

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

COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

A COMBINED 6-MONTH REPORT ON THE NATIONAL EMERGENCIES
DECLARED WITH RESPECT TO THE FEDERAL REPUBLIC OF
YUGOSLAVIA (SERBIA AND MONTENEGRO) IN EXECUTIVE ORDER
12808 ON MAY 30, 1992 AND KOSOVO IN EXECUTIVE ORDER
13088 ON JUNE 9, 1998, PURSUANT TO 50 U.S.C. 1641(c) AND 50
U.S.C. 1703(c)



JANUARY 7, 2003.—Referred to the Committee on International Relations
and ordered to be printed

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THE WHITE HOUSE,
Washington, December 4, 2002.

Hon. J. DENNIS HASTERT,
Speaker of the House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: 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, 50 U.S.C. 1703(c), I am providing a combined 6-month report prepared by my Administration on the national emergencies declared with respect to the Federal Republic of Yugoslavia (Serbia and Montenegro) in Executive Order 12808 on May 30, 1992, and Kosovo in Executive Order 13088 on June 9, 1998.

Sincerely,

GEORGE W. BUSH.

PERIODIC REPORT ON THE NATIONAL EMERGENCIES WITH RESPECT
TO THE FEDERAL REPUBLIC OF YUGOSLAVIA (SERBIA AND MONTE-
NEGRO)

This report to the Congress addresses developments over the course of the past 6 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, and was expanded in Executive Order 12934, issued on October 25, 1994, with respect to the Bosnian Serbs. The report also covers developments over the course of the past 6 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. This report is submitted pursuant to section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c) (IEEPA), and section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c).

With regard to the national emergency declared in 1992, the Office of Foreign Assets Control (OFAC) has continued during the past 6 months to oversee the maintenance of FRY (S&M) accounts and records blocked pursuant to the FRY (S&M) and Bosnian Serb-controlled Areas of the Republic of Bosnia and Herzegovina Sanctions Regulations, 31 CFR Part 585 (the “Bosnia and Herzegovina Regulations”). The Departments of State and Treasury continue to work closely with the European Union member states, the successor States emerging from the dissolution of the former Yugoslavia, and other U.N. member nations to implement the provisions of United Nations Security Council Resolutions 1022 and 1074 regarding the status of assets subject to claims or encumbrances previously blocked under that authority.

With regard to the national emergency declared in 1998, 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). The Order imposes restrictions on transactions with certain persons described in Section 1(a) of the Order and also provides for the continued blocking of property or interests in property blocked pursuant to the FRY (S&M) Kosovo Sanctions Regulations, 31 CFR Part 586 (the “Kosovo Regulations”) prior to the Order’s effective date pending resolution of claims and encumbrances. Ongoing sanctions against Milosevic, his close associates, supporters and persons openly indicted for war crimes by the International Criminal Tribunal for the former Yugoslavia (ICTY) are administered pursuant to the FRY (S&M) Milosevic Regulations, 31 CFR Part 587 (the “Milosevic Regulations”).

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

1. During this reporting period, there have been no amendments to the Bosnia and Herzegovina Regulations, the Kosovo Regulations, or the Milosevic Regulations.

2. During this reporting period, OFAC issued a total of six specific licenses under the Bosnia and Herzegovina Regulations and the Kosovo Regulations. These licenses authorized: (1) the resumption of the use of a company's trademark; (2) the debiting of blocked accounts of two Yugoslav banking institutions currently under the control of the state banking department of the state in which they are located, to pay storage fees and other maintenance fees associated with the two financial institutions; (3) the debiting of a blocked account for the excess interest posted to the account; and (4) the unblocking, sale and transfer of debt obligations issued under the Trade and Deposit Facility Agreement, dated September 20, 1988. In addition, during this reporting period, OFAC unblocked 13 funds transfers destined for the Federal Air Traffic Authority of the FRY (S&M) that had been previously excluded from a general license issued as part of the Kosovo Regulations in October 2001 authorizing the return to the remitter of certain categories of wire transfers. The current Government of the Federal Republic of Yugoslavia certified that the transactions were legitimate and requested that the funds be unblocked.

During this reporting period, OFAC issued no specific licenses pursuant to the Milosevic Regulations.

3. Since the last report, OFAC has collected four civil monetary penalties totaling nearly \$29,000 for violations of the Kosovo Regulations by two U.S. financial institutions and one U.S. company. 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 export of unauthorized services thereto. An additional case is undergoing penalty action for violation of the Bosnia and Herzegovina Regulations and an additional 82 cases are undergoing penalty action for violation of the Kosovo Regulations.

4. The expenses incurred by the United States Government in the 6-month period from May 31, through November 30, 2002, that are directly attributable to the declaration of the national emergencies made in 1992 and 1998 are estimated at approximately \$250,000, most of which represents wage and salary costs for United States Government personnel. Personnel costs were largely centered in the Department of the Treasury (particularly in OFAC, the Chief Counsel's Office, and the U.S. Customs Service), the Department of State and Commerce, and the National Security Council staff.

5. It is in the United States' foreign policy interest to support Yugoslavia's democratically-elected government as it works toward building a society based on democratic principles. Following Secretary of State Powell's May 2002 meeting with FRY Minister Djindjic, Secretary Powell formally certified to the Congress that the FRY was cooperating with the ICTY. Subsequently, Secretary Powell requested that the Department of the Treasury take steps to begin the process of unblocking all previously frozen assets—ex-

cept those linked to Slobodan Milosevic, his close associates and supporters and persons under open indictment for war crimes by the ICTY. The Departments of State and Treasury are working closely on a plan to unblock frozen assets while avoiding prejudice to the claims of U.S. persons and successor states of the former Socialist Federal Republic of Yugoslavia.

