

## Djukanovic Braced to Ride out Italian Charges

**26 06 2007** Accusations of running mafia ring may not do as much damage to Montenegro ruling party as opposition hopes.

*By Nedjeljko Rudovic in Podgorica*

Former Montenegrin leaders have flatly rejected the charges levied against them by two Italian prosecutors of leading an illicit cigarette-smuggling operation that netted hundreds of millions of euros in profits.

The two Bari-based prosecutors, Eugenio Pontassuglia and Giuseppe Scelsi, completed their investigation late last week and accused former prime minister Milo Djukanovic and another dozen individuals with tobacco smuggling and money laundering, Italian news ANSA reported.

The accused have 20 days to make their defence after which a motion to initiate criminal proceedings will almost certainly be filed in the Italian courts, said the ANSA report.

The prosecutors named Djukanovic as the boss of an enterprise from 1994 to 2002, consisting firstly of mafia members from Puglia, southern Italy, and two Swiss businessmen. A separate investigation has been launched against these two.

The ring allegedly used speedboats to transport cigarettes across the Adriatic from the Montenegrin ports of Bar and Zelenika to Italy. The prosecutors claim the profits were deposited in Swiss bank accounts, and transferred to Montenegro and then Cyprus and Lichtenstein. About 500 million euros allegedly belonging to the group were found in a Cypriot bank account, numbered 03854109703948, ANSA reported. This money was allegedly being laundered through investments in Montenegro.

Other individuals accused by the prosecutors include Montenegro's former finance minister and deputy prime minister, Miroslav Ivanisevic, the former Montenegrin trade representative in Italy, Dusanka Pesic-Jeknic, businessmen Branko Vujosevic and Veselin Barovic and Branislav "Brano" Micunovic who the Italian prosecutors name as one of the main mafia bosses from former Yugoslavia.

The investigation also named Stanko "Cane" Subotic, a Serbian businessman, recently charged in Serbia with illicit cigarette smuggling, as the man in charge of the money-laundering operation.

Djukanovic, prime minister and president of Montenegro from 1992 till 2006, and still leader of the ruling Democratic Party of Socialists, has not responded in public to the latest allegations but his lawyer has denied the allegations.

But his political allies have come out fighting, with DPS officials accusing the Italians of trying to compromise the reputation of their newly independent republic.

When criminal investigations were first announced four years ago, Djukanovic admitted the operations took place but said they were not a smuggling operation but a transit of cigarettes conducted in compliance with Montenegrin law.

"These are politically motivated charges, which the DPS's political opponents want to use to discredit both the DPS and the Montenegrin state leadership," the DPS spokesman, Rajko Kovacevic told Balkan Insight.

"This story is circulated in public at regular intervals," he added. "Now, when all the polls show the DPS ratings are on the rise, it is being stirred again because people are concerned about the DPS's strength."

Djukanovic's lawyer, Enrico Tuccillo, said his team would expose the Italian prosecutors' move as part of an attempt to bring Montenegro into disrepute.

"Montenegro has presented itself to the whole world as a standard-bearer of freedom and democracy in the process of gaining its independence," said Tuccillo who is also the ambassador of Malta to Montenegro.

The transit of cigarettes through Montenegro first started in early 1990s, when Montenegro, then part of a state union with Slobodan Milosevic's Yugoslavia, faced international sanctions as a result of Belgrade's war policies.

Montenegrin officials said they needed the trade in tobacco to finance Montenegro's cash-strapped state government, welfare benefits and pensions.

At the same time, Djukanovic was starting moves to uncouple Montenegro from Serbia, resulting in a successful independence referendum held on May 21, 2006.

Miroslav Ivanisevic said neither he nor his former boss, Djukanovic, had anything to answer for today.

"There was a cigarette transit through Montenegro and this business, including the collection of revenues from it for the state of Montenegro, was transacted in keeping with the laws and decisions in effect at the time," he told Balkan Insight.

"Everything was registered and all the legally due payments were collected," he added. "In addition, the European Anti-Fraud Office, OLAF, a specialised European Commission agency, investigated this matter on several occasions and their findings confirmed that there were no illegal activities."

OLAF has not publicly confirmed or denied the allegations that no illegal activities took place.

He concluded: "One must bear in mind that Montenegro was under international sanctions and that its survival was at stake."

Dusanka Pesic-Jeknic categorically rejected ever having been a point of contact between the Italian and Montenegrin parts of the tobacco operation. "They will have to prove it because anyone can allege anything," she said.

Subotic also voiced his protest on Monday claiming he had managed a regular business. "I transported goods that were sold to me legally to the Port of Bar in Montenegro," he told media. "At the point of entry, all the duties and taxes levied on these goods on the domestic market were paid."

He added, "I transferred my money to a bank in Cyprus and used it to pay for new shipments."

Subotic said the money deposited in the named bank account in Cyprus did not "belong" to either Montenegro, the mafia, the tobacco ring or anyone else "but to me".

Subotic said he did not think he was the main target in the ongoing case but Montenegro itself, which was under attack by circles who were "pathologically obsessed with its independence".

The opposition is hoping the attacks on Djukanovic will finally discredit a man who for years has enjoyed a Midas touch, winning all his major political battles from the 1990s onwards.

Nebojsa Medojevic, leader of the Movement for Changes, the strongest opposition party, said he also wanted to be sure that innocent citizens would not have to "pay the bills for generations for the criminal activities of some people who were allegedly doing this in the name of the state".

But political analysts say claims that the prosecutors' accusations will automatically dent the DPS may once again turn out to be premature.

"This is a story which has been circulating for years," Svetozar Jovicevic, a local political analyst, said.

"The DPS will always insist the cigarette job was done to save Montenegro, which was isolated and under international sanctions, so they may even turn out to be heroes in the eyes of people," he added.

Marko Canovic, of the Centre for Democratic Transition, told Balkan Insight the affair might be detrimental in some ways to Djukanovic and the DPS but would not necessarily undermine their popularity.

"Recent polls suggest the DPS is going from strength to strength, compared to February even though many things that could have damaged their popularity took place in this period," Canovic noted.

*Nedjeljko Rudovic is a journalist with Podgorica Vijesti daily. Balkan Insight is BIRN's online publication.*

*For more information on this story please see an investigation by IWPR's Balkans team that in 2005 founded BIRN: [http://iwpr.net/?p=bcr&s=f&o=156582&apc\\_state=henibcr200307](http://iwpr.net/?p=bcr&s=f&o=156582&apc_state=henibcr200307)*