

## **Tough Call for Serbian Premier**

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Premier likely to duck out of prosecuting senior officials accused of money-laundering.

Serbian prime minister Zoran Zivkovic is on the verge of failing an important test of his ability to crack down on powerful business interests.

Zivkovic has been under pressure to act against two senior officials since they were accused of money-laundering last month by former central bank governor Mladjan Dinkic.

The allegations came at a time when the government was already under pressure from reformers at home as well as the international community to curb the influence of a powerful business group.

The two men named in a Hungarian police document which Dinkic released to journalists, including IWPR, at a July 25 press conference are Zivkovic's security advisor Zoran Janjusevic and Nemanja Kolesar, director of the Serbian government's Bank Recovery Agency. The document accused them of laundering 1.02 million euros through a Seychelles-registered company.

Both men have strenuously denied any wrongdoing, and they warned Dinkic that he would have to back up his allegations.

Immediately after Dinkic went public, the Serbian interior ministry pledged to launch an investigation. It confirmed that the Hungarian document was authentic.

IWPR has now learned unofficially that a police investigation is under way, and that its conclusions may shortly be forwarded to the district prosecutor's office. A source at the latter said they were awaiting instructions from the police.

In Belgrade, it was widely expected that Zivkovic would push for an investigation and that prosecutions would very likely ensue.

But IWPR has learned from independent sources close to the government as well as to Zivkovic's Democratic Party, DS, that he is close to deciding simply to remove the two men from their posts without taking legal action against them.

"Judging by what has been heard on both sides in the past few days, they will go, but they will not be put on trial and their money will not be seized from them," said a DS source.

Belgrade analysts believe that if the two men depart without a fuss, it will be a clear sign that Zivkovic has had to accept a compromise with a powerful financial lobby that backed the late prime minister Zoran Djindjic – and before him, Serbian leader Slobodan Milosevic.

Both Kolesar and Janjusevic are regarded as part of this grouping. The former won his post as a financial adviser to Djindjic because of the skills he had gained at Delta Bank, owned by Milosevic-era financier

Miroslav Miskovic. Janjusevic worked for the Bosnian Serbs' secret police in 1992-93.

Many financiers and businessmen made a smooth transition from supporting Milosevic to backing the new government led by the Democratic Opposition of Serbia, DOS, which came to power in 2001, aligning themselves with Djindjic.

Since Djindjic's murder in March this year, the Serbian government has been under pressure both from reformers at home and the international community to rein in the influence of powerful financiers and businessmen. Many internationals view this business lobby as an obstacle to political stability, because of its close links to part of the ruling DOS coalition.

Scandals such as the European Union's anger over illegal imports of sugar have added to this pressure. The Seychelles affair – however true the allegations prove to be – only serves to focus the spotlight on the connections between government and powerful businessmen.

The reformist party G17 Plus – of which Dinkic is deputy head – has called for prosecutions, and has asked the district prosecutor to take the case on. Vojislav Kostunica's Democratic Party of Serbia, DSS, has added its voice to the demands.

There is a storm raging within the government itself. At a cabinet meeting on August 6, three out of the six deputy prime ministers insisted that Kolesar and Janjusevic be sacked.

The impending decision represents a quandary for the prime minister. Whatever he does will have a downside for his own prospects as premier.

The trial, or the confiscation of money that has allegedly been misused, could be a signal to powerful businessmen that their affairs, too, might come under scrutiny. Some of them exert influence on areas outside business, such as the secret police and pro-government parts of the media.

DOS, which has links to the business lobby, would be in a position to obstruct Zivkovic since they are coalition partners. And Zivkovic's own DS might suffer because some financial backers would withdraw their support.

Opinion polls already show the DS losing in popularity, and it now ranks third behind the DSS, with G17 Plus in the lead.

Many analysts agree that the prime minister is simply not strong enough to force a showdown right now, and needs more time to build his own power-base.

Yet time is exactly what he does not have. If he does not take the financial lobby on soon, and there are more scandals, analysts say he could lose next year's general election because his government will be perceived to have failed.

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