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Balkan Update

13 December 2002

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[Redacted content]

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This report was prepared by the Office of Russian and European Analysis. Comments and queries are welcome and may be directed to the [Redacted] Manager, OREA, [Redacted]

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CL BY: [Redacted]

CL REASON: 1.5 (c)

DECL ON: X1

DRV FROM: Multiple Sources

BCE 2002/0237

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~~SECRET~~ [redacted]

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Balkan Update

13 December 2002



NR

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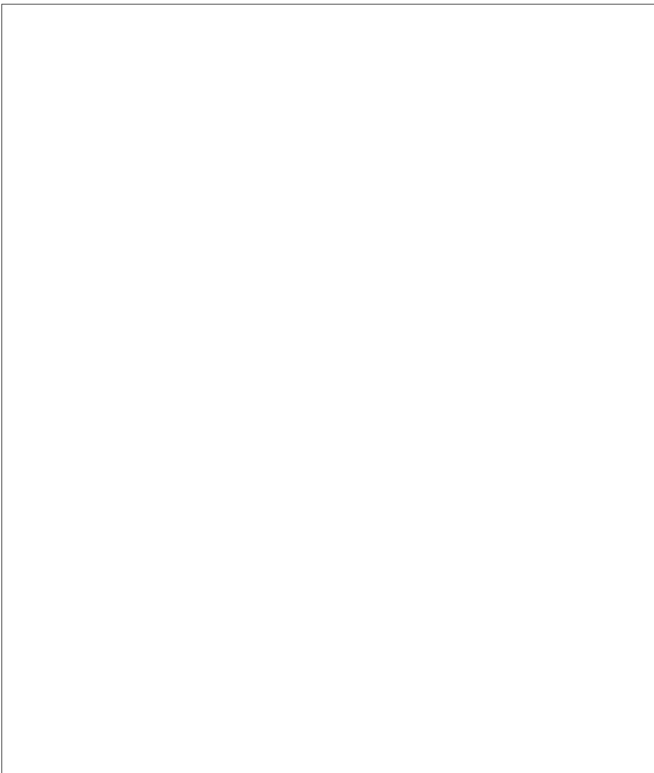
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Balkan Update

13 December 2002

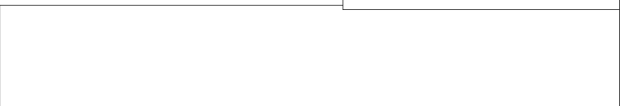
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imports instead of the usual 20 percent and cost the state \$120 million in revenue over the past three years. [redacted]

(b)(3)

Macedonian press alleged on 13 December that the August privatization of Macedonia's largest media house Nova Makedonija to an alleged Slovene shell company, Jug-Uslugi, enabled the VMRO-DPMNE to launder millions of dollars. [redacted]



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- VMRO-DPMNE spokesman Vlatko Gjorcev told press on Friday that the party was only acquainted with the media house's sale, but that the current probe resulting in the arrest of the publishing firm's manager is inappropriate. Gjorcev refused to comment on whether the VMRO-DPMNE had posted the \$100,000 bail for the manager's release, according to the press. [redacted]

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Macedonia Developments [redacted]

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Former Government's Privatizations Come Under Fire [redacted]

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Two privatizations carried out under Macedonia's former leadership, the Internal Macedonian Revolutionary Organization-Democratic Party for Macedonian National Unity (VMRO-DPMNE) have come under criticism for alleged rampant corruption. Macedonia's Constitutional Court annulled on 11 December the 1999 parliamentary ratification of a deal with Greece's Hellenic Petroleum for a 54 percent share in Macedonia's Okta refinery, according to the press, because the deal granted Hellenic a monopoly of Macedonia's oil market.

- Current Prime Minister Crvenkovski told the press on Thursday that Macedonia plans to revise the provisions of the 1999 contract, which allow Hellenic to pay only a 1-percent tariff on oil

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