

TWELVE ARRESTS IN A SINGLE DAY MARK BOSNIAN CORRUPTION CLAMP-DOWN

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With 12 arrests in just one day for fraud and tax evasion Bosnia may give the impression that it is tackling the corruption that blights its development, but sceptics say the small fry arrested so far are just sacrifices to placate the international c

In the past few days police in both Bosnian entities have made at least 12 arrests for fraud and tax evasion. Meanwhile, more officials and companies have been accused of misappropriating billions of German marks.

The arrests and charges follow two weeks after a US team led by career diplomat Robert Frowick arrived in Bosnia to investigate allegations of widespread corruption details of which had been reported at length in The New York Times in August.

Officially, the presence of the US anti-corruption team has nothing to do with the massive clampdown of the past few days. But analysts believe that the arrests would never have taken place in the absence of international pressure.

According to local and international sources in the Bosnian capital Sarajevo, as well in the north-western town of Banja Luka, the arrival of the US crime fighters has created near panic in the ranks of the ruling Bosnian Serb, Croat and Muslim parties. And it is this climate which has resulted in the wave of arrests and charges across the country.

The director of Bosanski Brod oil refinery and five other senior refinery managers were on Friday detained by the Bosnian Serb police. The six managers are alleged to have misappropriated funds and to have deprived the budget of Republika Srpska, the Bosnian Serb half of the country, of some 13.5 million German Marks (\$7.5 million) in unpaid taxes.

According to Bosnian Serb media, this arrest was a part of the anti-corruption sweep planned and ordered by the Bosnian Serb member of Bosnia's tripartite presidency, Zivko Radisic.

At a recent meeting of his Socialist Party, Radisic presented a list of 82 individuals he believes are involved in corruption and other criminal activities. At the meeting, Radisic tasked ministers from his party to investigate and detain at least half of the group within one week, and the rest within the next month, media reported.

At the same time, the oil-import business in the Muslim-Croat Federation has also come under investigation. In a report to the Federal government, submitted over the weekend, the federal taxation office charged five federation-based, oil-import companies with evading 26 million German marks (\$14.4 million) of tax. The investigation is on going.

On Friday, Sarajevo police arrested six individuals for credit fraud. The accused had obtained loans worth some 1.9 million German marks (\$1.05 million) from Sarajevo's SAB bank, which recently declared bankruptcy as a result of unpaid loans.

Also on Friday, the deputy president of the Herzegovina-Neretva cantonal assembly in southern Bosnia,

Asim Suta of the Muslim SDA, publicly accused against nine high-level, regional and local Bosnian Croat officials of involvement in illegal privatisation and other criminal activities.

While the allegations are without doubt in part politically motivated, many analysts view the privatisation of socially or state-owned property as a prime area for abuse. Indeed, Western diplomats fear that without close international scrutiny, privatisation will simply cement the wartime and post-war appropriation of wealth by key members of the ruling ethnic parties.

Although formally the privatisation process is yet to start, some of the biggest and most profitable state-owned companies are reported to have been already bought by leading Bosnian Croat, Serb and Muslim officials.

Suta says that the nine officials he has named - among them the regional prosecutor, deputy governor and deputy justice minister - have defrauded the Federation and its citizens to the tune of 90 billion German marks (\$50 billion). The ruling Bosnian Croat HDZ party rejected the allegations saying they were but a groundless political attack on the Bosnian Croat leadership and a threat to the Dayton Peace Agreement.

Since each ruling ethnic party controls all the major companies and financial institutions on its territory, it is only logical that the leaders themselves are involved in or at least aware of criminal activities. However, to date, no senior officials have been implicated in either Bosnian entity with the result that many analysts fear that those arrested are likely to be scapegoats.

As a result of the lack of transparency in the Bosnian financial system as well as an underpaid, party-dominated judiciary, no evidence has been presented in court to implicate the most senior leaders.

That said, reports of new corruption scandals now appear in independent media on an almost daily basis and the judiciary is in most cases just beginning to investigate these allegations. Moreover, with signs of their newly acquired wealth present all over the place, some officials now fear that even shallow probes by US investigators could unearth ample evidences of their wrongdoing.

As a result of the large international presence, Bosnia differs from Croatia or Yugoslavia, where revelations of corruption go largely unpunished, and local leaders may yet be brought to book.

Here, western mediators and international organizations have a strong mandate and can impose laws or dismiss officials or political parties. If strong criminal links to a political party leadership can be proved, that party could conceivably be banned from participating in the next elections.

Janez Kovac is a pseudonym for a journalist from Sarajevo.

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