

Arkan's Smuggling Empire

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Zeeljko Raznatovic was best known as a warlord. But Arkan was also an extremely successful smuggler, who made a fortune dealing everything from petrol to fertilisers.

Zeeljko Raznatovic, the Serb war criminal and mafia baron murdered in Belgrade last week, controlled a huge business empire largely based on sanctions-busting.

Arkan, reputed to be worth several dozen million German marks at the time of his death, is said to have achieved his fortune through the support of the state, importers, bankers, and the police.

The grey economy, unofficially endorsed by the government, has been the dominant form of economic life in Serbia for a number of years. It explains how, despite sanctions, Serbia still manages to provide food, petrol and heating fuel to its citizens.

The smuggling of fuel was, arguably, Arkan's most profitable activity. Over the last seven years, three major smuggling channels have emerged in Serbia.

The first and biggest was the "state" channel, through which all kinds of fuel reached the country. The advantage of working with the state was that one did not have the problem of waiting for government paperwork.

The disadvantage was that state officials took much too big a share of the cake.

Two months ago, this channel passed into the hands of Marko Milosevic, the son of Yugoslav President Slobodan Milosevic. The independent Belgrade press reported that his company joined a consortium of state-owned banks, thus placing most imports of fuel into Serbia under its control.

The second smuggling channel belonged to the Montenegrin underground, unofficially assisted by the authorities in Podgorica.

The advantage of doing business with the Montenegrin oil clan was a regular delivery of fuel, but the disadvantage was an obligation to make payments exclusively in foreign currency.

Various crime clans in Serbia controlled the third channel. The importers were private firms who relied on corrupt state clerks to cover up their dealings.

While Arkan's business deals mainly involved oil smuggling, he made a lot of money through its distribution as well.

"When he did not want to meddle in the sale of fuel or if the price did not suit him, he rented his tankers for transport," a friend of his claimed.

Tankers marked with the stickers of his company, SDG, were protected since it was clear the goods belonged to a dangerous figure.

With his contacts in the police force, Arkan had access to dossiers, and, sometimes, confidential strategic analyses which often allowed him to keep one step ahead of his rivals.

The deal that brought him most money over the past three years was the smuggling of coffee and foreign cigarettes. In these deals, Arkan always had partners or acted as a middleman.

One Belgrade businessman claims that Arkan utilised his Montenegrin connections in these deals. The Montenegrin state's involvement in the smuggling of cigarettes, and their distribution in Italy through the mafia families, has recently resulted in the sacking of a government minister.

Arkan also made a profit on the import of artificial fertilisers. For three years, several Swedish and German fertiliser manufacturers have been doing profitable business with a company registered in Hungary, which exports the fertilisers to Serbia. Arkan allegedly provided the funding for the operation.

Over the years, Arkan and many others grew rich from Serbia's lucrative smuggling operations. Milosevic's tolerance of their activities allowed them to make quick profits and become millionaires.

But the price for supporting and prospering under Milosevic has been heavy. The European Union recently published the names of 600 Yugoslav citizens banned from travelling within the EU due to their connections with the Milosevic regime.

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Location: [Serbia](#)

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