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INFO	LOG-00	AMAD-01	ACQ-01	CIAE-00	COME-00	OASV-00	DODE-00
	SRFP-00	EB-00	E-00	FBIE-00	FRB-00	TEDE-00	INR-00
	IO-00	SAL-00	L-01	ADS-00	MMP-00	NSAE-00	NSCE-00
	PM-00	SP-00	SSO-00	SS-00	STR-00	FMP-00	PMB-00
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 SOURCE: KODAKC.200294  
 DRAFTED BY: EUR/TMS : ARABASA/CLAMB : AXR  
 APPROVED BY: EUR/TXS : JDGLASSMAN  
 EUR/SCE :WMOZDZIERZ FMP : LEISENRART  
 L/LM:MBWEST

-----674234 202147Z /38  
 P 202143Z SEP 96  
 FM SECSTATE WASHDC  
 TO AMEMBASSY SARAJEVO PRIORITY  
 INFO TREASURY DEPT WASHDC PRIORITY 6029

UNCLAS STATE 196925

SENSITIVE

E.O. 12958: N/A  
 TAGS: MARR, EFIN, BK  
 SUBJECT: EXCHANGE OF NOTES TO PERMIT EARNING OF INTEREST  
 ON FEDERATION'S CONTRACT ACCOUNT

REF: (A) STATE 188134; (B) SARAJEVO 3538  
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1. DEPARTMENT APPRECIATES THE QUICK RESPONSE OF EMBASSY SARAJEVO TO REQUEST FOR ACTION IN REF A. DEPARTMENT OFFICIALS MET ON SEPTEMBER 20 WITH THE FEDERATION CONTRACT ADMINISTRATOR, MIROSLAV NIKOLIC, AND HIS ADVISORS. ALL PARTIES AGREED UPON MEASURES FOR INVESTING THE FUNDS IN SHORT-TERM SECURITIES. THUS, THE FUNDS IN THE FEDERATION'S MPRI ACCOUNT SHOULD BEGIN TO EARN INTEREST IN THE IMMEDIATE FUTURE.

2. THIS APPLIES ONLY TO THE FUNDS IN THE FEDERATION'S CONTRACT ACCOUNT. EARNING INTEREST IN THE BOSNIAN FEDERATION DEFENSE FUND (DONORS') ACCOUNT WILL REQUIRE AN AGREEMENT BETWEEN THE U.S. AND THE GOVERNMENTS OF DONOR COUNTRIES. THIS ISSUE IS CURRENTLY UNDER ACTIVE CONSIDERATION.  
CHRISTOPHER

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