

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 SIX MONTH PERIODIC REPORT ON THE NATIONAL
EMERGENCIES DECLARED WITH RESPECT TO THE FEDERAL RE-
PUBLIC OF YUGOSLAVIA (SERBIA AND MONTENEGRO) DE-
CLARED IN EXECUTIVE ORDER 12808 ON MAY 30, 1992 AND
KOSOVO IN EXECUTIVE ORDER 13088 ON JUNE 9, 1998, PURSU-
ANT TO 50 U.S.C. 1641(c)



JUNE 4, 2002.—Referred to the Committee on International Relations and
ordered to be printed

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THE WHITE HOUSE,
Washington, May 27, 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 report prepared by my Administration on a combined 6-month periodic 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.

Sincerely,

GEORGE W. BUSH.

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

I hereby report to the Congress on 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. I am also reporting to the Congress on 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 Federal Republic of Yugoslavia (Serbia and Montenegro) 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 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 Federal Republic of Yugoslavia (Serbia & Montenegro) 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 are administered pursuant to the Federal Republic of Yugoslavia (Serbia & Montenegro) 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. There have been no amendments to the Bosnia and Herzegovina Regulations, the Kosovo Regulations or the Milosevic Regulations. OFAC issued regulations implementing Executive Order 13192 on October 3, 2001, (66 FR 50506, October 3, 2001). These regulations include conforming amendments to the Federal Republic of Yugoslavia (Serbia & Montenegro) Kosovo Sanctions Regulations, 31 CFR Part 586 (the "Kosovo Regulations"), as well as new regulations, the Federal Republic of Yugoslavia (Serbia & Montenegro) Milosevic Regulations, 31 CFR Part 587 (the "Milosevic Regulations").

2. During this reporting period, OFAC issued a total of three specific licenses pursuant to the Bosnia and Herzegovina Regulations. Specific licenses were issued to: (1) unblock certain specific bank accounts; (2) unblock shares of common stock; and (3) permit the transfer of all blocked property and interests in property of two Yugoslav banking institutions to the state banking department of the state in which they were located in accordance with state banking law. The property and interests in property of the two Yugoslav banking institutions are to remain blocked.

During this reporting period, OFAC issued a total of four specific licenses pursuant to the Kosovo Regulations. Specific licenses were issued to: (1) unblock wire transfers where it was determined that there was no FRY (S&M) property interest in the funds; (2) unblock specific enumerated civil aircraft components belonging to Yugoslav companies; and (3) authorize the provision of legal services.

During this reporting period, OFAC issued two specific licenses pursuant to the Milosevic Regulations. One unblocked funds where it was determined that there was no proscribed property interest in the funds and the other authorized the receipt of payment for the provision of legal services.

3. Since my last report, OFAC has collected five civil monetary penalties totaling nearly \$24,000 for violations of the sanctions by five U.S. financial institutions. 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 69 cases are undergoing penalty action for violation of the Kosovo Regulations.

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 from December 4, 2001, to June 4, 2002. The defendant allegedly shipped the aircraft parts to Jugoslovenski Aerotransport via third countries with the knowledge that they would be transshipped to the FRY (S&M) without authorization by the United States Government.

4. The expenses incurred by the Federal Government in the 6-month period from December 1, 2001, through May 30, 2002, that are directly attributable to the declaration of the national emergencies made in 1992 and 1998 are estimated at approximately \$305,000, most of which represents wage and salary costs for Federal personnel. Personnel costs were largely centered in the De-

partment of the Treasury (particularly in OFAC, the Chief Counsel's Office, 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 States' foreign policy interest to support Yugoslavia's democratically-elected government as it works toward building a society based on democratic ideals. We also have a strong interest in avoiding prejudice to the claims of U.S. persons and 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 Slobodan Milosevic to continue the systematic theft of resources that have marked previous years.

With regard to the national emergency declared in 1992, 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, I shall exercise the powers at my disposal to deal with this unusual and extraordinary threat and will continue to report periodically to the Congress on significant developments as required by law. With regard to the national emergency declared in 1998, 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 the International Criminal Tribunal for the Former Yugoslavia, and with respect to property previously blocked, has been resolved, I shall exercise the powers at my disposal to deal with this unusual and extraordinary threat and will continue to report periodically to the Congress on significant developments as required by law.

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