

SIX MONTH PERIODIC REPORT ON THE NATIONAL
EMERGENCY WITH RESPECT TO YUGOSLAVIA (SER-
BIA AND MONTENEGRO) AND KOSOVO

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

A SIX MONTH PERIODIC REPORT ON THE NATIONAL EMERGENCY
WITH RESPECT TO THE FEDERAL REPUBLIC OF YUGOSLAVIA
(SERBIA AND MONTENEGRO) DECLARED IN EXECUTIVE ORDER
12808 ON MAY 30, 1992 AND WITH RESPECT TO THE KOSOVO
EMERGENCY DECLARED IN EXECUTIVE ORDER 13088 ON JUNE
9, 1998, PURSUANT TO 50 U.S.C. 1703(c)



MAY 25, 2001.—Message and accompanying papers referred to the
Committee on International Relations and ordered to be printed

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To the Congress of the United States:

As required by section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c) and section 204(c) of the International Emergency Economic Powers Act (IEEPA), 50 U.S.C. 1703(c), I transmit herewith a 6-month periodic report on the national emergency with respect to the Yugoslavia (Serbia and Montenegro) emergency declared in Executive Order 12808 on May 30, 1992, and with respect to the Kosovo emergency declared in Executive Order 13088 on June 9, 1998.

GEORGE W. BUSH.

THE WHITE HOUSE, *May 24, 2001.*

PRESIDENT'S PERIODIC REPORT ON THE NATIONAL EMERGENCIES
WITH RESPECT TO THE FEDERAL REPUBLIC OF YUGOSLAVIA (SERBIA & MONTENEGRO) AND KOSOVO

I hereby report to the Congress on developments over the course of the past six months concerning the national emergency with respect to the Federal Republic of Yugoslavia (Serbia and Montenegro) (the "FRY (S&M)") that was declared in Executive Order 12808 on May 30, 1992, as supplemented by Executive Orders 12810, 12831, and 12846, issued on June 5, 1992, January 15, 1993, and April 25, 1993, respectively, and as expanded in Executive Order 12934, issued on October 25, 1994, with respect to the Bosnian Serbs. I am also reporting to the Congress on developments over the course of the past six months concerning the national emergency with respect to the FRY (S&M) and Kosovo that was declared in Executive Order 13088 on June 9, 1998, as supplemented by Executive Order 13121, issued on April 30, 1999, and as amended in Executive Order 13192 of January 17, 2001. The present report is submitted pursuant to 50 U.S.C. 1641(c) and 1703(c), covers the period from November 30, 2000 through May 29, 2001, and discusses Administration actions and expenses directly related to the exercise of powers and authorities conferred by these national emergency declarations.

With regard to the national emergency declared in 1992, the Office of Foreign Assets Control ("OFAC") has continued during the past six months to oversee the maintenance of FRY (S&M) accounts blocked pursuant to 31 CFR Part 585, and records with respect to: (1) liquidated tangible assets and personalty of the fifteen blocked U.S. subsidiaries of entities organized in the FRY (S&M); (2) the blocked personalty, files, and records of the two Serbian banking institutions in New York previously placed in secure storage; and (3) remaining blocked FRY (S&M) tangible property, including real estate. The Departments of State and the Treasury continue to work closely with European Union member states and other UN member nations to implement the provisions of United Nations Security Council Resolutions 1022 and 1074 regarding the status of assets subject to claims and encumbrances previously blocked under that authority.

With regard to the national emergency declared in 1998, following the peaceful democratic transition begun in the FRY (S&M), the President issued Executive Order 13192 on January 17, 2001, amending Executive Order 13088 to lift and modify, with respect to future transactions, most of the economic sanctions imposed against the FRY (S&M). Executive Order 13192 imposes restrictions on transactions with certain persons described in Section 1(a) of the Order, namely Slobodan Milosevic, his close supporters and persons under open indictment for war crimes by the International Criminal Tribunal for the former Yugoslavia ("ICTY"). It also pro-

vides for the continued blocking of property or interests in property blocked prior to the Order's effective date pending resolution of claims and encumbrances, until unblocked in accordance with applicable law.

Further information with regard to the national emergencies declared in 1992 and 1998 is provided below.

1. OFAC is preparing regulations with respect to Executive Order 13192.

2. During this reporting period, OFAC issued a total of 108 specific licenses pursuant to either the Federal Republic of Yugoslavia (Serbia & Montenegro) Kosovo Sanctions Regulations (the "Regulations"), 31 CFR Part 586, or the regulations implementing the 1992 sanctions program. Specific licenses were issued to: (1) unblock wire transfers involving generally small amounts of individuals' purely personal funds; (2) authorize the settlement of pending legal actions and receipt of payment for legal services; (3) authorize certain transactions relating to air safety policy; (4) authorize exports of energy supplies to the UN mission in Kosovo; and (5) authorize imports pending implementation of the new Executive order. Five additional OFAC registrations of nongovernmental agencies providing humanitarian assistance have been made since the last report. Thus, the total of such registrations since the inception of the program is 55.

Pursuant to the Regulations, OFAC blocked 132 transactions totaling more than \$26.7 million during this reporting period. Most of the blockings were of funds transfers originating from, or destined for, Serbian banks. In addition, 282 funds transfers totaling more than \$12 million were rejected by U.S. banking institutions as contrary to U.S. sanctions.

Since the last report, OFAC has collected three civil monetary penalties totaling more than \$10,100 for violations of the sanctions. These violations involved payments either to the Government of the FRY (S&M), persons in the FRY (S&M), or to blocked entities owned or controlled by the Government of the FRY (S&M), as well as the unauthorized export of services to the FRY (S&M). The violators included one U.S. financial institution, one company, and one individual. An additional case is undergoing penalty action for violation of the 1992 sanctions program and an additional 64 cases are undergoing penalty action for violation of the Regulations.

3. The trial of a resident alien, along with his company, who were named in a February 16, 2000, 40-count indictment in the Central District of California, has been rescheduled for June 2001. The indictment alleged unauthorized sales and exportation from the United States of aircraft parts to Jugoslovenski Aerotransport ("JAT") in the FRY (S&M) and further alleged conspiracy with U.S. persons to acquire U.S.-manufactured aircraft parts from certain U.S. companies for resale and exportation to JAT. The defendant allegedly shipped the aircraft parts to JAT in third countries with the knowledge that they would be transshipped to the FRY (S&M) without authorization by the United States Government. Trial was originally scheduled for February 2001.

4. The expenses incurred by the Federal Government in the six-month period from November 29, 2000 through May 30, 2001 that are directly attributable to the declaration of the national emer-

agencies in Executive Orders 12808 and 13088 are estimated at approximately \$500,000, most of which represents wage and salary costs for Federal personnel. Personnel costs were largely centered in the Department of the Treasury (particularly in OFAC, the Chief Counsel's Office (Office of Foreign Assets Control), and the U.S. Customs Service), the Department of State, the National Security Council, and the Department of Commerce.

5. It is in the United State's foreign policy interest to support Yugoslavia's newly democratically elected government as they work toward building a society based on democratic ideals. We also have a strong interest in avoiding prejudice to the claims of successor States of the former Socialist Federal Republic of Yugoslavia with respect to previously blocked funds and assets. Further, we will ensure that sanctions-lifting measures do not allow supporters of Milosevic to continue the systematic theft of resources that have marked the last thirteen years.

With regard to the national emergency declared in 1992, I shall continue to exercise the powers at my disposal with respect to this emergency until the status of all remaining blocked property is resolved, the Dayton Peace Agreement, is implemented, and the terms of United Nations Security Council Resolution 1022 are met. With regard to the national emergency declared in 1998, I shall continue to exercise the powers at my disposal with respect to this emergency until the crisis with respect to the situation in Kosovo, and with respect to Slobodan Milosevic, his close associates and supporters and persons under open indictment for war crimes by ICTY, and with respect to property previously blocked has been resolved, as long as these measures are appropriate. I will continue to report periodically to the Congress on significant developments pursuant to 50 U.S.C. 1703(c).