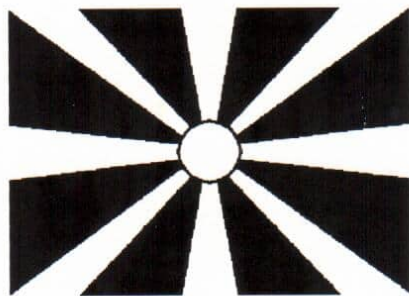


This Month in Macedonia

May, 1997



The Continuing TAT Banking Scandal

At the beginning of May, the organization of defrauded bank clients held a minute of silence in memory of exchange office owner Koce Georgievski who committed suicide on the day of the TAT crash, after he realized he would not be able to recover the DM 100,000 he lent TAT owner Sonja Nikolovska the day prior to the crash.

For her part, Nikolovska asked the government for an interest-free DM 10 million loan to help bail out TAT; she also requested that it pay her the DM 2 million mortgage the National Bank promised her in February. The Privatization Agency could purchase businesses owned by TAT, and other government agencies could purchase its real estate holdings. But it is unlikely a private company or the government will find the estimated DM 60 million necessary to bail out TAT: Both Makedonska Banka and Stopanska Banka declined participation in a bail out and Komercijalna Banka is expected to do likewise. If the bail out fails to materialize, bankruptcy proceedings will begin.

By mid-month, NBM Governor Borko Stanoevski rejected TAT owner Sonja Nikolovska's bank rescue plan, making TAT subject to liquidation.

Four days after Stanoevski's decision, Parliament dismissed him, naming Ljube Trpevski as his replacement. Trpevski moved over from his post as deputy prime Minister. Stanoevski had announced his resignation several months ago. Stanoevski is now believed to be one of the major culprits in the TAT scandal. Vice-Governor Tome Nenovski was also dismissed. (Nenovski was released on DM 450,000 bail earlier in the month after being arrested for involvement in the TAT collapse.)

May ended with the defrauded bank clients attempting to storm the municipal building in Bitola. After they were barred by police, they stoned the building. They later stoned the homes of Nikolovska and Bitola Mayor Siljan Micevski, the TAM insurance company building, the Pelister company building, and the local office of the SDSM. Micevski, who also owns Pelister has been implicated in the scandal; TAM is owned by Nikolovska's husband. The protest reached its climax at Nikolovska's house, where one two policemen and a protested were injured, and a TV camera was smashed. The protest was prompted by an SDSM proposal in parliament that the government postpone debate on the client restitution draft bill.

New Government

Prime Minister Branko Crvenkovski announced a new government. Fifteen ministers will have a portfolio, while

four will serve as ministers without portfolio.

Lazar Kitanovski (SDSM) was named Defense Secretary, replacing Blagoj Handžiski (SDSM), who moved over to become the Foreign Secretary. Kitanovski, an assistant professor at the law school in Skopje, is the SDSM party ideologist.

Gjorgji Spasov (SDSM) was named Justice Secretary, replacing Vlado Popovski, who moved over to become the Director of the Macedonian Intelligence Agency. Spasov was serving as the Ambassador to Bulgaria; Popovski is a historian, law professor and former minister of Defense.

Tome Trombev (SDSM) was named Minister of Civil Engineering, Urbanism and Environmental Protection; Trombev is the manager of Granit, a civil engineering firm in Bitola.

Boris Rikalovski (SDSM) was a surprise pick as the Minister of Economy; Rikalovski, formerly the Yugoslav Ambassador to Venezuela, was most recently a lobbyist representing foreign companies in Macedonia.

Menaf Neziri (PDP) was named Development Minister, replacing Abdulmenaf Bedžeti (PDP), who moved over to become the Minister of Transport and Communications. Neziri was an economist at the Godel shoe factory.

Kiro Topuzovski [sp? Dokuzovski] (SDSM) was named Minister of Agriculture, Forestry and Water Management; he was formerly head of the Macedonian Chamber of Commerce.

Petar Ilievski (SPM) was named Health Minister, replaced Ilija Filipče, who resigned earlier in the month. Ilievski is a urologist from Bitola.

The following ministers kept their posts: Minister of the Interior Tomislav Čokrevski (SDSM); Finance Minister Taki Fiti (SDSM); Minister of Labor and Social Policy Naser Ziberi (PDP); Science Minister Aslan Selmani (PDP); Culture Minister Slobodan Unkovski (SDSM) and Education Minister Sofija Todorova.

The ministers without portfolio are Zlata Popovska (SPM), Dimitar Buzleski (SDSM), Vlado Naumovski (SPM) and Džemal Hajdari [sp? Đevded Hajdiri] (PDP). Buzleski was formerly the Minister of Transport and Communications.

Popovska, Buzleski and Ziberi were also named as vice prime ministers.

Parliament approved the new government by a vote of 73-28. The SDSM, SPM and PDP parties voted for the new government, while it was opposed by the LDP, PDPA and DPM parties. IMRO-DPMNE, whose members didn't receive any of the new posts, dismissed the reconstruction as "an internal affair of the SDSM" and said the new government will "not be able to achieve anything more positive than its predecessor."

Prime Minister Branko Crvenkovski said that one of the goals of the new government will be preparing for the next round of parliamentary elections.

Arms Smuggling

The Interior Ministry made arrests in three separate incidents of arms smuggling: In Kumanovo, eleven Macedonians and one Yugoslav were caught with three automatic rifles, seven other guns and 300 rounds of ammunition. Another Yugoslav was caught in Kumanovo with several kilos of explosive, four automatic rifles and ammunition.

In Struga, one person was caught attempting to smuggle two automatic rifles from Albania. Another Albanian escaped across the border after wounding two Macedonian troops outside Strzimir. In another incident, one Albanian was fatally wounded after his group skirmished with Macedonian police near Oktuše. Strzimir and Oktuše are both in the Gostivar region.

The incidents along the Albanian border may actually be attempt by illegal immigrants entering Macedonia in a search for food or in order to get to Greece. The Albanians typically travel in groups of 20-50 people, escorted by several armed individuals. Most retreat across the border after being spotted by Macedonian troops or police.

Flag Crisis in Gostivar

The Macedonian Interior Ministry filed civil charges against Tetovo mayor Alaydin Demiri, Gostivar mayor Rufi Osmani, and thirteen municipal employees for their involvement in the raising of Turkish and Albanian flags over government buildings in April.

Then Macedonia's Constitutional Court issued a temporary ruling that the Albanian and Turkish flags being displayed on public buildings in Gostivar were illegal and had to be removed. The Court also ruled the flags could not be used in certain private ceremonies. Osmani said the ruling would raise ethnic tensions. The final ruling is expected in several months. Three days later the flags were still on Gostivar's municipal buildings, and ethnic Albanians and Turks had gathered in front of the buildings to prevent the flags removal. Flag displays in Tetovo and Srbino (near Kičevo) are also being considered by the Court.

The Constitutional Court reacted by demanding the local court in Gostivar investigate the matter. When that did not get an immediate response, on May 30, the Court gave Gostivar's municipal government two days to remove the flags. The situation is ongoing.

Economic Indicators

The Payment Flow Institute announced the accounts of 5,994 businesses were blocked in 1996. The situation has worsened this year: By the end of February, 6,677 businesses had blocked accounts for being in arrears a total of 11.6 billion denars. Those businesses employ 104,410 workers. Blocked accounts in the construction sector increased 25%, while businesses in the industrial and mining sector owe 58.6% of all unsettled dues. The light metallurgy and tobacco processing sectors set sector records for unsettled debts. Over 2,100 businesses, employing 24,000 workers, have declared bankruptcy. One quarter of Macedonia's labor force didn't receive paychecks in March -- a figure consistent with those not paid in February.

News Tidbits

- Macedonia's Constitutional Court voted 8-1 against considering the constitutionality of the Pedagogical Facility (PF) Bill, which regulates the use of minority languages at the university in Skopje. The judges feel the constitution clearly guarantees the right to be taught in minority languages. The PF Bill was the target of massive student protests in March.
- Macedonia hosted Rescuer'97 -- a four-day, multi-national, disaster relief exercise featuring over 1,000 troops from NATO and the Partnership for Peace (PFP). The United States, Macedonia, Turkey, Slovenia, Bulgaria, Romania, Italy, Greece and Albania took part in the exercise.
- The U.N. Security Council extended the UNPREDEP mandate for another six months, due to instability in the region, particularly along the Albanian border. Half of UNPREDEP is composed of a battalion of U.S. troops.
- Hungarian customs officers confiscated over two tons of marijuana at the Gjula border crossing with Romania. The drugs, with a street value of DM 10 million, were discovered in a Macedonian truck traveling from a port in Greece.
- Fifteen members of OMO Ilinden -- a Macedonian patriotic association -- were arrested in Bulgaria when they attempted to lay wreaths at the grave of Goce Delčev. This month marks the 94th anniversary of the death of Macedonia's most revered patriot. Bulgaria and Macedonia have sparred recently over cultural issues and the rights of ethnic-Macedonians living in Bulgaria.
- Health Minister Ilija Filipče, M.D., resigned because, he said, he was being prevented from conscientiously conducting his duties. Prime Minister Branko Crvenkovski had considered firing Filipče due to several public health scandals and the medical community's lack of confidence in him. Filipče had been investigating the

suspicious dealings of the Skopje Clinic Center and the Zegin pharmaceutical company, which he claimed had "devoured" several million DM.

- Macedonian President Kiro Gligorov turned 80. Gligorov, who survived a car-bomb assassination attempt in October, 1995, has led Macedonia since it declared independence in September, 1991.

This Month in Macedonia is an unclassified, unofficial, open-source product of the Public Works & Utilities Team, 432nd Civil Affairs Battalion; CPT Preston V. McMurry III, editor. For more information, see the *Macedonia Area Study*.
