemen, please, set up a recruit assembly point in Zvornik. What does it mean, that we should bring them in? Where do we bring them in? You have to make a recruit assembly point in Zvornik, and then when a hundred of your conscripts have been gathered, they will be loaded onto two busses and handed over to you at the recruit assembly point."

MOMIR BULATOVIĆ:

The idea is that they should be gathered in our barracks, given clothes to wear in our barracks and then go. The worst thing is that we take them off the Red Cross list. If it can be proven that we have forcibly refused to host someone, we lose our entitlement to any humanitarian aid delivered by the international organisations; regardless of its actual volume, without it, we could hardly support all the refugees. That is the principle among the international humanitarian organisations.

The call-up service is ours; we should do all this; to inform them; to bring them in tomorrow; this cannot be done by the Army, but by the civilian police. This is fine; arrangements will be made. Today, the Montenegrin police minister and the 2nd Army commander had a meeting. He said he would place his men at the disposal, and you know what it means. He will pick up, say 20 or 30 men and keep them in the barracks; women and children will follow the next day, moaning and asking why he had been taken away and put in the barracks; in other words, you should say that it was a request sent by the Republika Srpska Army or a request sent by the Ministry of the Interior of the Republika Srpska to bring in those people.

ZORAN LILIĆ:

As far as I remember, the arrangement with them was that it should be a request issued by both governments to our governments on the republican level and that the entire procedure you spoke about is carried out pursuant to this.

MOMIR BULATOVIĆ:

We have to use the Red Cross lists; because, objectively speaking, they do not have any records in the Republic of Srpska Krajina or in the Republika Srpska. But, the lists that have been taken out must be signed and stamped by them and it should be a request sent by their government.

ZORAN LILIĆ:

These are their call-up papers; we merely provide a technical service in order to facilitate this.

MOMČILO PERIŠIĆ:

If you allow, Mr. President, since I am up to speed with this. We have records for a total of 19,000 conscripts. Using our records and not the Red Cross records, we issue call-up papers to these people at the request of the Republika Srpska and the Republic of Serbian Krajina. I agree completely with you that the Army can turn these men against itself in many respects. But the only way for us to call them up is to use our lists and to deliver them to the training centres which have already been prepared. If they fail to respond, then we can give the lists to the MUP for them to bring them in. The best thing would be for the Republika Srpska and the Republic of Serbian Krajina to do this directly through the MUP. But, there has been a number of attempts so far yet nothing has been done.

MOMIR BULATOVIĆ:

Whose stamp is on the call-up papers sent to each individual conscript?

MOMČILO PERIŠIĆ:

Yugoslav Army.

MOMIR BULATOVIĆ:

That is a problem!

PAVLE BULATOVIĆ:

The Republika Srpska and the Republic of Serbian Krajina should have more accurate records.

MOMČILO PERIŠIĆ:

They have no records whatsoever. That is the problem.

MOMIR BULATOVIĆ:

You have the fact that a certain number of conscripts already have jobs; they have a job, they applied and got their identity cards, etc.

PAVLE BULATOVIĆ:

Some have even got citizenship.

MOMIR BULATOVIĆ:

You cannot force the ones who have been granted citizenship. But the number of those is small. I know that no one in Montenegro has been granted citizenship.

The entire problem can be solved by using the stamps of the Army of the Republic of Serbian Krajina and the Republika Srpska Army.

ZORAN LILIĆ:

Technically, this can be done; let them have the lists, let them issue the call-up papers; let them deliver them here, if they have no records.

MOMIR BULATOVIĆ:

The stamp of the Yugoslav Army can have horrible consequences.

MOMČILO PERIŠIĆ:

We can change that.

ZORAN LILIĆ:

We must change that.

MOMČILO PERIŠIĆ:

However, the problem will in its essence remain the same. Here we do indeed avoid putting pressure on the Yugoslav Army, but we will have the same problem in terms of delivering these people efficiently. Because it is all the same. If he fails to respond to the call-up, coercive measures must be taken; and coercive measures cannot be taken by the Army, but by the police. The effect is totally the same. Because, the government is behind the police.

Thank you for your suggestion, we can change the stamp, to have the stamps of the Republika Srpska Army and of the Army of the Republic of Serbian Krajina instead of the stamp of the Yugoslav Army.

MOMIR BULATOVIĆ:

That is essential.

Then, the police of the Republika Srpska can request, in a fax, from the police of Serbia and Montenegro to deliver the people who refuse to respond to the call-up according to those lists. This is not the relationship between two armed forces but between two police forces.

SLOBODAN MILOŠEVIĆ:

Of course, one government is asking another government to send its citizens who are subject to military service to an assembly point, in Zvornik, for instance, or to the assembly point in Trebinje.

MOMIR BULATOVIĆ:

I said last time that I approve of this activity because I believe that we will thus rid ourselves of a great evil – dealers, smugglers, etc. But, realistically speaking, these are not the people who are willing to fight; because if they had wanted to stay, they would not have come here. On the other hand, they will make a hell of a racket and will cause us all a great deal of damage, more than this is worth. That is why we have to protect ourselves. I suggest that we think this entire issue through, while not challenging the essence of our decision.

ZORAN LILIĆ:

Our decision was in fact based precisely on these principles.

MOMIR BULATOVIĆ:

I am bothering you with this, but the following must be done, when this is going to be implemented in a specific case: Janko Janković gets a paper bearing the stamp of the Yugoslav Army telling him to go to the Republika Srpska. If

refuses, our police will arrest him. I am in favour of our police arresting him and bringing him in, but pursuant to a request issued by the Government of the Republika Srpska and the Government of the Republic of Serbian Krajina. And the Yugoslav Army will be providing a service – we can provide accommodation, meals, transportation, etc.

ZORAN LILIĆ:

All right, this is fine. So, we abandon the existing way in which these people were rounded up. Pavle will coordinate this.

Pavle, you had something to discuss as a current issue?

PAVLE BULATOVIĆ:

I had two brief questions.

First, two days ago I sent a letter to ministers SOKOLOVIĆ and PEJAKOVIĆ. After the Law on the Army has been passed, the service of active duty service personnel in the Yugoslav Army who do not get Serbian and Montenegrin citizenship by June will be terminated. Quite a few of them have submitted an application, but we do not have the Law on Citizenship on the federal level yet; this can cause big trouble.

ZORAN LILIĆ:

What is your suggestion? Should we postpone it?

PAVLE BULATOVIĆ:

It is difficult to postpone. The best thing would be for the Ministry of the Interior to deal with those applications as a priority; and then if they get their citizenship and if they meet the requirements, they will remain in the

Yugoslav Army. If they are not granted citizenship on the basis of the MUP criteria, their active service in the Army must cease.

MOMIR BULATOVIĆ:

It is hard to activate a provision of a law – the Law on the Yugoslav Army and Defence – which is tied to the fact that a federal law should be passed; the federal law on citizenship has not been passed because of the well-known blockade of the work of the Assembly.

I am ready to consider all options. But, the issue of the renewal of the Law on Citizenship is very sensitive, it has many layers and is important also because of the problem of the refugees and all other issues. So that at this point in time this is a sensitive political issue.

If we were to, for instance, have at the level of the federal state, a request for the professional members of the Yugoslav Army to be our citizens and they should be granted it, then it is very easy to resolve it.

PAVLE BULATOVIĆ:

It says in the law that only citizens of the SFRY can be members of the Yugoslav Army.

SLOBODAN MILOŠEVIĆ:

This means that the Yugoslav Army should not have in its ranks people who do not have this citizenship.

MOMČILO PERIŠIĆ:

That is precisely what it means. They have all applied, but because the law on citizenship has not been passed, we have to bridge this gap until this has been resolved.

SLOBODAN MILOŠEVIĆ:

How many of them are there?

MOMČILO PERIŠIĆ:

A total of about 4,000.

PAVLE BULATOVIĆ:

Because of this fact, the transitional provisions still contain the requirement that a certificate of citizenship must be obtained within six months. That leaves another month, then.

SLOBODAN MILOŠEVIĆ:

There are two options here: first, you send them away to work in the army where they have citizenship; or, if they are essential here, give them citizenship and let them stay in the Yugoslav Army. According to the Constitution, you do not have the right to keep them here if they are not citizens.

MOMČILO PERIŠIĆ:

Mr. President,

That is what we have done. If for instance, you have a case of a Serb born in Slovenia, he does not have Serbian citizenship. Someone, for instance, may have been born in Macedonia and does not have Serbian citizenship.

SLOBODAN MILOŠEVIĆ:

There is no problem with such people. Make a list of such people and let us grant them citizenship right away.

MOMČILO PERIŠIĆ:

I will make a list of all those whose citizenship issue is as yet unresolved and those who need it and who come from Bosnia and Croatia.

MOMIR BULATOVIĆ:

Does that mean that the entire family is entitled to citizenship?

MOMČILO PERIŠIĆ:

Yes, that must be automatic.

ZORAN LILIĆ:

We have agreed that the session be held on Thursday at 10,00.

(Session ended at 18,30 hours)

CONTINUATION OF THE 17TH SESSION OF THE SUPREME DEFENCE
COUNCIL

13 January 1994, beginning at 10,30.

ZORAN LILIĆ:

We continue with our work.

We will be discussing the issue of the

FINANCING OF THE YUGOSLAV ARMY

The materials have been prepared, according to the conclusions we adopted at our previous session; you have the complete analysis.

Who will make the opening remarks?

Momo, go ahead.

MOMČILO PERIŠIĆ:

Messrs. Presidents,

We have taken as our starting point the fact that the risk of war has not been decreased – quite the contrary, it has been increased; secondly, the material stockpiles have been substantially decreased.

We stick by this figure – that we need 1.301 billion dollars.

Before I start explaining all of the figures here, it would be good to remind ourselves of what our stockpiles are:

Ammunition and b/k. For small arms ammunition, we should have 7 b/k, we have 7.4 but the structure is not good. We have a lot of ammunition that has been consumed, and we have ammunition that has not been consumed.

For the support in infantry ammunition, we should have 10 combat sets, yet we have 3.4. Let me note that this is the status as of 7 October. This has been decreased substantially, perhaps by 2 percent.

For anti-armour artillery, we should have 5, yet we have only 2.9.

For support artillery, we should have 10, yet we have only 4.9.

For anti-armour artillery, 10, we have 6.

For combat vehicles, we should have 6, we have 2.7.

For barrelled anti-aircraft artillery, we should have 7, we have 3.1.

For rockets, we should have 3, we have 3.2. Please note that almost all of it is obsolete.

Let us proceed.

The quantity of propellants (fuel, gasoline) should be as indicated here (indicates on chart), we have 49%, noting that this has been substantially decreased, we have not been given anything and naturally we have been consuming them.

We have only 26% of D-2 /diesel/; 4.2 % of jet fuel; the amounts for pilot training have been reduced. We have enough only for 2 days of warfare.

We have this quantity of other auxiliary propellants (indicating figure on chart).

Food. We have managed to retain stockpiles sufficient for 5 days of warfare at brigade level and lower. At the Army level we have some items – we had 80% at that time and from that time until now, in the period when there have been no regular deliveries of, for instance, meat, we have replaced it with tinned food. As you can see, the Supreme Command has nothing.

As for other organs – you yourselves know how depleted the federal stockpiles are.

This means that we have all the materials for only 17 days of warfare and we have to have for up to 30, kept by us. When we add to this the fact that we should have enough in the federal stockpiles for 90 days of warfare, and if we know that we have virtually nothing, then the situation is not good.

When it comes to quartermaster supplies, you can see what it looks like, I do not have to read out all the percentages. Getting the clothes for the soldiers is a particular problem. The last batch of recruits got their clothes in December; the last remaining reserves were refitted and used up. We got about 1,000 soldiers from the Republic of Serbian Krajina who are to undergo training with us; we got them clothes. Now they are sending another 100, but believe me, we cannot receive them, because we do not have clothes for them.

Let us go on.

Supplies, hygiene and other. You know that the biological value of meals has gone down from 3,800 to 3,000 calories. We have got warnings from the VMA /Military Medical Academy/ that this is a health risk, because the resistance of the organism is significantly lower. There are fewer and fewer hygiene supplies and there is a risk of infectious diseases. You see what the reserves are: only 8%.

Heating fuel. This is the status as of 7 October. The status right now is much worse, for fuel oil and heating oil alike. You see that the situation is.

Further, as regards the housing. We came up with a programme designed to provide the homeless with something by 2001. The programme was accepted. We planned to complete 400 apartments this year and to buy 500 new apartments; in order to show them that there are prospects for getting an apartment and to show the people that we care.

Let us now explain further.

First about the salaries, because that is how it has been arranged in your materials. For salaries, benefits and other remunerations and military pensions, we have planned 239 million dollars and 43 here.

We have a total of 16,000 officers, including those in the Republic of Serbian Krajina and the Republika Srpska. They have an average of 60.34 dollars – this is the amount in dinars; the annual total; and when all the taxes, etc. are added, for this category the amount is 26.94 million dollars.

We have 13,000 non-commissioned officers; 20,000 contract soldiers – now we have 12,000 of them. We plan to hire so many to make up for the soldiers we lack. However, we cannot hire them nor will we hire them if the salaries remain at the current level, because they have not motive to join.

We have 24,000 civilians – in all three states.

This means that the total of paid active duty service personnel in the Republic of Serbian Krajina, Republika Srpska and SRJ is 73,722.

There are 54,000 military retirees.

Note a disproportion here. The average salary in the Yugoslav Army is 46.15 dollars, while military pensions are 60 dollars. Why is that? That is

why only officers receive military pensions, and these are predominantly generals, colonels, etc. Of course, there are also non-commissioned officers, but there are fewer of them. Civilians people do not belong to this fund.

This means that a total of 88.75 million dollars is required for the salaries of military personnel and 43.27 million for military pensions.

Furthermore, remunerations for other personnel in the Army. We have the reserve source which should be at 27,600, to make up for the recruits in the next five years. They cost an average of 40.8 dollars a month. When you add all the contributions to that, it comes up to 27.62 million dollars.

Conscripts doing their national service cost 7 dollars per soldiers – a total of 2.96 million. Cadets cost 15 dollars, or 0.28. This is a total of 30.58 million.

Now, the following allowances must be added to this: the military or army allowance, flyers' allowance, which is not given to all categories, but only to pilots; then there is the paratroopers' allowance; allowance payable to those serving on ships at sea; submariners' allowance; commando allowance for members of commando units; vacation allowance; severance pay and termination of civilian personnel with less than 25 years. Since there are more civilians than we need, we have to terminate them, especially those who have transferred from the TO /Territorial Defence/.

Further, administrative pension – for the officers who are not good and whose volume and quality of work do not meet the requirements, and then after 30 years we give them administrative pension; we have to give them severance pay.

Army installation grants. When we employ someone, we have to give them the uniform and other benefits.

Further, official travel – by individuals and complete units.

Then, service on Navy vessels. All those serving on vessels are entitled to a special allowance.

Service in difficult conditions, special conditions; this is the personnel working on various repeaters, relays, radars, etc.

This adds up to a lot – a total of 120.28 million dollars.

When we add this with the previous total, we come up to a total of 282 million. This is substantially lower than the figure we gave last time – last time it was 360 million dollars.

This is the explanation for the first item.

Messrs. Presidents,

We can make corrections here; the Army is prepared to bear it, but only provided it is not inferior to other structures of the society. If other structures fall on hard times, then the Army must share their fate, but not be below other structures.

I will now move on to the next explanation – attachment no. 2.

An overview of funds for weapons and military equipment. The total is 223.613 million, or 17.18%, and here we must not give in. We must not give in, because according to our estimates, the level of the threat of war is grater – not to go to war, but to have the strength to deter war. If there were no threat of war, we could give in here.

Let me explain.

Here is what is needed for small arms: 9 mm pistol rounds, in thousands – a thousand rounds cost 205 dollars; we need 370,00 which is 75,850

dollars, etc. This means that as far as small arms are concerned, in order to improve the structure and to bring the quantities up to the level of 3 b/k we need 32,596,000 dollars.

The next category, also in weapons and military equipment, is the purchase of artillery ammunition and rockets. For instance, one anti-armour rocket costs 3.020 dollars. We need about a thousand pieces – here is the value. We can manufacture all this in our country, in other words, we have to pay this amount to the defence industry. We have to import the items for which we have not managed to gain the know-how, and later on we will see in the investments in the defence industry that we have to make these facilities operational and to manufacture this, so that we do not depend on the imports. These are the 100 mm anti-armour rounds, 122 mm rockets, anti-armour rockets – this type is semi-automatic and these are automatic, all you have to do is aim at the target and forget about the rocket. Here is also the 122 mm howitzer round.

This means, for the artillery ammunition, a total of 46 million dollars. If we get the know-how for the production, this item will be substantially lower next year.

Further, purchase of ammunition for armoured and mechanised units. Smoke boxes, 100 mm rounds and 125 mm rounds. See here, a single 125 mm round costs 400 dollars, and we do not have them here. There are some in the shipment due to come in from Bulgaria, these are the liabilities dating from last year, for which you approved the amount of 74 million. If it is imported, it will be paid immediately from here.

Let's go on: purchase of mines and explosives. You know that we have just recently gained the know-how for the production of explosives, because it was done in Vitez – *vitezit*, etc. We need about 9 million dollars.

Next is the ordnance for RV and PVO /Air Force and Air Defence/. These are mostly ammunition for cannon – a total of 44 million dollars.

Further, ordnance for the Navy. Mr. President (addressing S. MILOŠEVIĆ), you asked last time why so much ordnance was needed when the Navy was not involved in the war? They were involved in the war, they mostly fired on land targets. These are mostly anti-aircraft pieces. We cannot abandon Ratko and others – they are asking for extremely expensive ammunition they use to fire on land targets. Why? Because it is very effective, and when they are attacked from the air, they will not have as much as they will need.

Now we have weapons and military equipment which we could do without if a smaller budget than this is approved. We could review things here. First we will address the 30 mm grenade launchers, hand-held night vision glasses, military helmets, rifles, etc.

Then, for the artillery, hand-held launchers, fire control system, battery microcomputers, etc. Out of this equipment, we could primarily forego this.

Then, for the engineers – mine detectors, etc.

For the ABHO /nuclear, biological and chemical defence/, some equipment. *Miloje Zakić* has all the know-how and they are able to manufacture this. The total sum we need is 13,755,000 dollars. I can tell you that Muslims are increasingly using chemical agents, which has put Serbs in many ways in an inferior position, because they do not have sufficient protective equipment.

As far as RV and PVO are concerned – since there is risk of air strikes, these /word unknown/ serve as protection against anti-aircraft weapons.

Various engines, etc.

This is all that is needed to keep the Air Force at the current level of combat readiness, the total amount is about 8,640,000 dollars.

As for the Navy – this is what we can purchase domestically and what we have to import. The total is 4,500,000 dollars.

Next, investments in our facilities so that we no longer depend on imports from abroad, thus making further purchases cheaper, as follows: we have to get the know-how for various types of gunpowder, rocket fuel and explosives. The companies are *Milan Blagojević* and *Prva iskra*. For that we need 10 million dollars.

Next, gunpowder, fuses and other items. This was lost in the territory of Bosnia.

Ammunition, 7, 9 and 12.7 mm; aviation glass; *zolja* hand-held launcher. We could obtain artillery ammunition from various companies where we have invested a part of the funds. We have invested a total of 14 million, these are the liabilities that we have created. We need another 31 million to round this off and then we can manufacture virtually everything in our factories. If we wanted to hide the amounts, the companies or the republic could give subsidies to render the companies capable for this.

This is what we need in terms of the army that we have, as opposed to the one we had, to have the same level of capability that we had before going to war, this is what we need. In order for our combat readiness to be as it was before going to war, in addition to the items I have explained, we need an additional 294 million dollars. But we know that we cannot get it now, so we will leave it for the forthcoming period. These are the figures for the projected strength of the wartime Army.

We have huge funds here. Why? Because we do not calculate the stockpiles here for peacetime, but for the overall wartime Army.

Next, here are the funds needed for the investment in the defence industry. In order for the defence industry to be able to produce everything for us, in addition to the items we have mentioned, 44,800,000 dollars are needed. However, we could not put that in here, because it would be unrealistic at present.

You have all the charts I am referring to in your materials.

Let us move on to the wartime materiel stockpiles.

In addition to what we have said in relation to the weapons and ammunition, we have 104 million for fuel which we cannot give up and there is a specification. You see the price of gasoline – we need a total of 2 million dollars; D-1, D-2, GM-1, etc. Down here are the spare parts, only those which are indispensable for keeping the equipment in good working order at the present percentages, which is between 80 and 90%. The total is 104 million dollars.

That means that we must not give up the wartime materiel stockpiles that I have mentioned – ammunition and fuel, because it would drastically impair combat readiness.

Let us move on.

Funds that are lacking. In order to bring the stockpiles to the pre-war levels, in addition to the 104 million, another 111 millions are needed. However, we cannot get that now.

Thus, technical maintenance amounts to 111 million or 8.36%.
Let me specify:

It is divided into basic and current maintenance, medium-term overhaul and general overhaul.

In addition to what we have presented above, we would need an additional 72 million in order to be able to carry out the general overhaul on all the systems and types of weapons in the course of this year, but we have given up on that.

Further, quartermaster support is the biggest item. For food we need 66 million; this includes the storage of all kinds of food, fresh vegetables, fruit, meat, etc., increasing the wartime materiel stockpiles. That totals 66 million.

For clothing – we have to put 30,000 recruits into new uniforms and we have to replace uniforms for the conscripts who still have the old uniforms with the *titovka*-style caps.

Nineteen million are needed for the most essential footwear.

Fuel – coal, wood and other – require 26 million.

Services and other (power, water, etc.) – 64 million.

Changing the insignia of the Yugoslav Army. In order only to change the insignia – that is 600,000 personnel of the entire wartime Army. According to the international law of war, a soldier is considered to be a soldier if he wears the insignia of the country he belongs to, if he wears a belt and a sidearm. This totals 19 million.

Here we have the increase in the wartime materiel stockpiles, quartermaster supplies, in order for it not to be at the lowest level, about 15 million. The total for quartermaster support is 264 million dollars.

Next, this is what we would need if our country were a rich one, in order to bring this to the previous levels – 32 million for meals; then, in order for the meals to have the caloric value envisaged by the norms stipulated by law. However, we know that we cannot get it now.

For the clothes we need another 35 and for footwear 2 million dollars.

Further, services and equipment necessary for providing support to the troops – more frequent changes of the bedding, storing and distribution of food – another 90 million would be needed.

Now we come to medical support. If we want to keep it at the current level, and it must function well, this is the amount needed. Logistic support

has been the best functioning element in this wretched war, and medical support was the best functioning part thereof. We have provided excellent care for the personnel by providing good medical care. Here you can see where the money is going. With the current budget we have managed to provide proper treatment for all the wounded, including those from the Republika Srpska and the Republic of Serbian Krajina. We did not get a single dinar for that. They were telling us they would give us meat for it, then they reneged. We took away from the troops in order to give to the wounded.

Funds needed for the medical corps, in order for them to keep up with the modern equipment: another 40 million.

Further, the construction, refurbishment and reconstruction of military structures. You have here the housing for the soldiers in Belgrade and in all the garrisons – you can see here how much money needs to be invested in order for the buildings to be properly refurbished to meet the requirements of the units and the maintenance of the buildings to prevent further decay. We need a total of 24 million dollars.

There we have the construction of five border watchtowers. Here is the entire borderline with the Republika Srpska and the Republic of Serbian Krajina. There have been no facilities on that border. There is the entire border with Macedonia, in terms of the construction of watchtowers, roads, water tanks, etc.

A part of this are engineer works – construction of various facilities for the conduct of armed combat. If there is no money, we could give up on that.

Let us move on – construction of housing.

As far as 400 apartments are concerned, an obligation was entered into in 1993 for their construction. In order to meet the obligation, we need 16 million dollars. In order to be able to purchase about 500 apartments this year, we need an additional 35 million, a total of 51 million. Here we have an overview, garrison by garrison, where there were virtually no troops. In Belgrade, 7,500

personnel have submitted their applications and we would grant only 110. Here you have the data for other locations.

In the following period we would provide 500 additional apartments – 50 more in Belgrade, then in Subotica, etc.

I would like to note that many of the 18,000 homeless we have here are questionable – as soon as the going got rough, they fled. However, among them there are surely over 50% of the true fighters, those who fought until the very last moment, until the FR Yugoslavia was proclaimed, until we were ordered to come here. When we came, we got the roughest deal, because there are no apartments left, you cannot find jobs for your family, the society cannot compensate you for what has been lost. This category is at great risk and has been put in an inferior position in relation to their colleagues and the population of FR Yugoslavia.

Maintenance of military real estate – in order to prevent deterioration, particularly for complex systems such as boilers, etc. – this amounts to 29 million dollars.

Further, scientific research activities. We have institutes and expert teams carrying out these activities, in order not to pay foreigners, in order not to depend on them. This is the plan for 1994, I do not want to read everything. We need a total of 12,764,000 in order not to lag behind in the process of acquiring the know-how for new products. However, if things need to be reviewed, we could review them here to a certain extent.

Further, funds for training and education. This is the amount we cannot reduce any further, namely for the training of 36,000 soldiers from the FRY and 4,100 from the Republika Srpska and the Republic of Serbian Krajina, because we have agreed to accept them here. Currently they do not give us anything. If they were to give us anything, this figure could go down. We need a total of 20 million for that. Training of 36,000 persons, including 14,000 reservists, but not the reserves that are used as replacements, but personnel operating special equipment; this mostly covers travel and training. Twenty thousand contract soldiers and about 2,000 officers

to undergo retraining. These are joint tactical exercises. From the beginning of the war until now no joint tactical exercises have been carried out. However, we could give up on this, in light of the situation. To recap, we could give up on these figures, but we could not give up on the ones up here.

There is also the provision of teaching aids. It would be good to do that, but if we cannot, then that is it. This is divided by services. For instance, the Infantry Directorate had an excellent logistics base in Sarajevo – it no longer has it. It was like Huston. The Artillery Directorate had its base in Zadar – I was the commander of the Centre, but we no longer have it. The Directorate in Banja Luka remained in Serb hands, etc. We have taken away all the teaching aids. They are very useful, but if you do not have premises to put them in, they deteriorate. The total is 57 million. As far as training is concerned, we could leave out the training facilities, but we could not leave out the training of the troops and the figures up there and we could not leave out the training of officers – military secondary school students, 290 of them at this time. Most of them are trained to be pilots; 550 non-commissioned officers and 695 non-commissioned officer candidates. We could not give up on that.

Other activities – financing military missions, a total of 16, which we will change in such a way that they really serve their purpose – we have changed a number of them. These are our real ambassadors. Then, transportation services for rail transport, because it is not economical for us to drive and consume fuel. Then, costs of the transport of persons, soldiers, arrival of recruits, etc.

Then, road transportation services and transportation of persons by city public transport. We are paying 3 million dollars for public transport. We help them and the journalists drag our name through the mud for our effort. Here we have telephone services, recruitment of soldiers, printing, services, etc. We publish the magazine, *Vojska* /The Army/, and we need 6 million for that. We can forego the magazine too.

This would be our proposal.

We are quite aware that there are no resources for this, realistically speaking. But, as soldiers, we are duty bound to tell you that combat readiness will be substantially reduced if these funds are not approved.

I, as the Chief of General Staff and my associates are unable to bear this burden that would be imposed on us if we were to tell you that we need less than we actually do, and you have to make the decision. Please understand it.

According to the second option, it will be easier for me to compromise on the standard of the officers than on the combat hardware. I personally think that the threat of war is even worse than it was.

So, this was the first option, envisaging 1,301,677,000 dollars.

The second option, with substantial restrictions, which is the bottom line, because to go below it would really jeopardise our defence, is 858,500,000 dollars.

According to the latter option, the average salary in the Army is 25.6 dollars and the average pension is 17 dollars.

I would like to ask the minister if he wants to explain the second option or should I continue?

PAVLE BULATOVIĆ:

Go on.

MOMČILO PERIŠIĆ:

We have earmarked 223 million for the NVO /weapons and military equipment/ here, and only 35 million in this option. These are the obligations that have already been undertaken.

We have earmarked 12 million for scientific research, versus only 2 million in the new option – this means 10 million less, just to prevent the experts from leaving.

Then, the construction of military facilities and engineer works: 4 million down from 26 million.

Construction of housing was 51 million, and we kept it at 51 million. The reason is that we do not want the officers to become disillusioned. For us, man is the most important factor in terms of the defence capabilities of the country.

Then, wartime materiel stockpiles – they were 104 million and they remain at 104 million. Without sufficient ammunition and other types of ordnance, the defence would be in jeopardy. Please, keep it at this level.

Training and education was 57 million; we kept it at 57 million, because you cannot have a complete officer without training, it is impossible to replace personnel, etc.

Salaries, benefits and other remunerations, 122 million down from 239 million. In that case, the average salary is 26 million and retirees get 17 dollars.

Then, real estate maintenance, 5 million down from 29 million.

Technical maintenance 37 million down from 111 million. This is what we must have.

Quartermaster support remains at 264 million, because otherwise the children will start running back to their homes.

Medical support remains as it was at 66 million.

Military pensions – a drastic cut, just as it is with salaries, 17 dollars down from 43. Interim obligations 23 million. Funds for the operation of the Federal Ministry and Civil Defence, 20 million.

Other activities (organisation and mobilisation, military missions, etc.) 45 million down from 45 million.

This is a total of 858,500,000 dollars. This we could not do without.

We have made a list of things that could be taken off the military budget in order to cut it down. The state again gives the money, but then the percentage shown would not be 75 but 41 percent. The following would need to be done then:

The funds for the operation of the Federal Defence Ministry should not be in the budget.

Further, the funds for the military pension should not be there, but note that this presents a great danger, unless the manner in which it is done is perfected and unless this is regulated properly by a law, this could cause a great commotion. Because a man keeps silent until he retires on a military pension and then once he leaves, it's a sensation.

Then, funds needed to finance the transformation according to a special federal law. The 1,301,000,000 includes the funds related to the transformation. You remember that our minimum needs are presented in the previous option and we would then complete the transformation. But if the transformation of the Army were to be regulated by a special law, as it should be, this would then not be a burden on the military budget.

RADOJE KONTIC:

This is regulated by a law. We would then need to change the law.

MOMČILO PERIŠIĆ:

If that is the case, then the law would have to change.

When all this is taken off, the budget would not be 75.5% but 41.7%, which refers also to the national income. In this we would present the figures which would show that less funds than it seems go to the Army. It turned out that a great sum was given last year, when in the actual fact only 3.7% was given, yet it was said that 8% was given.

Here we have the receivables due to the Army from abroad, I am referring only to the receivables due to the Army, not to the defence industry. PLO owes us 14 million dollars, the NR /People's Republic/ of Angola owes 5 million dollars, the Republic of Iraq owes us 4 million dollars, and it owes us over 800 million dollars from other sources. Zambia owes 2.9 million dollars, the Jamahiriya 349,000. For the arms and military equipment exports, a total of 30.3 million dollars, mostly to Ethiopia; receivables for the works carried out in Iraq – 34 million dollars. If the state were to buy all these items and give them to us, it would be good. But, since this is again robbing Peter to pay Paul I felt it was my duty to let you know.

I will stop here.

It was my goal to present to the Supreme Defence Council the real problems the Army faces and to tell you how funding can have a positive or negative impact on combat readiness, or to the extent the Yugoslav Army can act as a stabilising factor in the society now.

If there are funds and capacities, approve as much as you can, if there are not, approve at least the minimum levels. If you go below this, there is a risk of the Army not being what it must be. We are ready to bear the same burden as the society. I think that this year we have shown that the salaries and the standard of the

officers and soldiers were below the levels of other similar categories, yet we have carried out our missions successfully.

Thank you for your attention!

ZORAN LILIĆ:

Thank you.

We have heard a detailed presentation of the Chief of General Staff. We also have the alternative before us.

RADOJE KONTIC:

The 858 million is not 7.6% but 8.5% of the national product.

PAVLE BULATOVIĆ:

In their initial statement, the Finance has given the estimate of the national product at 11 billion something. This is the percentage then. Since we now have the estimates for the national product at 10 billion, this would be the figure.

If we engage the military capacities, according to the first option that is adopted, at 128,000. plus the Krajinas, that is 136,000?

MOMČILO PERIŠIĆ:

If we take all the officers, what we are financing, that is 136,000; plus the soldiers from the Krajinas we are training; if you decide not to train them or that they should pay for it, we can cut it down.

RADOJE KONTIC:

I think that a great effort has been made to produce the second option, but it contains an illusion which could result in a totally different option: the salaries and pensions. Salaries and pensions cannot be this low in 1994. So this option is not at 850 million, but we should add to it 100-150 million, to round it up to 1 billion dollars.

SLOBODAN MILOŠEVIĆ:

I have to say that this part is not clear to me at all, despite all the bundles of paper. If we opt for this option, "salaries, benefits and other remunerations, 239 million dollars", it comes up to an average of about 300 dollars per person in the Army. If we opt for the second, lower, option that Moma explained – 122 million dollars, it is again 145 dollars a month for the entire army. According to the first option, it is about 500 marks a month, and according to the second one, it is 240 to 250 marks a month per person. How you can see a salary of 40 dollars and a pension of 17 dollars here, I have to say I fail to understand, it is a mystery to me.

MOMČILO PERIŠIĆ:

I asked ZEBIĆ – the minister was there too – if a citizen really gets 56 point something dollars on the average, we can make a scale and those who are entitled to allowances will be far above the average and there will be a correlation of sorts. If only the salary is calculated, if the per diem allowances and all the other allowances that they get in civilian life for overtime are left out, then it is not logical for the military as a structure to get only this much. We do not have 8-hour working days, our working hours depend on the actual needs for certain structures. I for instance do not get anything although I work 18 hour days, and neither do my associates.

As for the flyers' allowance – only pilots fly. If you do not give him the flyers' allowance, he won't have the motive and won't be a pilot.

SLOBODAN MILOŠEVIĆ:

This is not the proper argument, this is irrelevant. We have 13 dollars per Army member as a military allowance?

MOMČILO PERIŠIĆ:

The military allowance, a total of 12 million dollars per year. To this, add the taxes, 13.63, and the total for the allowances is 26 million. Plus for one category – pilots – this is the amount, then the divers' allowance, etc. This is the methodology stipulated by law.

SLOBODAN MILOŠEVIĆ:

How many pilots do we have?

MOMČILO PERIŠIĆ:

I could not tell you exactly now. All the personnel in the Air Force with the training get the flyers' allowance, regardless of whether they fly or not. For instance, the Air Force Commander is a pilot; he is entitled to the flyers' allowance and he must fly a certain amount of time, despite the fact that his main occupation is not that of a pilot. This has all been stipulated by law.

SLOBODAN MILOŠEVIĆ:

How many of those who fly are there in the Air Force?

MOMČILO PERIŠIĆ:

There are about 300 real pilots; these are the people whose only mission is to fly. According to the Decree in force now, all persons trained to fly are entitled to the flyers' allowance. Because all those who know how to fly in war, regardless of their actual job. We have to have the ratio of 2.5 pilots per airplane.

SLOBODAN MILOŠEVIĆ:

All right, how many combat capable airplanes do we have?

MOMČILO PERIŠIĆ:

Right now we have about 700 combat capable airplanes.

SLOBODAN MILOŠEVIĆ:

How many pilots do we have?

MOMČILO PERIŠIĆ:

We have 700 pilots, plus the others who have various other duties and who fly when needed.

SLOBODAN MILOŠEVIĆ:

All right, is this a total of a thousand pilots? Is it more than that? All right, let's say we have a thousand pilots, although we do not. Because if we were now to analyse how many airplanes we have which would be deployed in combat, the Air Force and Air Defence would probably give us a much smaller number. But let us go along with this figure, that we have 1,000 pilots.

MOMČILO PERIŠIĆ:

We also have helicopters.

SLOBODAN MILOŠEVIĆ:

All right, that is 1,000 pilots.

The flyers' allowance for them should amount to 9 million dollars per year. That means that they get on the average 9,000 dollars per year in flyers' allowance per person.

MOMČILO PERIŠIĆ:

You base this on the figure of only 1,000 pilots. I am telling you that in accordance with the decree currently in force, every person trained to fly, because they have to keep in shape, even though they are not employed as pilots, receives the flyers' allowance. We can change the law and say – only pilots when they actually fly are entitled to this. This means then that this person cannot get back into shape from another duty and be a pilot.

SLOBODAN MILOŠEVIĆ:

Momo, please, I am all in favour of the people getting decent and realistic salaries, of them being paid the salary which makes it possible for them to live normally, to have a certain stability. But I am also in favour of having accurate records.

MOMČILO PERIŠIĆ:

They are accurate!

SLOBODAN MILOŠEVIĆ:

These records cannot be accurate. If you have a thousand pilots and the flyers' allowance of 9 million, it is 9,000 dollars per annum of flyers' allowance for every pilot. It is pure mathematics. That is not possible!

MOMČILO PERIŠIĆ:

Mr. President, it is not my intention to deceive you. If that is your starting point, then I should not be here. I am telling you that all this is correct.

Every person in the Air Force trained to fly, regardless of whether they are pilots or operatives, are entitled to the flyers' allowance.

MOMČILO PERIŠIĆ:

Momo, I am asking you: how many of them are there? First you say 300, then you say 700, now we say, let's say there are a thousand of them. How many of them are there in fact?

MOMČILO PERIŠIĆ:

There is a total of 700 airplanes and the same number of pilots. We have about two thousand something officers – all of them are pilots and they all receive the flyers' allowance.

SLOBODAN MILOŠEVIĆ:

So we have 2,000 officers receiving the flyers' allowance.

MOMČILO PERIŠIĆ:

I do not have the exact figure at my fingertips, but I can check/

RADOJE KONTIC:

There is something wrong here, general. I do not think you can explain it this way. Have a look – 54,000 retirees at 60 dollars, that is 43 million dollars a year. Half of that is 21 million, and the flyers' allowance is 26 million dollars. There is something wrong with the math here.

MOMČILO PERIŠIĆ:

The flyers' allowance is higher than the salary!

RADOJE KONTIC:

All right, but according to this calculation, you should have between seven and eight thousand pilots!

MOMIR BULATOVIĆ:

If you have a thousand pilots, it comes up to 370 dollars a month for the flyers' allowance per pilot. Because it says here that the flyers' allowance is 4,450,000. If you have 2,000 beneficiaries, it is 185 dollars. If you have 3,000 of them, it is 123 dollars.

MOMČILO PERIŠIĆ:

I could have brought you that too. But I think you trust me; however, I can have that information too.

MOMČILO PERIŠIĆ:

This is all according to the regulations. We can change the decrees, but in accordance to the decrees now in force, this is what they are entitled to.

RADOJE KONTIC:

These are the entitlements they got a long time ago, when the situation was much better.

MOMČILO PERIŠIĆ:

This is the first time that I am presenting the facts to you. I believe that you were not aware of this up to now, but this is how it was. I have no reason to hide anything before you; there is no agenda that would be served by hiding anything.

SLOBODAN MILOŠEVIĆ:

Momo, no one is objecting to that. I am merely commenting the figures in the chart.

Let's say it is 600 dollars a year, times 70,000 persons, that is 42 million dollars. How do we get to 122 or 239 million dollars?

Last time we told ZEBIĆ to check with your planner and analysts, but he did not do it properly.

Momo, there are things here which have not been cleared up.

Is the pension fund contribution factored in here?

Ratomir MILOVANOVIC:

Yes – for social security, pension and other taxes.

SLOBODAN MILOŠEVIĆ:

So, within the salaries ad remunerations there are the contributions for the pension funds, and then we again have the amount for the pensions as a new item!? It would be logical to provide pensions for 50,000 retirees from these contributions for the pension fund made by 74,000 persons.

ZORAN LILIĆ:

Contributions exceed the amount for the pensions – you are right on that count. It is a logical question.

SLOBODAN MILOŠEVIĆ:

This is very simple, but there is something wrong here.

Ratomir MILOVANOVIC:

I have to admit that I am not a financial expert.

SLOBODAN MILOŠEVIĆ:

I am, and that is why I am asking. I do apologize!

I fully accept the records in terms of the demands made and the level at which the Chief of General Staff asks that the demands be met; this is all justified. However, I allow that the people who worked on this simply added things up mechanically in a manner which does not allow that proper analyses be made.

Momo, the contributions for the pension fund are calculated in the salaries and personal income, and yet you have a special item for pensions!? Payroll taxes and contributions are 45.5 million dollars and for the pensions 4 million dollars. This means that 50 million dollars are paid for taxes and contributions, and the total figure for the pensions is 39 million dollars, which means it is 6 million dollars less than the contributions. This means that this can at least cover it at least in part, if not all of it. It is impossible to allocate a certain amount for the pensions and at the same time add a new item for pensions.

RADOJE KONTIC:

What really amazes me are contributions to be paid on allowances. This is robbing Peter to pay Paul.

We should take the regulations, sit down and go through all of this.

MOMČILO PERIŠIĆ:

If we want to introduce any changes, we have to change the laws. All this has been done on the basis of the laws.

SLOBODAN MILOŠEVIĆ:

I am afraid that the records are not good. There is something wrong here.

How many officers are there in the RV /Air Force/ all told?

MOMČILO PERIŠIĆ:

Between three and four thousand; I can check that.

Ratomir MILOVANOVIC:

At the meeting with Vice-president ZEBIĆ, it was insisted that this be presented separately. Some of the allowances are subject to taxes and contributions, some are not. What you have said is logical (addressing S. MILOŠEVIĆ), that pensions be paid out from the pension fund contributions. But I do not know what methodology was used. They presented separately the salaries for all the structures, from privates to generals, and they presented separately the allowances.

SLOBODAN MILOŠEVIĆ:

We asked ZEBIĆ for them to have a look at this, because it is not good for us for the contributions to be a burden on the military budget and then be returned to the treasury. This is paid out of the state budget and then returns to the state budget, only the beneficiaries are different. We have the situation, "I take, then I give, or rather, I give and then I take."

MOMČILO PERIŠIĆ:

We have military insurance in military health care institutions and other institutions; we use that entitlement now. If you take it away from us and give it to someone else, you have to change the manner in which the VMA and all the garrison infirmaries, etc. are financed.

SLOBODAN MILOŠEVIĆ:

Sixty million dollars are envisaged here for medical support.

MOMČILO PERIŠIĆ:

That is not it.

SLOBODAN MILOŠEVIĆ:

That is not health care?

MOMČILO PERIŠIĆ:

This is health care, but that is not envisaged for the amounts paid from health insurance and social security.

SLOBODAN MILOŠEVIĆ:

Put back the chart with salaries and other remunerations.

MOMČILO PERIŠIĆ:

Here it is, medical equipment, purchase of spare parts, provision of wartime materiel stockpiles and medicines, treatment of soldiers in garrison infirmaries, treatment of soldiers in military hospitals, treatment of soldiers in health care institutions, treatment of conscripts in garrison infirmaries, treatment of conscripts in military hospitals, treatment of conscripts in health care institutions, hygienic and epidemiological care and prevention, veterinary care...

SLOBODAN MILOŠEVIĆ:

All right, what is not covered here? The 66 million cover the treatment of soldiers, the treatment of conscripts, and then the salaries also include the contribution for health care and pensions.

MOMČILO PERIŠIĆ:

I do not know about the methodology – whether everything paid from the health insurance contributions is mechanically allocated for this or for something else.

ZORAN LILIĆ:

Who did this? The simplest thing would be for the person who did this to explain.

SLOBODAN MILOŠEVIĆ:

Momo, here you even have the item "treatment of conscripts in health care institutions in institutions not part of the Yugoslav Army."

Then we have a special item for salaries, health insurance contributions, yet we have pensions fund contributions, and a special item for the pensions which is also to be paid from the military budget. Something is not clear here, something is duplicated here.

MOMIR BULATOVIĆ:

If we were to translate what Slobodan is saying to another language: we as a state have to pay 282 million dollars, this is what is asked from us in this item in the second option, with the amount of 858 million. Out of the 282 million, the people will get only 183 million; 100 million are contributions. The

contributions include 17% for the pensions, or 17 million; 24% for health care, 24 million. Then we are again asked to give 66 million for health care and 40 something for the pensions. There is an overlap here.

It is our goal to make it possible in the prevailing poverty for the members of the Yugoslav Army to have normal salaries with the item of 282 million dollars, while at the same time to see what the financial flow is like. It is impossible to calculate the same value twice.

ZORAN LILIĆ:

I think that the person who prepared the material should explain it.

SLOBODAN MILOŠEVIĆ:

I know but this is not the place for him to do it. That is why I asked ZEBIĆ to organise a team together with BULATOVIĆ and to clear things up. I could have done it myself, but it does not make sense for me to take it and juggle it.

Momo, please, understand that this is totally logical!

MOMČILO PERIŠIĆ:

Undoubtedly! I agree with it.

SLOBODAN MILOŠEVIĆ:

You have the gross amount for pensions in the salaries, let's say it is 17 million dollars; you have the gross amount for health insurance in the salaries, let's say it is 25 million dollars. That's 42 million dollars. On the other hand, there is a separate entry for health insurance, which includes even the items concerning the treatment outside the military infirmaries and the VMA, and you have a totally autonomous amount for pensions, as if the Army did not make any

contributions for the pensions, but rather as if the budget should provide the extra money for the pensions! Things have not been collated here.

PAVLE BULATOVIĆ:

The contributions for the pension fund are paid directly into the military pension insurance fund.

SLOBODAN MILOŠEVIĆ:

In that case there is no need at all for the state – and the relevant decree can be changed – to burden the net amount of the salaries paid to the Army personnel with the gross amount. It can pay the amounts directly into the pension fund for military retirees. Why would it make the accounts through "Velika Plana and Mala Krsna for it to go through the city centre to New Belgrade". There is no reason for it.

A more modern way for the calculation of the use, funding and use of the budgetary funds should be devised. This was done by accountants who merely added up the items – everyone does their part and then they simply mechanically add things up without realising that the items done by one are included in the items done by someone else.

RADOJE KONTIC:

I suggest that we finish the job begun by ZEBIĆ and company.

ZORAN LILIĆ:

To task the defence minister with it.

SLOBODAN MILOŠEVIĆ:

This should be finalised. Last time we calculated that the average salary was 56 dollars and the average pension 42 dollars. This means that the average salary is 90 marks. The Army should not have less than that. All the gymnastics about the pension and health insurance, taxes, contributions – it is stupid for the state to take the taxes from the Army, when the Army gets its livelihood from taxes. The Army is a direct beneficiary of the budget and the budgetary funds. How can I tax the one that is a 100% beneficiary of the budget: to take the money away from him only to give it back with the other hand. This may apply to all other civilian activities which get at least a thousandth of their income from sources other than the budget. The Army has no income sources other than the budget, and should not have other sources of income.

ZORAN LILIĆ:

I think that the most logical thing for us is to conclude that the defence minister should be charged to go through this item by item with the expert team that has worked on this.

SLOBODAN MILOŠEVIĆ:

Rajo, tell Jovo ZEBIĆ that he took the agreement we reached last time in a very cavalier fashion. He has been the finance minister for many years; the budget is the thing he really understands he has been working budgets since the day he was born. I told him last time: "Jovo, please, see if there is a more elegant and clear way to do it, since the Army is financed exclusively from the budget, to prevent the unnecessary overlapping of items." They met, had coffee, talked and did this paper which was not done properly; it was not done professionally.

The fact that the Army needs to have all this is not brought into question here at all, in terms of salaries, pensions, quartermaster support, medical support, weapons. But this should and must be done in a proper way. After all, life will prove us wrong if it is not done properly.

I have a minor issue I want to raise. We have items under equipment to be provided: helmets, gas masks. Well, people, where are our stockpiles" Is it possible that the Yugoslav Army did not have any helmets and gas masks in its stockpiles!? Are they really consumables? We had such a great army. Everyone in the TO had a gas mask.

MOMČILO PERIŠIĆ:

Yes, but new types of gas masks are introduced, Mr. President, new types of helmets. The modernisation is underway.

SLOBODAN MILOŠEVIĆ:

For you, Momo, the amount for the insignia is the same as the annual amount for pensions – 40 million dollars are needed for the insignia.

MOMČILO PERIŠIĆ:

We cannot make them ourselves, and the company asks for this much. What can we do?

SLOBODAN MILOŠEVIĆ:

This must be examined, to see what would be the cost-effective thing to do. If the gas masks and helmets are useless, to see why they are useless. I did my national service, my helmet was quite serviceable. I do not know how a helmet can be modernized?

RADOJE KONTIC:

I would like to ask now that we set a figure which we will present to the budget people, because we have to make the budget.

Do you agree that we set the figure at 800 million dollars for the Army?

SLOBODAN MILOŠEVIĆ:

In any case, the minimal option allows for achieving greater cost-effectiveness. The people in the Army have taken this really seriously. They opted for the minimal variant and they should be praised for that. But in order for it to be even better, this should be cleared very quickly even more cost-effectively.

RADOJE KONTIC:

This should be cleared. The global figure is important for me, the rest will be cleared. The figure in the Stabilisation Programme done by the Working Group is 600 million. I think that with 800 million we will not interfere with the programme.

ZORAN LILIĆ:

The figure is 858 million.

SLOBODAN MILOŠEVIĆ:

We need to look at it dynamically.

MOMČILO PERIŠIĆ:

Mr. President, that is what I said, I am not sure whether you have heard me, but in the current situation there is no chance we can provide assistance to the ones over there, except if they compensate us. For instance, we give them 100,000 pieces of ammunition, they give us the money, we put in the production to produce it. Otherwise, with this kind of financing, we do not have the capability to do it, except by putting ourselves in a situation where we cannot do anything, if for instance something happens in Kosovo.

SLOBODAN MILOŠEVIĆ:

That is clear, they have to cover it, because we simply do not have the capability. Radovan called me last night. They are enthusiastic about the programme and the fact that it is being launched. They say they have 20 million dollars in reserves held by their national bank and they say they would gladly deposit that as collateral and to get the new dinar. I think that it is quite all right. You can always approve it on the basis of the collateral by their foreign exchange reserves, because it fits in the programme, provided it is done in an effective way.

RADOJE KONTIC:

We can opt for this variant: they give 20 million dollars, here is 20 million dinars and the deal is done.

ZORAN LILIĆ:

Please, let's deal with this seriously, let's clear these items.

RADOJE KONTIC:

PAVLE is here, and Jova is here; I will join them tomorrow. We will sit down tomorrow around noon and look at everything. Have all the regulations ready.

SLOBODAN MILOŠEVIĆ:

How many rifles did we have in the Yugoslav Army?

MOMČILO PERIŠIĆ:

Without the Territorial Defence, we had about two million.

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MOMČILO PERIŠIĆ:

The costs of training eight years ago are known and so is the inflation.

We have problems with other structures too. I have a battalion commander who left to become an ordinary guard leader in the prison in Vučitrn because the salary there is three times bigger. But I am not the one who can change the law.

ZORAN LILIĆ:

All right, we have dealt with this item.

The next item is

SETTING THE DATE FOR THE DAY OF THE NAVY

We have the alternative proposals. There are five variants.

I think that 10 August is the most logical date.

MOMČILO PERIŠIĆ:

It is an important date in administrative terms. We have 17 April, the date when *Zagreb* was sunk, which is out of the question. We have 10 January, the liberation of Bar; we have 10 September, Podgora and we have the Boka navy.

By the way, the navy personnel themselves propose 10 August.

SLOBODAN MILOŠEVIĆ:

I think 10 August is the logical date.

MOMIR BULATOVIĆ:

I think that 10 January is more logical, the liberation of Bar. It was a battle and that was just a ship and an administrative decision.

SLOBODAN MILOŠEVIĆ:

Momir's suggestion about 10 January is not bad either.

Slavko KRIVOŠIJA:

Here are all the dates that might be considered. Everything has been checked. The Institute for Military History has been consulted.

MOMČILO PERIŠIĆ:

The breakthrough to Bar does not have the element of unity.

MOMIR BULATOVIĆ:

Neither has the first one. (laughter)

In fact, it is almost immaterial. I suppose that the navy people prefer August because it is summer.

To tell the truth, none of the proposals is outstanding.

Do we have something in our recent history, something ideologically neutral?

MOMČILO PERIŠIĆ:

Everything happened in areas which are not ours now.

SLOBODAN MILOŠEVIĆ:

When was the Navy established?

MOMČILO PERIŠIĆ:

It was established in 1945. The first partisan unit was established in Podgora. This date was taken as the date when the Navy was established.

SLOBODAN MILOŠEVIĆ:

When was it established in our part of the sea?

MOMČILO PERIŠIĆ:

There are no units in our part. When the final operations were conducted, the Navy was first deployed when the 4th Army carried out an assault in Istria through the islands of northern Dalmatia. This was all in their areas; in our area there is nothing of significance.

SLOBODAN MILOŠEVIĆ:

When was the first Navy base established on our coast?

MOMČILO PERIŠIĆ:

We have Kumbor which was established after the war, not during the war.

MOMIR BULATOVIĆ:

To tell the truth, we do not have many reasons to be ashamed of the Navy; it managed to get out for the most part. It is concentrated here now. Why should we be ashamed of our recent history. I think that Slobodan's proposal is good – to take something related to Kumbor or the establishment of a unit, launching of a ship which is now the most important ship in our fleet, etc.

SLOBODAN MILOŠEVIĆ:

I would go for the date when the first unit in the Navy in Yugoslavia after the war was formed, whatever the date.

MOMIR BULATOVIĆ:

The date when the decision was made to station a garrison in Kumbor or when the general decision was made to make Kumbor a military port can be taken.

SLOBODAN MILOŠEVIĆ:

For instance, it can be the date when the Kumbor port was opened.

MOMČILO PERIŠIĆ:

We can take the date when the first unit in the waters we now hold was established. We do not have to have it on the agenda again.

MOMIR BULATOVIĆ:

Let the president decide (addressing President LILIĆ).

MOMČILO PERIŠIĆ:

I wanted to tell you another thing related to the proposals from the last session.

Using the call-up papers of the Republika Srpska and the Republic of Serbian Krajina, we call up the conscripts. We are organising the method for the call-up and transportation, if they respond to us. If they do not respond to us, then a request is issued through the MUPs of the two republics here for the two MUPs to bring them in in our territory and we take them to the centres in Zvornik or Bijeljina.

SLOBODAN MILOŠEVIĆ:

Why is the Army in charge of that?

MOMČILO PERIŠIĆ:

Well, how can it? If they catch one, where can they put him, he cannot be put in jail.

SLOBODAN MILOŠEVIĆ:

I would gather a bus load of them and drive them to Zvornik.

MOMČILO PERIŠIĆ:

If they were true and good citizens, they would not have fled in the first place. They will get away again from there.

MOMIR BULATOVIĆ:

We in the FR Yugoslavia have to introduce a number of measures to act as a disincentive. I am looking at the invitation to apply for housing. When they come as refugees they have nothing, they have their property, houses

there, but they do not take that into account; they want an apartment here, they get jobs, etc.

I have a request to make. I and General PERIŠIĆ spoke earlier about the *Iros* company, and there was a long article in *Pobjeda* yesterday where it was written that in addition to two yachts the company now owns a third, *Jadranka*. I got the information from our finance police. It is obviously a company which is a cover for some kind of counter-intelligence or intelligence activities.

MOMČILO PERIŠIĆ:

That is essentially its purpose.

MOMIR BULATOVIĆ:

Yes, but according to all the extant data, I think it is merely a cover for activities which are almost criminal.

The owner of the company is Dragisa JOVANOVIĆ from Belgrade; we do not have any detailed information about him. He is always in the papers, giving statements, etc. I assume that he is an active officer of ours. The company employs seven people, pursuant to an order of the Chief of General Staff of the Yugoslav Army. These data have been published in the opposition press. The company does not keep material and financial books; they have 23 transfers made into their current account, and the payments pertain to sea transportation services for the Yugoslav Army. We have more boats than we know how to use and yet we pay private businesses.

SLOBODAN MILOŠEVIĆ:

Payments to private businesses for services carried out with boats that were given to them. That is criminal!

MOMIR BULATOVIĆ:

In 1992 the company applied to the Directorate for the exemption of sales /?tax/ on five cars they got from the Yugoslav Army: three Opels, a Mitsubishi and a Jeep. They have not been registered with the MUP department in Budva; according to the statement made by the manager, they are used by the Yugoslav Army in Kumbor. The cars have been sold to private persons.

Further, on 24 December 1993, *IROS* entered into an agreement with the Yugoslav Army about the use of the yachts for the provision of services to third parties where it says that 98% of the income from the services belongs to *IROS* and 2% to the Yugoslav Army.

SLOBODAN MILOŠEVIĆ:

Good for them!

MOMIR BULATOVIĆ:

The agreement bears the stamp of the Military Post Code 5437 in Split.

SLOBODAN MILOŠEVIĆ:

Order the Navy Command to seize the boats and to dock them in the war port and this should be discussed. Thieves must be caught, we should establish who gave them this, why, etc. Do you know how much a boat like that costs?

MOMIR BULATOVIĆ:

Primorka costs 4 million dollars.

SLOBODAN MILOŠEVIĆ:

This is the property of the Yugoslav state.

ZORAN LILIĆ:

We have learned this quite by accident; the question is, are there more of such companies.

MOMČILO PERIŠIĆ:

It was not by accident. I discovered it and that is why I asked your opinion. It would all be fine and such a company can be set up, but the federal government has to issue a decision and it must be based on law. However, they bypassed the decision of the federal government, it was signed by the Chief of Staff in the capacity both of the Chief of General Staff and the Minister and this was sent out like that.

MOMIR BULATOVIĆ:

It is possible that we should have a centre, but it should not be made in such a stupid way, so that the first person to come checking the documents sees that a private company employs people who are on the payroll of the Ministry of National Defence and that such contracts are made and that cars and real estate are sold and that statements are made in the public to the effect that they got it as gift and that the yacht on which Josip Broz Tito sailed is now their property.

Slavko KRIVOŠIJA:

I would like to inform you that a letter has come from Sweden regarding a yacht that was stolen from Dubrovnik. It does not mention the name of the general who bought the yacht. The man addressed the Supreme Military Council. General, I have forwarded this to you. It is a large and expensive yacht. He has been in Sweden for thirty years and he earned the money for the yacht. He says, if I have to give it to the state and the public good, I will, but I will not give it to a private individual. He refuses to name the general.

MOMIR BULATOVIĆ:

I will tell you! But that really is a shame.

PAVLE BULATOVIĆ:

He is not by any chance a namesake of mine? (laughter)

MOMIR BULATOVIĆ:

It is more a question of face. As time goes by, people forget the goals of the war and only thievery is remembered.

I would like to ask General PERIŠIĆ to clear things up about this company. If someone can do it, in the period when he was objectively relieved of responsibility, then it is quite normal for a person who started by smuggling toilet paper to end up smuggling boats, etc. We have the fact that we saw some signatures there also pertaining to the transformation of the Federal Directorate for the Sale of Special Purpose Products. Unless we clear this up, we become accessories to all this.

SLOBODAN MILOŠEVIĆ:

Absolutely! Momo, you have to seize all that.

MOMIR BULATOVIĆ:

This man refuses to respond to the summons of our police. He must have some kind of protection; he must be an officer in the Yugoslav Army.

PAVLE BULATOVIĆ:

A Navy captain.

MOMIR BULATOVIĆ:

A captain! We can now make a scandal and close down the company. This means that we close it down and that we get into some kind of conflict? After all, the whole discussion about this followed after General PERIŠIĆ asked me if we had any vested interest in protecting the company, and whether our Government had registered it. The company has been registered at the Commercial Court, just like any other company. They have their premises at the SUBNOR /Veterans of the War for National Liberation/ in Budva.

MOMČILO PERISIC:

As far as I am concerned, I will do my job, I just need your decision. I was bypassed when this was set up, I did not know about that.

MOMIR BULATOVIĆ:

All similar agreements must be gone through, as well as the orders not to get them from the financial police. Everywhere you go, Zika PANIC peeks out!

ZORAN LILIC:

Well, Momo, we have already reached an agreement about *IROS*. All that is needed is a special decision.

MOMČILO PERISIC:

I have two more things.

One is the shipment of goods imported from Russia. It is in Bulgaria. A part of it has come in and items will continue to come in. Can we pay for that from the funds that have been approved?

ZORAN LILIC:

They said not to pay for the engines immediately, if possible.

MOMČILO PERISIC:

For us, the aviation fuel is the most essential.

Pavle BULATOVIC:

I have information indicating that aviation fuel should start coming in in a day or two.

MOMIR BULATOVIĆ:

Has it been checked whether the engines are in good working order?

MOMČILO PERISIC:

It is checked, of course.

ZORAN LILIC:

Have funds been allocated for this, Pavle?

Pavle BULATOVIC:

Yes, but some of the funds are part of the programme support portfolio. I think that it will be possible to do it.

MOMČILO PERISIC:

The other thing – as for the border there, I said: let it go as it must, but, please, do what needs to be done.

MOMIR BULATOVIĆ:

I immediately relayed it to Milo ĐUKANOVIĆ. He said he would get down to it with President KONTIĆ and would complete it in a day or two.

MOMČILO PERISIC:

Fine. I want a piece of paper, any piece of paper, to prevent accidents.

ZORAN LILIC:

Will we agree on a general deadline when the Government must finish this, or will we wait for them to finish it?

Slobodan MILOSEVIC:

Let them finish as soon as possible.

ZORAN LILIC:

You finish it and then we will have a look at it; then we will involve the Army, so that we do not have to sit down all together; I have a bit more possibility for us to do it together before it comes before this body.

This concludes our session.

(Session concluded at 12,30 hours).