

The Republic of Serbia
The Government of the Republic of Serbia
The Anticorruption Council
72 Number: 06-5828/2009
16 September 2009
Belgrade

THE GOVERNMENT OF THE REPUBLIC OF SERBIA
- Prime Minister Mirko Cvetkovic -
B e l g r a d e

Dear Sir,

On 14 September the Anticorruption Council forwarded you its Report on the failures of the Privatization Agency in the control over fulfillment of the contractual obligations in the company "Zastava elektro". The Report was elaborated on the basis of the complaint and the additional documentation given by the employees of the mentioned company. In their letter to the Council, they particularly draw attention to a fact that after the privatization, the company was given substantial funds from the budget of the Republic of Serbia, which were misspent, referring to the loan in the amount of RSD 18,500,000.00 approved in 2006 by the Ministry of Economy and Regional Development, as well as the funds approved by SIEPA. In the addition to their complaint forwarded to us today, the employees state that resulting from the documentation they found in the meantime, the second loan they had information about was approved by the Development Fund of the Republic of Serbia. We enclose the Contract of Investment Loan number 7594, concluded between "Zastava elektro" and the Development Fund on 19 July 2006, on the basis of which the Fund approved the fixed assets investment loan to "Zastava elektro" in the amount of RSD 100,000,000.00, and the Contract of long-term loan number 8724 concluded on 31 May 2007, where the same company was approved the long-term permanent working capital loan in the amount of RSD 50,000,000.00.

Together with the documentation we forwarded you before, this addition clearly indicates that problems in "Zastava elektro" originate from the illegality in the privatization of this company and from unconscientious behavior of the buyer, which imposed damage

both on "Zastava elektro" and its workers, as well as on the budget of the Republic of Serbia.

Yours faithfully,

PRESIDENT

Mrs. Verica Barac