

DEVELOPMENTS CONCERNING THE
NATIONAL EMERGENCY WITH RESPECT TO THE
GOVERNMENTS OF SERBIA AND MONTENEGRO

COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

A REPORT ON DEVELOPMENTS SINCE HIS LAST REPORT CONCERNING THE NATIONAL EMERGENCY WITH RESPECT TO THE GOVERNMENTS OF SERBIA AND MONTENEGRO, PURSUANT TO 50 U.S.C. 1703(c)



JANUARY 4, 1995.—Referred to the Committee on International Relations
and ordered to be printed

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THE WHITE HOUSE,
Washington, December 1, 1994.

Hon. THOMAS S. FOLEY,
Speaker of the House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: On May 30, 1992, in Executive Order No. 12808, the President declared a national emergency to deal with the threat to the national security, foreign policy, and economy of the United States arising from actions and policies of the Governments of Serbia and Montenegro, acting under the name of the Socialist Federal Republic of Yugoslavia or the Federal Republic of Yugoslavia, in their involvement in and support for groups attempting to seize territory in Croatia and the Republic of Bosnia and Herzegovina by force and violence utilizing, in part, the forces of the so-called Yugoslav National Army (57 FR 23299, June 2, 1992). The present report is submitted pursuant to 50 U.S.C. 1641(c) and 1703(c). It discusses Administration actions and expenses directly related to the exercise of powers and authorities conferred by the declaration of a national emergency in Executive Order No. 12808 and to expanded sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro) (the "FRY (S/M)") contained in Executive Order No. 12810 of June 5, 1992 (57 FR 24347, June 9, 1992), Executive Order No. 12831 of January 15, 1993 (58 FR 5253, January 21, 1993), and Executive Order No. 12846 of April 26, 1993 (58 FR 25771, April 27, 1993).

1. Executive Order No. 12808 blocked all property and interests in property of the Governments of Serbia and Montenegro, or held in the name of the former Government of the Socialist Federal Republic of Yugoslavia or the Government of the Federal Republic of Yugoslavia, then or thereafter located in the United States or within the possession or control of United States persons, including their overseas branches.

Subsequently, Executive Order No. 12810 expanded U.S. actions to implement in the United States the United Nations sanctions against the FRY (S/M) adopted in United Nations Security Council Resolution (UNSCR) 757 of May 30, 1992. In addition to reaffirming the blocking of FRY (S/M) Government property, this order prohibited transactions with respect to the FRY (S/M) involving imports, exports, dealing in FRY-origin property, air and sea transportation, contract performance, funds transfers, activity promoting importation or exportation or dealings in property, and official sports, scientific, technical, or other cultural representation of, or sponsorship by, the FRY (S/M) in the United States.

Executive Order No. 12810 exempted from trade restrictions (1) transshipments through the FRY (S/M), and (2) activities related to the United Nations Protection Force (UNPROFOR), the Conference on Yugoslavia, or the European Community Monitor Mission.

On January 15, 1993, President Bush issued Executive Order No. 12831 to implement new sanctions contained in UNSCR 787 of November 16, 1992. The order revoked the exemption for transshipments through the FRY (S/M) contained in Executive Order No. 12810, prohibited transactions within the United States or by a United States person relating to FRY (S/M) vessels and vessels in which a majority or controlling interest is held by a person or entity in, or operating from, the FRY (S/M), and stated that all such vessels shall be considered as vessels of the FRY (S/M), regardless of the flag under which they sail.

On April 26, 1993, I issued Executive Order No. 12846 to implement in the United States the sanctions adopted in UNSCR Resolution 820 of April 17, 1993. That resolution called on the Bosnian Serbs to accept the Vance-Owen peace plan for the Republic of Bosnia and Herzegovina and, if they failed to do so by April 26, called on member states to take additional measures to tighten the embargo against the FRY (S/M) and Serbian-controlled areas of the Republic of Bosnia and Herzegovina and the United Nations Protected Areas of Croatia. Effective April 26, 1993, the order blocked all property and interests in property of commercial, industrial, or public utility undertakings or entities organized or located in the FRY (S/M), including property and interests in property of entities (wherever organized or located) owned or controlled by such undertakings or entities, that are or thereafter come within the possession or control of United States persons.

On October 25, 1994, in view of UNSCR 942 of September 23, 1994, I issued Executive Order No. 12934 in order to take additional steps with respect to the crisis in the former Yugoslavia. (59 FR 54117, October 27, 1994.) Executive Order No. 12934 expands the scope of the national emergency declared in Executive Order No. 12808 to address the unusual and extraordinary threat to the national security, foreign policy, and economy of the United States posed by the actions and policies of the Bosnian Serb forces and the authorities in the territory that they control, including their refusal to accept the proposed territorial settlement of the conflict in the Republic of Bosnia and Herzegovina.

The Executive order blocks all property and interests in property that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of United States persons (including their overseas branches) of: (1) the Bosnian Serb military and paramilitary forces and the authorities in areas of the Republic of Bosnia and Herzegovina under the control of those forces; (2) any entity, including any commercial, industrial, or public utility undertaking, organized or located in those areas of the Republic of Bosnia and Herzegovina under the control of Bosnian Serb forces; (3) any entity, wherever organized or located, which is owned or controlled directly or indirectly by any person in, or resident in, those areas of the Republic of Bosnia and Herzegovina under the control of Bosnian Serb forces; and (4) any person acting for or on behalf of any person within the scope of the above definitions.

The Executive order also prohibits the provision or exportation of services to those areas of the Republic of Bosnia and Herzegovina under the control of Bosnian Serb forces, or to any person for the

purpose of any business carried on in those areas, either from the United States or by a United States person. The order also prohibits the entry of any U.S.-flagged vessel, other than a U.S. naval vessel, into the riverine ports of those areas of the Republic of Bosnia and Herzegovina under the control of Bosnian Serb forces. Finally, any transaction by any United States person that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate any of the prohibitions set forth in the order is prohibited. Executive Order No. 12934 became effective at 11:59 p.m., e.d.t. on October 25, 1994. A copy of the Executive order is attached for reference.

2. The declaration of the national emergency on May 30, 1992, was made pursuant to the authority vested in the President by the Constitution and laws of the United States, including the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), the National Emergencies Act (50 U.S.C. 1601 et seq.), and section 301 of title 3 of the United States Code. The emergency declaration was reported to the Congress on May 30, 1992, pursuant to section 204(b) of the International Emergency Economic Powers Act (50 U.S.C. 1703(b)). The additional sanctions set forth in subsequent Executive orders were imposed pursuant to the authority vested in the President by the Constitution and laws of the United States, including the statutes cited above, section 1114 of the Federal Aviation Act (49 U.S.C. App. 1514), and section 5 of the United Nations Participation Act (22 U.S.C. 287c).

3. There have been no amendments to the Federal Republic of Yugoslavia (Serbia and Montenegro) Sanctions Regulations (the "Regulations"), 31 C.F.R. Part 585, since the last report. Treasury's blocking authority as applied to FRY (S/M) subsidiaries and vessels in the United States has been challenged in court. A case involving a blocked subsidiary, *IPT Company, Inc. v. United States Department of the Treasury*, No. 92 CIV 5542 (S.D.N.Y.), is pending a decision by the court on the Government's motion for a summary judgment.

4. Over the past 6 months, the Departments of State and Treasury have worked closely with European Union (the "EU") member states and other U.N. member nations to coordinate implementation of the U.N. sanctions against the FRY (S/M). This has included visits by assessment teams formed under the auspices of the United States, the EU, and the Conference for Security and Cooperation in Europe (the "CSCE") to states bordering on Serbia and Montenegro; deployment of CSCE sanctions assistance missions (SAMs) to Albania, Bulgaria, Croatia, the former Yugoslav Republic of Macedonia, Hungary, Romania, and Ukraine to assist in monitoring land and Danube River traffic; bilateral contacts between the United States and other countries for the purpose of tightening financial and trade restrictions on the FRY (S/M); and ongoing multilateral meetings by financial sanctions enforcement authorities from various countries to coordinate enforcement efforts and to exchange technical information.

5. In accordance with licensing policy and the Regulations, the Department of the Treasury's Office of Foreign Assets Control (FAC) has exercised its authority to license certain specific transactions with respect to the FRY (S/M) that are consistent with the

Security Council sanctions. During the reporting period, FAC has issued 144 specific licenses regarding transactions pertaining to the FRY (S/M) or assets it owns or controls, bringing the total as of October 25, 1994, to 821. Specific licenses have been issued (1) for payment to U.S. or third-country secured creditors, under certain narrowly defined circumstances, for pre-embargo import and export transactions; (2) for legal representation or advice to the Government of the FRY (S/M) or FRY (S/M)-controlled entities; (3) for the liquidation or protection of tangible assets of subsidiaries of FRY (S/M)-controlled firms located in the United States; (4) for limited FRY (S/M) diplomatic representation in Washington and New York; (5) for patent, trademark and copyright protection, and maintenance transactions in the FRY (S/M) not involving payment to the FRY (S/M) Government; (6) for certain communications, news media, and travel-related transactions; (7) for the payment of crews' wages, vessel maintenance, and emergency supplies for FRY (S/M)-controlled ships blocked in the United States; (8) for the removal from the FRY (S/M), or protection within the FRY (S/M), of certain property owned and controlled by U.S. entities; (9) to assist the United Nations in its relief operations and the activities of the UNPROFOR; and (10) for payment from funds outside the United States where a third country has licensed the transaction in accordance with U.N. sanctions. Pursuant to U.S. regulations implementing UNSCR 757, specific licenses have also been issued to authorize exportation of food, medicine, and supplies intended for humanitarian purposes in the FRY (S/M).

During the past 6 months, FAC has continued to oversee the liquidation of tangible assets of the 15 U.S. subsidiaries of entities organized in the FRY (S/M). Subsequent to the issuance of Executive Order No. 12846, all operating licenses issued for these U.S.-located Serbian or Montenegrin subsidiaries or joint ventures were revoked, and the net proceeds of the liquidation of their assets placed in blocked accounts.

Bank regulators again worked closely with FAC with regard to two Serbian banking institutions in New York that were not permitted to conduct normal business after June 1, 1992. The banks had been issued licenses to maintain a limited staff for audit purposes while full-time bank examiners were posted in their offices to ensure that banking records were appropriately safeguarded. Subsequent to the issuance of Executive Order No. 12846, all licenses previously issued were revoked. In order to reduce the drain on blocked assets caused by continuing to rent commercial space, FAC has arranged to have the blocked personalty, files, and records moved to secure storage. The personalty will be liquidated and the net proceeds placed in blocked accounts.

A similar liquidation involved the motor vessel Bor, a Montenegrin-owned, Maltese-flagged vessel, blocked in Norfolk on September 15, 1992. The owners of the vessel requested that it be sold in order to provide funds for the support of another of their Maltese-flagged vessels, the M/V Bar, blocked in the port of New Orleans. The FAC submitted this request to the U.N. Sanctions Committee, which approved sale of the Bor on March 11, 1994.

Through a contractor, FAC auctioned the vessel on June 24, 1994, for \$1.35 million. Prior to authorizing the sale, FAC deter-

mined that the purchaser of the vessel was neither organized or located in a country subject to U.N. or U.S. economic sanctions, nor owned or controlled by entities that are organized or located in a country subject to economic sanctions, nor owned or controlled by, or acting or purporting to act directly or indirectly on behalf of, the government or de facto regime of a country subject to economic sanctions.

The proceeds of sale were deposited into a blocked, interest-bearing account in a U.S. financial institution, after certain payments were made related to the costs of maintaining the vessel in blocked status and the costs of sale. During the 2 years that the Bor was blocked, vendors continued to provide provisions and fuel to the vessel despite deferred payment due to lack of funds. U.N. Security Council Sanctions Committee approval of the sale also provided for Treasury reimbursement of auction and other expenses from the proceeds of the sale.

The previous and new owners of the vessel concluded the transaction on July 28, 1994, and the vessel was unblocked and removed from the Treasury's list of blocked entities. Arrangements were made for payment of wages to the crew and their travel to their port of embarkation.

During the past 6 months, U.S. financial institutions have continued to block funds transfers in which there is an interest of the Government of the FRY (S/M) or an entity or undertaking located in or controlled from the FRY (S/M) and to stop prohibited transfers to persons in the FRY (S/M). Such interdicted transfers have accounted for \$91.5 million since the issuance of Executive Order No. 12808, including some \$7.3 million during the past 6 months.

To ensure compliance with the terms of the licenses that have been issued under the program, stringent reporting requirements are imposed. More than 292 submissions have been reviewed since the last report and more than 193 compliance cases are currently open.

6. Since the issuance of Executive Order No. 12810, FAC has worked closely with the U.S. Customs Service to ensure both that prohibited imports and exports (including those in which the Government of the FRY (S/M) has an interest) are identified and interdicted, and that permitted imports and exports move to their intended destination without undue delay. Violations and suspected violations of the embargo are being investigated and appropriate enforcement actions are being taken. There are currently 59 cases under active investigation. Since the last report, FAC has collected 31 civil penalties totaling more than \$141,000. Of these, 24 were paid by U.S. financial institutions for violative funds transfers involving the Government of the FRY (S/M), persons in the FRY (S/M) or entities located or organized in or controlled from the FRY (S/M). Five U.S. companies, one organization, and one law firm have also paid penalties related to exports or unlicensed payments to the Government of the FRY (S/M) or persons in the FRY (S/M) for trademark registrations.

As previously reported, FAC has issued a series of General Notices announcing the names of entities and individuals determined by the Department of the Treasury to be Blocked Entities or Specially Designated Nationals (SDNs) of the FRY (S/M). On May 4,

1994, Treasury announced the identification of three companies registered in Cyprus as FRY (S/M) owned or controlled. Additionally, on September 15, 1994, FAC announced that two firms previously named as SDNs of the FRY (S/M), had changed their corporate names. The FAC published those name changes. These additions and amendments bring the current total of Blocked Entities and SDNs of the FRY (S/M) to 853. All prohibitions in the Regulations pertaining to the Government of the FRY (S/M) apply to the entities and individuals identified. United States persons on notice of the status of such blocked persons are prohibited from entering into transactions with them, or transactions in which they have an interest, unless otherwise exempted or authorized pursuant to the Regulations. Copies of these announcements are attached to this report.

7. The expenses incurred by the Federal Government in the 6-month period from May 30 through November 29, 1994, that are directly attributable to the authorities conferred by the declaration of a national emergency with respect to the FRY (S/M) are estimated at about \$4 million, most of which represent wage and salary costs for Federal personnel. Personnel costs were largely centered in the Department of the Treasury (particularly in FAC and its Chief Counsel's Office, and the U.S. Customs Service), the Department of State, the National Security Council, the U.S. Coast Guard, and the Department of Commerce.

8. The actions and policies of the Government of the FRY (S/M), in its involvement in and support for groups attempting to seize and hold territory in Croatia and the Republic of Bosnia and Herzegovina by force and violence, the actions and policies of the Bosnian Serb military and paramilitary forces, and the authorities in the areas of Bosnia and Herzegovina under the control of those forces, continue to pose an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States. The United States remains committed to a multilateral resolution of the conflict through implementation of the United Nations Security Council mandate.

I shall continue to exercise the powers at my disposal to apply economic sanctions against the FRY (S/M) as long as these measures are appropriate, and will continue to report periodically to the Congress on significant developments pursuant to 50 U.S.C. 1703(c).

Sincerely,

WILLIAM J. CLINTON.

Presidential Documents

Executive Order 12834 of October 23, 1994

Blocking Property and Additional Measures With Respect to the Bosnian Serb-Controlled Areas of the Republic of Bosnia and Herzegovina

By the authority vested in me as President by the Constitution and the laws of the United States of America, including the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), the National Emergencies Act (50 U.S.C. 1601 et seq.), section 5 of the United Nations Participation Act of 1948, as amended (22 U.S.C. 287c), and section 201 of title 3, United States Code, in view of United Nations Security Council Resolution 942 of September 23, 1994, and in order to take additional steps with respect to the crisis in the former Yugoslavia, I hereby expand the scope of the national emergency declared in Executive Order No. 12609 to address the unusual and extraordinary threat to the national security, foreign policy, and economy of the United States posed by the actions and policies of the Bosnian Serb forces and the authorities in the territory that they control, including their refusal to accept the proposed territorial settlement of the conflict in the Republic of Bosnia and Herzegovina.

I, WILLIAM J. CLINTON, President of the United States of America, hereby order:

Section 1. Notwithstanding the existence of any rights or obligations conferred or imposed by any international agreement or any contract entered into or any license or permit granted before the effective date of this order, except to the extent provided in regulations, orders, directives, or licenses, which may hereafter be issued pursuant to this order, all property and interests in property of: (a) the Bosnian Serb military and paramilitary forces and the authorities in those areas of the Republic of Bosnia and Herzegovina under the control of those forces;

(b) any entity, including any commercial, industrial, or public utility undertaking, organized or located in those areas of the Republic of Bosnia and Herzegovina under the control of Bosnian Serb forces;

(c) any entity, wherever organized or located, which is owned or controlled directly or indirectly by any person in, or resident in, those areas of the Republic of Bosnia and Herzegovina under the control of Bosnian Serb forces;

(d) any person acting for or on behalf of any person included within the scope of paragraph (a), (b), or (c) of this section; that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of United States persons, including their overseas branches, are blocked.

Sec. 2. Notwithstanding the existence of any rights or obligations conferred or imposed by any international agreement or any contract entered into or any license or permit granted before the effective date of this order, except to the extent provided in regulations, orders, directives, or licenses, which may hereafter be issued pursuant to this order: (a) the provision or exportation of services to those areas of the Republic of Bosnia and Herzegovina under the control of Bosnian Serb forces, or to any person for the purpose of any business carried on in those areas, either from the United States or by a United States person, is prohibited; and

(b) no vessel registered in the United States or owned or controlled by a United States person, other than a United States naval vessel, may enter the riverine ports of those areas of the Republic of Bosnia and Herzegovina under the control of Bosnian Serb forces.

Sec. 3. Any transaction by any United States person that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in this order is prohibited.

Sec. 4. The Secretary of the Treasury, in consultation with the Secretary of State, is hereby authorized to take such actions, including the promulgation of rules and regulations, and to employ all powers granted to me by the International Emergency Economic Powers Act and the United Nations Participation Act of 1948, as amended, as may be necessary to carry out the purposes of this order. The Secretary of the Treasury may redelegate the authority set forth in this order to other officers and agencies of the United States Government, all agencies of which are hereby directed to take all appropriate measures within their authority to carry out the provisions of this order, including suspension or termination of licenses or other authorizations in effect as of the date of this order.

Sec. 5. Nothing in this order shall apply to activities related to the United Nations Protection Force, the International Conference on the Former Yugoslavia, or the European Community Monitoring Missions.

Sec. 6. For the purposes of this order:

(a) The term "person" means an individual or entity;

(b) The term "entity" means a corporation, partnership, association, or other organization;

(c) The term "United States person" is as defined in section 5 of Executive Order No. 12810.

Sec. 7. Nothing contained in this order shall create any right or benefit, substantive or procedural, enforceable by any party against the United States, its agencies or instrumentalities, its officers or employees, or any other person.

Sec. 8 (a) This order shall take effect at 11:50 p.m. eastern daylight time on October 25, 1994.

(b) This order shall be transmitted to the Congress and published in the Federal Register.

William Clinton

THE WHITE HOUSE,
October 25, 1994.



DEPARTMENT OF THE TREASURY
WASHINGTON

MAY 04 1994

Office of Foreign Assets Control

NEW SPECIALLY DESIGNATED NATIONALS OF THE FEDERAL
REPUBLIC OF YUGOSLAVIA (SERBIA AND MONTENEGRO)

On May 4, 1994, the Office of Foreign Assets Control, U.S. Department of the Treasury, announced the following additions (three entities) to the list of Specially Designated Nationals of the Federal Republic of Yugoslavia (Serbia and Montenegro):

Entities

EAST POINT HOLDINGS LIMITED
8th Floor, Flat 803, 2 Arch Makarios Avenue, Capital Centre, Nicosia,
Cyprus.

INFEA (OVERSEAS) LTD
284 Arch. Makarios III Ave., Fortuna Bld. Block B, 2nd Floor, Limassol,
Cyprus.

J.U.B. HOLDINGS LTD
2 Sofoulis Street, Chanteclair Bld. Office 205, Nicosia, Cyprus.



DEPARTMENT OF THE TREASURY
WASHINGTON

SEP 15 1994

Office of Foreign Assets Control

**SPECIALLY DESIGNATED NATIONALS OF THE FEDERAL
REPUBLIC OF YUGOSLAVIA (SERBIA AND MONTENEGRO) -
NAME CHANGES**

On September 15, 1994, the Office of Foreign Assets Control, U.S. Department of the Treasury, announced the following name changes to current Specially Designated Nationals of the Federal Republic of Yugoslavia (Serbia and Montenegro):

BANK FOR FOREIGN TRADE AD-SKOPJE,
(a.k.a. JUGOBANKA; a.k.a. JUGOBANKA d.d.; a.k.a. YUGOBANKA),
Skopje, the Former Yugoslav Republic of Macedonia.

BANK FOR FOREIGN TRADE AD,
(a.k.a. JUGOBANKA; a.k.a. JUGOBANKA d.d.; a.k.a. YUGOBANKA),
all JUGOBANKA offices worldwide.

MEDCHOICE HOLIDAYS LTD.,
(a.k.a. YUGOTOURS LTD.),
Chesham House, 150 Regent Street, London W1R 6BB, England.

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