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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20504

4414

June 10, 1999

ACTION

MEMORANDUM FOR SAMUEL R. BERGER

THROUGH: GREG SCHULTE *JS*

FROM: SAMUEL MOYN *Sam*

SUBJECT: IEEPA/NEA Report on the FRY to Congress

Attached at Tab I is a memorandum to the President recommending that he submit the attached combined report to Congress required under the International Emergency Economic Powers Act and the National Emergencies Act. The report concerns the national emergencies with respect to the Federal Republic of Yugoslavia that he recently renewed pursuant to the relevant section of the National Emergencies Act, including information on the total expenditures incurred by the U.S. government directly attributable to the exercise of the powers and authorities conferred by the declared emergency.

Concurrences by: Joseph Bouchard, Miles Lackey, Mary B. DeRosa and Mike Hurley *JS*

RECOMMENDATION

That you sign the memorandum to the President.

Attachments

Tab I Memorandum to the President
Tab A Transmittal Letters
Tab B Report to Congress
Tab C Incoming Correspondence

RECOMMENDATION

That you sign and transmit to the Congress the enclosed letter and report.

Attachments

Tab A	Transmittal Letters
Tab B	Report to Congress
Tab C	Incoming Correspondence

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 ("IEEPA"), 50 U.S.C. 1703(c), I transmit herewith a six-month periodic report on the national emergency with respect to the Yugoslavia (Serbia and Montenegro) emergency declared in Executive Order No. 12808 on May 30, 1992, and with respect to the Kosovo emergency declared in Executive Order No. 13088 on June 9, 1998.

Sincerely,

The Honorable Dennis Hastert
Speaker of the
House of Representatives
Washington, D.C. 20515

Dear Mr. President:

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 six-month periodic report on the national emergency with respect to the Yugoslavia (Serbia and Montenegro) emergency declared in Executive Order No. 12808 on May 30, 1992, and with respect to the Kosovo emergency declared in Executive Order No. 13088 on June 9, 1998.

Sincerely,

The Honorable Al Gore, Jr.
President of the Senate
Washington, D.C. 20510

REPORT TO CONGRESS ON THE NATIONAL EMERGENCIES
WITH RESPECT TO THE FEDERAL REPUBLIC OF YUGOSLAVIA
(SERBIA & MONTENEGRO) AND KOSOVO

On May 30, 1992, by Executive Order 12808, President Bush declared a national emergency to deal with the unusual and extraordinary threat to the national security, foreign policy and economy of the United States constituted by the actions and policies of the Governments of Serbia and Montenegro, blocking all property and interests in property of those Governments. President Bush took additional measures to prohibit trade and other transactions with the Federal Republic of Yugoslavia (Serbia and Montenegro) (the "FRY (S&M)"), by Executive Orders 12810 and 12831, issued on June 5, 1992, and January 15, 1993, respectively.

On April 25, 1993, I issued Executive Order 12846, blocking the property and interests in property of all commercial, industrial, or public utility undertakings or entities organized or located in FRY (S&M), and prohibiting trade-related transactions by U.S. persons involving those areas of the Republic of Bosnia and Herzegovina controlled by the Bosnian

Serb forces and the United Nations Protected Areas in the Republic of Croatia. On October 25, 1994, because of the actions and policies of the Bosnian Serbs, I expanded the scope of the national emergency by issuance of Executive Order 12934. On November 22, 1995, the United Nations Security Council passed Resolution ("UNSCR") 1022, immediately and indefinitely suspending U.N. economic sanctions against the FRY (S&M). On October 1, 1996, the United Nations passed UNSCR 1074, terminating U.N. sanctions against the FRY (S&M) and the Bosnian Serbs in light of the elections that took place in Bosnia and Herzegovina on September 14, 1996. Both UNSCR 1022 and UNSCR 1074, however, provided that funds and assets previously blocked pursuant to sanctions against the FRY (S&M) that are subject to claims and encumbrances, or that are the property of persons deemed insolvent, shall remain blocked until "released in accordance with applicable law." This provision was implemented in the United States on December 27, 1995, by Presidential Determination No. 96-7, which directed the Secretary of the Treasury to suspend the application of sanctions on the FRY (S&M) and to continue to block property previously blocked.

On June 9, 1998, by Executive Order 13088, I declared a national emergency to deal with the unusual and extraordinary

threat to the national security and foreign policy of the United States constituted by the actions and policies of the Governments of the Federal Republic of Yugoslavia (Serbia and Montenegro), and the Republic of Serbia with respect to Kosovo. Executive Order 13088, with certain exceptions, blocked all property and interests in property of the Governments of the Federal Republic of Yugoslavia (Serbia and Montenegro), the Republic of Serbia, and the Republic of Montenegro within the United States or within the possession or control of U.S. persons, and prohibited all new investment in the territory of the Republic of Serbia by U.S. persons, and the approval or other facilitation by U.S. persons of other persons' new investment in the territory of the Republic of Serbia.

On April 30, 1999, I took additional steps with respect to the national emergency declared in Executive Order 13088 by issuing Executive Order 13121 (64 FR 24021, May 5, 1999). Executive Order 13121 blocks all property and interests in property of the Governments of the Federal Republic of Yugoslavia (Serbia and Montenegro), the Republic of Serbia, and the Republic of Montenegro within the United States or within the possession or control of U.S. persons. The Order also revoked section 2 of Executive Order 13088, which had permitted

U.S. persons to engage in certain financial transactions within the territory of the FRY (S&M). Executive Order 13121 added a new section 2 to Executive Order 13088, which prohibits trade transactions involving the FRY (S&M). These orders now prohibit (1) the exportation, reexportation, sale, or supply, directly or indirectly, from the United States, or by a U.S. person, wherever located, to the Federal Republic of Yugoslavia (Serbia and Montenegro) or the Government of the Federal Republic of Yugoslavia (S&M), the Government of the Republic of Serbia, or the Government of the Republic of Montenegro, of any goods (including petroleum and petroleum products), software, technology (including technical data), or services; (2) the importation into the United States, directly or indirectly, of any goods, software, technology (including technical data), or services from the Federal Republic of Yugoslavia (S&M) or owned or controlled by the Government of the Federal Republic of Yugoslavia (S&M), the Government of the Republic of Serbia, or the Government of the Republic of Montenegro; and (3) any transaction or dealing by a U.S. person, wherever located, in goods, software, technology (including technical data), or services, regardless of country of origin, for exportation, reexportation, sale, or supply to, or exportation from or by, the Federal Republic of Yugoslavia (S&M) or the Government of

the Federal Republic of Yugoslavia (S&M), the Government of the Republic of Serbia, or the Government of the Republic of Montenegro. This prohibition includes, without limitation, purchase, sale, transport, swap, or brokerage transactions in such items, and approving, financing, insuring, facilitating, or guaranteeing any such transactions. Any transaction by a U.S. person that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions of the Order, and any conspiracy formed to violate the prohibitions of the Order, are prohibited.

Executive Order 13121 directs the Secretary of the Treasury, in consultation with the Secretary of State, in implementation of the Order, to (1) give special consideration to the circumstances of the Government of the Republic of Montenegro and persons located in and organized under the laws of the Republic of Montenegro; (2) give special consideration to the humanitarian needs of refugees from Kosovo and other civilians within the Federal Republic of Yugoslavia (S&M); and (3) authorize commercial sales of agricultural commodities and products, medicine, and medical equipment for civilian end use in the territory of the Federal Republic of Yugoslavia (S&M) under appropriate safeguards to prevent diversion to military,

paramilitary, or political use by the Government of Federal Republic of Yugoslavia (S&M), the Government of the Republic of Serbia, or the Government of the Republic of Montenegro. The Order became effective at 12:01 a.m., EDT, May 1, 1999.

The present report is submitted pursuant to 50 U.S.C. 1641(c) and 1703(c) and, with respect to the national emergency declared in Executive Order 12808, covers the period from November 30, 1998 through May 29, 1999, and with respect to the national emergency declared in Executive Order 13088, covers the period from December 9, 1998 through June 8, 1999. 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 12808 as modified by Executive Order 12810, Executive Order 12831, Executive Order 12846, and Executive Order 12934, and the declaration of national emergency in Executive Order 13088, as amended by Executive Order 13121.

1. The declaration of the national emergency in Executive Order 12808 on May 30, 1992, and the declaration of a national emergency in Executive Order 13088 on June 9, 1998, were 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 ("IEEPA") (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 additional sanctions set forth in related 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).

2. The Office of Foreign Assets Control ("OFAC"), acting under authority delegated by the Secretary of the Treasury, implemented the sanctions imposed under the foregoing statutes in the Federal Republic of Yugoslavia (S&M) and Bosnian Serb-Controlled Areas of the Republic of Bosnia and Herzegovina Sanctions Regulations, 31 CFR Part 585 (the "Regulations") and the Federal Republic of Yugoslavia (Serbia and Montenegro) Kosovo Sanctions Regulations, 31 CFR Part 586 (the "Kosovo Sanctions Regulations") (63 *Fed. Reg.* 54575, October 13, 1998).

On May 5, 1999, OFAC issued a Notice revoking provisions of the Kosovo Sanctions Regulations that were inconsistent with the additional sanctions imposed in Executive Order 13121. By the

Notice of May 5, 1999, OFAC also issued General License No. 2 authorizing trade transactions involving the Republic of Montenegro that would otherwise be prohibited by Executive Order 13121. These include (1) the exportation, reexportation, sale, or supply, directly or indirectly, from the United States, or by a U.S. person, wherever located, destined for end-use in the Republic of Montenegro (except by the Government of the Federal Republic of Yugoslavia (S&M) or the Government of the Republic of Serbia) or the Government of the Republic of Montenegro, of any goods (including petroleum and petroleum products), software, technology (including technical data), or services; (2) the importation into the United States, directly or indirectly, of any goods, software, technology (including technical data), or services originating in the Republic of Montenegro or owned or controlled by the Government of the Republic of Montenegro; and (3) any transaction or dealing by a U.S. person, wherever located, in goods, software, technology (including technical data), or services, regardless of country of origin, for exportation, reexportation, sale, or supply to, or exportation from or by, the Republic of Montenegro or the Government of the Republic of Montenegro. A copy of the Notice is attached to this report.

On May 20, 1999, OFAC issued General License No. 3, authorizing all transactions ordinarily incident to the exportation of goods (including petroleum and petroleum products), software, or technology (including technical data) from the United States or reexportation of U.S.-origin goods, software, or technology from a foreign country to any person in the FRY (S&M), to the Government of the FRY (S&M), to the Government of the Republic of Serbia, provided that the following terms and conditions are met: (1) the exportation or reexportation is licensed or otherwise authorized by the Department of Commerce under the provisions of the Export Administration Act of 1979 (50 U.S.C. App. 2401 et seq.) and IEEPA; (2) the exportation or reexportation is financed by a financial institution in a third country that is neither a U.S. person nor a person whose property is blocked pursuant to the Kosovo Sanctions Regulations, or by cash payment in advance, or by open account financing not to exceed 90 days net. General License No. 3 also provides that financial institutions that are U.S. persons, prior to confirming or advising, or accepting or paying drafts draft under, or reimbursing themselves for payment made under, any letter of credit, or making any other payment or transfer of credit in connection with any exportation or reexportation licensed pursuant to this general license, or engaging in any other transactions authorized in this general

license shall satisfy themselves that: (1) each such transaction is incident to a bona fide exportation or reexportation and is customary in the normal course of business, and that the value of such exportation or reexportation reasonably corresponds to the sums of money involved in financing such transaction; and (2) the exportation or reexportation and any financing therefor are made pursuant to all the terms and conditions of this general license.

General License No. 3 does not authorize: (1) the financing of any transaction from a blocked account; (2) any transaction by a financial institution in the United States or by any U.S. person, wherever located, under, or with respect to an exportation or reexportation financed by, a letter of credit issued by a person whose property is blocked pursuant to the Kosovo Sanctions Regulations; (3) any transaction by a U.S. person related to the reexportation of non-U.S.-origin goods, software, or technology from a foreign country to any person in the FRY (S&M) or to the Government of the FRY (S&M) or to the Government of the Republic of Serbia; or (4) any transaction by a U.S. person related to the sale or supply within the same foreign country of goods, software, or technology to the Government of the FRY (S&M) or to the Government of the Republic of Serbia, except as incidental to an exportation or

reexportation authorized pursuant to paragraph (a) of this general license; or (5) the opening or operation by any U.S. person of a correspondent account for a financial institution whose property is blocked pursuant to the Kosovo Sanctions Regulations.

For the purposes of General License No. 3, the terms "foreign country" and "third country" include the Republic of Montenegro. A copy of General License No. 3 is attached to this report.

3. Over the past two and a half years, the Departments of State and the Treasury have worked closely with European Union member states and other U.N. member nations to implement the provisions of UNSCR 1022 and UNSCR 1074. In the United States, retention of blocking authority pursuant to the extension of a national emergency provides a framework for administration of an orderly claims settlement. This accords with past policy and practice with respect to the suspension of sanctions regimes.

4. During this reporting period, OFAC issued five specific licenses pursuant to the Regulations authorizing transactions pertaining to the FRY (S&M) or property in which it has an interest. In addition, OFAC issued a total of 65

specific licenses pursuant to the Kosovo Sanctions Regulations. Specific licenses were issued (1) to unblock wire transfers involving generally small amounts of individuals' purely personal funds; (2) to authorize receipt of payment for legal services; (3) to authorize certain transactions relating to air safety policy; and (4) to authorize certain administrative transactions by other U.S. government agencies.

During the past six months, OFAC has continued 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. Pursuant to the Kosovo Sanctions Regulations, 31 CFR Part 586, OFAC blocked 341 transactions totaling nearly \$5 million during this reporting period. Most of the blockings were of funds transfers originating from, or destined for, Serbian banks.

D.C. Precision, Inc. v. United States, et al., 97 Civ. 9123 CRLC, was filed in the Southern District of New York on

December 10, 1997, alleging that the Government had improperly blocked D.C. Precision's funds held at one of the closed Serbian banking agencies in New York. This case is still pending.

5. OFAC has continued to work closely with the U.S. Customs Service and other cooperating agencies to investigate alleged violations of the sanctions imposed pursuant to Executive Order 12808, as modified, and Executive Order 13088, as amended. On April 15, 1999, a U.S. citizen was sentenced in the Southern District of Florida to six months in prison and ordered to pay a \$6,000 criminal fine as the result of a guilty plea entered on October 23, 1998. The Miami, Florida, businessman entered a guilty plea for himself and his corporation to one count of violating IEEPA for the export of aircraft parts to Serbia. The U.S. citizen, his corporation, and two nationals of the FRY (S&M) were named in a 13-count indictment on February 13, 1997, charging them with conspiracy to purchase three Cessna propeller aircraft, a Cessna jet aircraft, and various aircraft parts in the United States and export them to the FRY (S&M) in violation of U.S. sanctions and the Regulations. Timely interdiction action prevented the export of the aircraft from the United States. The two foreign nationals are fugitives residing outside the United States.

Since my last report, OFAC has collected three civil monetary penalties totaling more than \$54,000 for violations of the sanctions. These violations involved prohibited exports of goods and services, contract dealings, and payments 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). The violators included one U.S. financial institution, one company, and one individual. Additional 14 cases are undergoing penalty action for violation of the Regulations, and additional 24 cases are undergoing penalty action for violation of the Kosovo Sanctions Regulations.

6. The expenses incurred by the Federal Government in the six-month period from November 30, 1998, through May 29, 1999, and the six-month period from December 9, 1998, through June 8, 1999, that are directly attributable to the declaration of the national emergencies in Executive Orders 12808 and 13088 are estimated at approximately \$470,000, 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 and its Chief Counsel's Office, and the U.S. Customs Service), the Department of State, the National Security Council, and the Department of Commerce.

7. The resolution of the crisis and conflict in the former Yugoslavia that has resulted from the actions and policies of the Government of the Federal Republic of Yugoslavia (Serbia and Montenegro), and of the Bosnian Serb forces and the authorities in the territory that they controlled, will not be complete until such time as the Peace Agreement is implemented and the terms of UNSCR 1022 have been met. Therefore, on May 27, 1999, I continued for another year the national emergency declared on May 30, 1992, as expanded in scope on October 25, 1994, and will continue to enforce the measures adopted pursuant thereto.

The declaration of the national emergency with respect to the Federal Republic of Yugoslavia (Serbia and Montenegro) and the Republic of Serbia contained in Executive Order No. 13088 was made in reaction to the unacceptable actions and policies of the Belgrade authorities in Kosovo, and continues to apply. The current situation in Kosovo is fragile and, as yet, unresolved. It is of particular importance that developments in Kosovo should not disrupt progress in implementing the Dayton peace agreement. This threat to the peace of the region constitutes an unusual and extraordinary threat to the national security of the United States.

With this in mind and in support of UNSCR 1099 and UNSCR 1203, on May 27, 1999, I continued for another year the national emergency declared on June 9, 1998, and will continue to enforce the measures adopted pursuant thereto. Therefore, I shall continue to exercise the powers at my disposal with respect to the measures against the Government of the Federal Republic of Yugoslavia (Serbia and Montenegro), the Government of the Republic of Serbia, and the Government of the Republic of Montenegro, as well as against the Bosnian Serb forces, civil authorities, and entities, 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).

THE WHITE HOUSE

Dear Mr. President:

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 six-month periodic report on the national emergency with respect to the Yugoslavia (Serbia and Montenegro) emergency declared in Executive Order No. 12808 on May 30, 1992, and with respect to the Kosovo emergency declared in Executive Order No. 13088 on June 9, 1998.

Sincerely,

William J. Clinton

The Honorable Al Gore, Jr.
President of the Senate
Washington, D.C. 20510

Dear Mr. Speaker:

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The Honorable Dennis Hastert
Speaker of the
House of Representatives
Washington, D.C. 20515



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

June 8, 1999

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

Under the International Emergency Economic Powers Act, you are required every six months to submit a report to the Congress concerning the Yugoslavia (Serbia and Montenegro) emergency declared in Executive Order No. 12808 on May 30, 1992, and concerning the Kosovo emergency declared in Executive Order No. 13088 on June 9, 1998.

In addition, under the National Emergencies Act, you are required, during each six-month interval of a declared national emergency, to report to the Congress the total expenditures incurred by the United States Government. These expenditures must be directly attributable to the exercise of the powers and authorities conferred by the declared emergency.

Enclosed is a proposed combined report covering events under the Yugoslavia (Serbia and Montenegro) and Kosovo emergency declarations for the latest six-month periods. The proposed report indicates that it is a combined report submitted pursuant to each of the foregoing statutes. Copies of the prior reports on the Yugoslavia and Kosovo emergencies are enclosed for reference.

I recommend that you sign and transmit the proposed report to the Congress. The report has been reviewed and approved by the Department of State.

Sincerely,

Robert E. Rubin

Enclosures

*President's Periodic Report on the National Emergencies
with respect to the Federal Republic of Yugoslavia
(Serbia & Montenegro) and Kosovo*

On May 30, 1992, by Executive Order 12808, President Bush declared a national emergency to deal with the unusual and extraordinary threat to the national security, foreign policy, and economy of the United States constituted by the actions and policies of the Governments of Serbia and Montenegro, blocking all property and interests in property of those Governments. President Bush took additional measures to prohibit trade and other transactions with the Federal Republic of Yugoslavia (Serbia and Montenegro) (the "FRY (S&M)"), by Executive Orders 12810 and 12831, issued on June 5, 1992, and January 15, 1993, respectively.

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TO: PRESIDENT

FROM: RUBIN, R

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KEYWORDS: YUGOSLAVIA
EO

KOSOVO
CONGRESSIONAL

PERSONS:

SUBJECT: RPT TO CONGRESS ON IEEPA RE YUGOSLAVIA IN EO 12808 & KOSOVO IN EO
13088

ACTION: PREPARE MEMO FOR BERGER

DUE DATE: 15 JUN 99 STATUS: S

STAFF OFFICER: HURLEY

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issuing Executive Order 13121 (64 FR 24021, May 5, 1999). Executive Order 13121 blocks all property and interests in property of the Governments of the Federal Republic of Yugoslavia (Serbia and Montenegro), the Republic of Serbia, and the Republic of Montenegro within the United States or within the possession or control of U.S. persons. The Order also revoked section 2 of Executive Order 13088, which had permitted U.S. persons to engage in certain financial transactions within the territory of the FRY (S&M). Executive Order 13121 added a new section 2 to Executive Order 13088, which prohibits trade transactions involving the FRY (S&M). These orders now prohibit (1) the exportation, reexportation, sale, or supply, directly or indirectly, from the United States, or by a U.S. person, wherever located, to the Federal Republic of Yugoslavia (Serbia and Montenegro) or the Government of the Federal Republic of Yugoslavia (S&M), the Government of the Republic of Serbia, or the Government of the Republic of Montenegro, of any goods (including petroleum and petroleum products), software, technology (including technical data), or services; (2) the importation into the United States, directly or indirectly, of any goods, software, technology (including technical data), or services from the Federal Republic of Yugoslavia (S&M) or owned or controlled by the Government of the Federal Republic of Yugoslavia (S&M), the Government of the Republic of Serbia, or the Government of the Republic of Montenegro; and (3) any transaction or dealing by a U.S. person, wherever located, in goods, software, technology (including technical data), or services, regardless of country of origin, for exportation, reexportation, sale, or supply to, or

exportation from or by, the Federal Republic of Yugoslavia (S&M) or the Government of the Federal Republic of Yugoslavia (S&M), the Government of the Republic of Serbia, or the Government of the Republic of Montenegro. This prohibition includes, without limitation, purchase, sale, transport, swap, or brokerage transactions in such items, and approving, financing, insuring, facilitating, or guaranteeing any such transactions. Any transaction by a U.S. person that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions of the Order, and any conspiracy formed to violate the prohibitions of the Order, are prohibited.

Executive Order 13121 directs the Secretary of the Treasury, in consultation with the Secretary of State, in implementation of the Order, to (1) give special consideration to the circumstances of the Government of the Republic of Montenegro and persons located in and organized under the laws of the Republic of Montenegro; (2) give special consideration to the humanitarian needs of refugees from Kosovo and other civilians within the Federal Republic of Yugoslavia (S&M); and (3) authorize commercial sales of agricultural commodities and products, medicine, and medical equipment for civilian end use in the territory of the Federal Republic of Yugoslavia (S&M) under appropriate safeguards to prevent diversion to military, paramilitary, or political use by the Government of Federal Republic of Yugoslavia (S&M), the Government of the Republic of Serbia, or the Government of the Republic of Montenegro. The Order became effective at 12:01 a.m., EDT, May 1, 1999.

The present report is submitted pursuant to 50 U.S.C. 1641(c) and 1703(c) and, with respect to the national emergency declared in Executive Order 12808, covers the period from November 30, 1998 through May 29, 1999, and with respect to the national emergency declared in Executive Order 13088, covers the period from December 9, 1998 through June 8, 1999. 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 12808 as modified by Executive Order 12810, Executive Order 12831, Executive Order 12846, and Executive Order 12934, and the declaration of national emergency in Executive Order 13088, as amended by Executive Order 13121.

1. The declaration of the national emergency in Executive Order 12808 on May 30, 1992, and the declaration of a national emergency in Executive Order 13088 on June 9, 1998, were 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 ("IEEPA") (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 additional sanctions set forth in related 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).

2. The Office of Foreign Assets Control ("OFAC"), acting under authority delegated by the Secretary of the Treasury, implemented the sanctions imposed under the foregoing statutes in the Federal Republic of Yugoslavia (S&M) and Bosnian Serb-Controlled Areas of the Republic of Bosnia and Herzegovina Sanctions Regulations, 31 CFR Part 585 (the "Regulations") and the Federal Republic of Yugoslavia (Serbia and Montenegro) Kosovo Sanctions Regulations, 31 CFR Part 586 (the "Kosovo Sanctions Regulations") (63 *Fed. Reg.* 54575, October 13, 1998).

On May 5, 1999, OFAC issued a Notice revoking provisions of the Kosovo Sanctions Regulations that were inconsistent with the additional sanctions imposed in Executive Order 13121. By the Notice of May 5, 1999, OFAC also issued General License No. 2 authorizing trade transactions involving the Republic of Montenegro that would otherwise be prohibited by Executive Order 13121. These include (1) the exportation, reexportation, sale, or supply, directly or indirectly, from the United States, or by a U.S. person, wherever located, destined for end-use in the Republic of Montenegro (except by the Government of the Federal Republic of Yugoslavia (S&M) or the Government of the Republic of Serbia) or the Government of the Republic of Montenegro, of any goods (including petroleum and petroleum products), software, technology (including technical data), or services; (2) the importation into the United States, directly or indirectly, of any goods, software, technology (including technical data), or services originating in the Republic of Montenegro or owned or controlled by the Government of the Republic of Montenegro; and (3) any transaction or dealing by a U.S. person, wherever located, in goods, software, technology (including technical data), or services, regardless of country of origin, for

exportation, reexportation, sale, or supply to, or exportation from or by, the Republic of Montenegro or the Government of the Republic of Montenegro. A copy of the Notice is attached to this report.

On May 20, 1999, OFAC issued General License No. 3, authorizing all transactions ordinarily incident to the exportation of goods (including petroleum and petroleum products), software, or technology (including technical data) from the United States or reexportation of U.S.-origin goods, software, or technology from a foreign country to any person in the FRY (S&M), to the Government of the FRY (S&M), to the Government of the Republic of Serbia, provided that the following terms and conditions are met: (1) the exportation or reexportation is licensed or otherwise authorized by the Department of Commerce under the provisions of the Export Administration Act of 1979 (50 U.S.C. App. 2401 *et seq.*) and IEEPA; (2) the exportation or reexportation is financed by a financial institution in a third country that is neither a U.S. person nor a person whose property is blocked pursuant to the Kosovo Sanctions Regulations, or by cash payment in advance, or by open account financing not to exceed 90 days net. General License No. 3 also provides that financial institutions that are U.S. persons, prior to confirming or advising, or accepting or paying drafts draft under, or reimbursing themselves for payment made under, any letter of credit, or making any other payment or transfer of credit in connection with any exportation or reexportation licensed pursuant to this general license, or engaging in any other transactions authorized in this general license shall satisfy themselves that: (1) each such transaction is incident to a bona fide exportation or

reexportation and is customary in the normal course of business, and that the value of such exportation or reexportation reasonably corresponds to the sums of money involved in financing such transaction; and (2) the exportation or reexportation and any financing therefor are made pursuant to all the terms and conditions of this general license.

General License No. 3 does not authorize: (1) the financing of any transaction from a blocked account; (2) any transaction by a financial institution in the United States or by any U.S. person, wherever located, under, or with respect to an exportation or reexportation financed by, a letter of credit issued by a person whose property is blocked pursuant to the Kosovo Sanctions Regulations; (3) any transaction by a U.S. person related to the reexportation of non-U.S.-origin goods, software, or technology from a foreign country to any person in the FRY (S&M) or to the Government of the FRY (S&M) or to the Government of the Republic of Serbia; or (4) any transaction by a U.S. person related to the sale or supply within the same foreign country of goods, software, or technology to the Government of the FRY (S&M) or to the Government of the Republic of Serbia, except as incidental to an exportation or reexportation authorized pursuant to paragraph (a) of this general license; or (5) the opening or operation by any U.S. person of a correspondent account for a financial institution whose property is blocked pursuant to the Kosovo Sanctions Regulations.

For the purposes of General License No. 3, the terms "foreign country" and "third country" include the Republic of Montenegro. A copy of General License No. 3 is attached to this report.

3. Over the past two and a half years, the Departments of State and the Treasury have worked closely with European Union member states and other U.N. member nations to implement the provisions of UNSCR 1022 and UNSCR 1074. In the United States, retention of blocking authority pursuant to the extension of a national emergency provides a framework for administration of an orderly claims settlement. This accords with past policy and practice with respect to the suspension of sanctions regimes.

4. During this reporting period, OFAC issued five specific licenses pursuant to the Regulations authorizing transactions pertaining to the FRY (S&M) or property in which it has an interest. In addition, OFAC issued a total of 65 specific licenses pursuant to the Kosovo Sanctions Regulations. Specific licenses were issued (1) to unblock wire transfers involving generally small amounts of individuals' purely personal funds; (2) to authorize receipt of payment for legal services; (3) to authorize certain transactions relating to air safety policy; and (4) to authorize certain administrative transactions by other U.S. government agencies.

During the past six months, OFAC has continued 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. Pursuant to the Kosovo Sanctions Regulations, 31 CFR Part 586, OFAC blocked 341 transactions totaling nearly \$5 million during

this reporting period. Most of the blockings were of funds transfers originating from, or destined for, Serbian banks.

D.C. Precision, Inc. v. United States, et al., 97 Civ. 9123 CRLC, was filed in the Southern District of New York on December 10, 1997, alleging that the Government had improperly blocked D.C. Precision's funds held at one of the closed Serbian banking agencies in New York. This case is still pending.

5. OFAC has continued to work closely with the U.S. Customs Service and other cooperating agencies to investigate alleged violations of the sanctions imposed pursuant to Executive Order 12808, as modified, and Executive Order 13088, as amended. On April 15, 1999, a U.S. citizen was sentenced in the Southern District of Florida to six months in prison and ordered to pay a \$6,000 criminal fine as the result of a guilty plea entered on October 23, 1998. The Miami, Florida, businessman entered a guilty plea for himself and his corporation to one count of violating IEEPA for the export of aircraft parts to Serbia. The U.S. citizen, his corporation, and two nationals of the FRY (S&M) were named in a 13-count indictment on February 13, 1997, charging them with conspiracy to purchase three Cessna propeller aircraft, a Cessna jet aircraft, and various aircraft parts in the United States and export them to the FRY (S&M) in violation of U.S. sanctions and the Regulations. Timely interdiction action prevented the export of the aircraft from the United States. The two foreign nationals are fugitives residing outside the United States.

Since my last report, OFAC has collected three civil monetary penalties totaling more than \$54,000 for violations of the sanctions. These violations involved prohibited exports of goods and services, contract dealings, and payments 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). The violators included one U.S. financial institution, one company, and one individual. An additional 14 cases are undergoing penalty action for violation of the Regulations, and an additional 24 cases are undergoing penalty action for violation of the Kosovo Sanctions Regulations.

6. The expenses incurred by the Federal Government in the six-month period from November 30, 1998, through May 29, 1999, and the six-month period from December 9, 1998, through June 8, 1999, that are directly attributable to the declaration of the national emergencies in Executive Orders 12808 and 13088 are estimated at approximately \$470,000, 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 and its Chief Counsel's Office, and the U.S. Customs Service), the Department of State, the National Security Council, and the Department of Commerce.

7. The resolution of the crisis and conflict in the former Yugoslavia that has resulted from the actions and policies of the Government of the Federal Republic of Yugoslavia (Serbia and Montenegro), and of the Bosnian Serb forces and the authorities in the territory that they controlled, will not be complete until such time as the Peace Agreement is implemented and the terms of UNSCR 1022 have been met. Therefore, on May 27, 1999, I continued for another year the national emergency declared on May 30, 1992, as expanded in scope on October 25, 1994, and will continue to enforce the measures adopted pursuant thereto.

The declaration of the national emergency with respect to the Federal Republic of Yugoslavia (Serbia and Montenegro) and

the Republic of Serbia contained in Executive Order No. 13088 was made in reaction to the unacceptable actions and policies of the Belgrade authorities in Kosovo, and continues to apply. The current situation in Kosovo is fragile and, as yet, unresolved. It is of particular importance that developments in Kosovo should not disrupt progress in implementing the Dayton peace agreement. This threat to the peace of the region constitutes an unusual and extraordinary threat to the national security of the United States.

With this in mind and in support of UNSCR 1099 and UNSCR 1203, on May 27, 1999, I continued for another year the national emergency declared on June 9, 1998, and will continue to enforce the measures adopted pursuant thereto. Therefore, I shall continue to exercise the powers at my disposal with respect to the measures against the Government of the Federal Republic of Yugoslavia (Serbia and Montenegro), the Government of the Republic of Serbia, and the Government of the Republic of Montenegro, as well as against the Bosnian Serb forces, civil authorities, and entities, 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).

William J. Clinton

The White House

June __, 1999



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

OFFICE OF FOREIGN ASSETS CONTROL

FEDERAL REPUBLIC OF YUGOSLAVIA (SERBIA AND MONTENEGRO)

KOSOVO SANCTIONS REGULATIONS, 31 CFR PART 586

NOTICE

The exemption contained in § 586.201(c) and the general license contained in § 586.513 of the Federal Republic of Yugoslavia (Serbia and Montenegro) Kosovo Sanctions Regulations, 31 CFR Part 586 (the "Regulations"), are hereby revoked. The general license contained in § 586.516 of the Regulations authorizing transactions with respect to property in which the Government of Montenegro has an interest remains in effect.

GENERAL LICENSE NO. 2

Trade Transactions Involving the Republic of Montenegro

(a) The exportation, reexportation, sale, or supply, directly or indirectly, from the United States, or by a United States person, wherever located, destined for end-use in the Republic of Montenegro (except by the Government of the Federal Republic of Yugoslavia (Serbia and Montenegro) or the Government of the Republic of Serbia) or by the Government of the Republic of Montenegro, of any goods (including petroleum and petroleum

products), software, technology (including technical data), or services otherwise prohibited by Executive Order 13121 of April 30, 1999, with respect, *inter alia*, to trade with the Federal Republic of Yugoslavia (Serbia and Montenegro) are hereby authorized.

(b) The importation into the United States, directly or indirectly, of any goods, software, technology (including technical data) or services originating in the Republic of Montenegro or owned or controlled by the Government of the Republic of Montenegro otherwise prohibited by Executive Order 13121 of April 30, 1999, with respect, *inter alia*, to trade with the Federal Republic of Yugoslavia (Serbia and Montenegro) is hereby authorized.

(c) Any transaction or dealing by a United States person, wherever located, in goods, software, technology (including technical data) or services, regardless of country of origin, for exportation, reexportation, sale, or supply to, or exportation from or by, the Republic of Montenegro or the Government of the Republic of Montenegro otherwise prohibited by Executive Order 13121 of April 30, 1999, with respect, *inter alia*, to trade with the Federal Republic of Yugoslavia (Serbia and Montenegro) is hereby authorized.

Note: This general license does not excuse the U.S. person from compliance with other applicable U.S. laws governing the exportation and reexportation of U.S.-origin goods, software, technology (including technical data) or services.

Dated: May 5, 1999
Richard Newcomb

R. Richard Newcomb

Director

Office of Foreign Assets Control



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

OFFICE OF FOREIGN ASSETS CONTROL

FEDERAL REPUBLIC OF YUGOSLAVIA (SERBIA AND MONTENEGRO)

KOSOVO SANCTIONS REGULATIONS, 31 CFR PART 586

GENERAL LICENSE NO. 3

Exportations, Reexportations and Incidental Transactions

(a) All transactions ordinarily incident to the exportation of goods (including petroleum and petroleum products), software, or technology (including technical data) from the United States or reexportation of U.S.-origin goods, software, or technology from a foreign country to any person in the Federal Republic of Yugoslavia (Serbia and Montenegro), to the Government of the Federal Republic of Yugoslavia (Serbia and Montenegro) or the Government of the Republic of Serbia are hereby authorized, provided that the following terms and conditions are met:

(1) The exportation or reexportation is licensed or otherwise authorized by the Department of Commerce under the provisions of the Export Administration Act of 1979, 50 U.S.C. App. 2401-2420, and the International Emergency Economic Powers Act, 50 U.S.C. 1701-1706;

(2) The exportation or reexportation is financed by a financial institution in a third country that is neither a U.S. person nor a person whose property is blocked pursuant to 31 C.F.R. § 586.201, or

by cash payment in advance, or by open account financing not to exceed 90 days net.

(b) Financial institutions that are U.S. persons, prior to confirming or advising, or accepting or paying drafts drawn under, or reimbursing themselves for payment made under, any letter of credit, or making any other payment or transfer of credit in connection with any exportation or reexportation licensed pursuant to this general license, or engaging in any other transactions authorized in this general license shall satisfy themselves that:

(1) Each such transaction is incident to a bona fide exportation or reexportation and is customary in the normal course of business, and that the value of such exportation or reexportation reasonably corresponds to the sums of money involved in financing such transaction; and

(2) The exportation or reexportation and any financing therefor are made pursuant to all the terms and conditions of this general license.

(c) This general license does not authorize:

- (1) The financing of any transaction from a blocked account;
- (2) Any transaction by a financial institution in the United States or by any U.S. person, wherever located, under, or with respect to an exportation or reexportation financed by, a letter of credit issued by a person whose property is blocked pursuant to 31 C.F.R. 586.201;

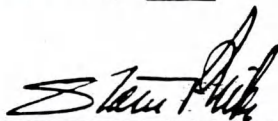
(3) Any transaction by a U.S. person related to the reexportation of non-U.S.-origin goods, software, or technology from a foreign country to any person in the Federal Republic of Yugoslavia (Serbia and Montenegro) or to the Government of Federal Republic of Yugoslavia (Serbia and Montenegro) or the Government of the Republic of Serbia; or

(4) Any transaction by a U.S. person related to the sale or supply within the same foreign country of goods, software, or technology to the Government of Federal Republic of Yugoslavia (Serbia and Montenegro) or the Government of the Republic of Serbia, except as incidental to an exportation or reexportation authorized pursuant to paragraph (a) of this general license; or

(5) The opening or operation by any U.S. person of a correspondent account for a financial institution whose property is blocked pursuant to 31 C.F.R. 586.201.

(d) For the purposes of this general license, the terms "foreign country" and "third country" shall include the Republic of Montenegro.

Dated: May 20, 1999



Steven I. Pinter

Acting Director,

Office of Foreign Assets Control

NOTE: This proclamation and the attached annex will be published in the *Federal Register* on December 8.

**Letter to Congressional Leaders
Reporting on the National
Emergency With Respect to the
Federal Republic of Yugoslavia
(Serbia and Montenegro)**

December 3, 1998

Dear Mr. Speaker: (Dear Mr. President:)

On May 30, 1992, by Executive Order 12808, President Bush declared a national emergency to deal with the unusual and extraordinary threat to the national security, foreign policy, and economy of the United States constituted by the actions and policies of the Governments of Serbia and Montenegro, blocking all property and interests in property of those Governments. President Bush took additional measures to prohibit trade and other transactions with the Federal Republic of Yugoslavia (Serbia and Montenegro) by Executive Orders 12810 and 12831, issued on June 5, 1992, and January 15, 1993, respectively.

On April 25, 1993, I issued Executive Order 12846, blocking the property and interests in property of all commercial, industrial, or public utility undertakings or entities organized or located in the Federal Republic of Yugoslavia (Serbia and Montenegro) (the "FRY (S&M)"), and prohibiting trade-related transactions by United States persons involving those areas of the Republic of Bosnia and Herzegovina controlled by the Bosnian Serb forces and the United Nations Protected Areas in the Republic of Croatia. On October 25, 1994, because of the actions and policies of the Bosnian Serbs, I expanded the scope of the national emergency by issuance of Executive Order 12934 to block the property of the Bosnian Serb forces and the authorities in the territory that they controlled within the Republic of Bosnia and Herzegovina, as well as the property of any entity organized or located in, or controlled by any person in, or resident in, those areas.

On November 22, 1995, the United Nations Security Council passed Resolution 1022 ("Resolution 1022"), immediately and

indefinitely suspending U.N. economic sanctions against the FRY (S&M). Sanctions were subsequently lifted by the United Nations Security Council pursuant to Resolution 1074 on October 1, 1996. Resolution 1022, however, continues to provide for the release of funds and assets previously blocked pursuant to sanctions against the FRY (S&M), provided that such funds and assets that are subject to claims and encumbrances, or that are the property of persons deemed insolvent, remain blocked until "released in accordance with applicable law." This provision was implemented in the United States on December 27, 1995, by Presidential Determination No. 96-7. The determination, in conformity with Resolution 1022, directed the Secretary of the Treasury, *inter alia*, to suspend the application of sanctions imposed on the FRY (S&M) pursuant to the above-referenced Executive orders and to continue to block property previously blocked until provision is made to address claims or encumbrances, including the claims of the other successor states of the former Yugoslavia. This sanctions relief was an essential factor motivating Serbia and Montenegro's acceptance of the General Framework Agreement for Peace in Bosnia and Herzegovina initiated by the parties in Dayton on November 21, 1995 (the "Peace Agreement") and signed in Paris on December 14, 1995. The sanctions imposed on the FRY (S&M) and on the United Nations Protected Areas in the Republic of Croatia were accordingly suspended prospectively, effective January 16, 1996. Sanctions imposed on the Bosnian Serb forces and authorities and on the territory that they controlled within the Republic of Bosnia and Herzegovina were subsequently suspended prospectively, effective May 10, 1996, in conformity with Resolution 1022. On October 1, 1996, the United Nations Security Council passed Resolution 1074, terminating U.N. sanctions against the FRY (S&M) and the Bosnian Serbs in light of the elections that took place in Bosnia and Herzegovina on September 14, 1996. Resolution 1074, however, reaffirms the provisions of Resolution 1022 with respect to the release of blocked assets, as set forth above.

The present report is submitted pursuant to 50 U.S.C. 1641(c) and 1703(c) and covers

the period from May 30 through November 29, 1998. 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 12808 as expanded with respect to the Bosnian Serbs in Executive Order 12934, and against the FRY (S&M) contained in Executive Order 12810, Executive Order 12831, and Executive Order 12846.

1. 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)) and the expansion of that national emergency under the same authorities was reported to the Congress on October 25, 1994. The additional sanctions set forth in related 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).

2. The Office of Foreign Assets Control (OFAC), acting under authority delegated by the Secretary of the Treasury, implemented the sanctions imposed under the foregoing statutes in the Federal Republic of Yugoslavia (Serbia and Montenegro) and Bosnian Serb-Controlled Areas of the Republic of Bosnia and Herzegovina Sanctions Regulations, 31 C.F.R. Part 585 (the "Regulations"). To implement Presidential Determination No. 96-7, the Regulations were amended to authorize prospectively all transactions with respect to the FRY (S&M) otherwise prohibited (61 *Fed. Reg.* 1282, January 19, 1996). Property and interests in property of the FRY (S&M) previously blocked within the jurisdiction of the United States remain blocked, in conformity with the Peace Agreement and Resolution 1022, until provision is made to

address claims or encumbrances, including the claims of the other successor states of the former Yugoslavia.

On May 10, 1996, OFAC amended the Regulations to authorize prospectively all transactions with respect to the Bosnian Serbs otherwise prohibited, except with respect to property previously blocked (61 *Fed. Reg.* 24696, May 16, 1996). On December 4, 1996, OFAC amended Appendices A and B to 31 C.F.R. Chapter V, containing the names of entities and individuals in alphabetical order and by location that are subject to the various economic sanctions programs administered by OFAC, to remove the entries for individuals and entities that were determined to be acting for or on behalf of the Government of the Federal Republic of Yugoslavia (Serbia and Montenegro). These assets were blocked on the basis of these persons' activities in support of the FRY (S&M)—activities no longer prohibited—not because the Government of the FRY (S&M) or entities located in or controlled from the FRY (S&M) had any interest in those assets (61 *Fed. Reg.* 64289, December 4, 1996).

On April 18, 1997, the Regulations were amended by adding new section 585.528, to provide for the unblocking of the following five vessels: the M/V MOSLAVINA, M/V ZETA, M/V LOVCEN, M/V DURMITOR and M/V BAR (a/k/a M/V INVIKEN) after 30 days (62 *Fed. Reg.* 19672, April 23, 1997). Two previously blocked vessels, the M/V KAPETAN MARTINOVIC and the M/V BOR, were sold prior to August 18, 1997, pursuant to licenses and the proceeds of the sales placed in blocked interest-bearing accounts at U.S. financial institutions as substitute property for the blocked vessels.

On November 6, 1998, section 585.528 was amended to provide for the unblocking of these accounts, representing the two vessels, after 30 days (63 *Fed. Reg.* 59883, November 6, 1998). During this period, United States persons may negotiate settlements of their outstanding claims with respect to the vessels with the vessels' owners or agents. If claims remain unresolved by November 27, United States persons are generally licensed

to seek and obtain judicial writs of attachment against the funds during the 10-day period prior to the accounts' unblocking. A copy of the amendment is attached to this report.

3. Over the past 2 years, the Departments of State and the Treasury have worked closely with European Union member states and other U.N. member nations to implement the provisions of Resolution 1022. In the United States, retention of blocking authority pursuant to the extension of a national emergency provides a framework for administration of an orderly claims settlement. This accords with past policy and practice with respect to the suspension of sanctions regimes.

4. During this reporting period, OFAC issued two specific licenses regarding transactions pertaining to the FRY (S&M) or property in which it has an interest. Specific licenses were issued (1) to authorize the payment from blocked funds of licensing fees due to the New York State Banking Department for one of the Serbian financial institutions blocked in 1992 and (2) to authorize the transfer of a blocked account from one financial institution into another.

During the past 6 months, OFAC has continued to oversee the maintenance of blocked FRY (S&M) accounts, and records with respect to: (1) liquidated tangible assets and personalty of the 15 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.

D.C. Precision, Inc. v. United States, et al., 97 Civ. 9123 CRLC, was filed in the Southern District of New York on December 10, 1997, alleging that the Government had improperly blocked Precision's funds held at one of the closed Serbia banking agencies in New York. This case is still pending.

5. Despite the prospective authorization of transactions with the FRY (S&M), OFAC has continued to work closely with the U.S. Customs Service and other cooperating agencies to investigate alleged violations that occurred while sanctions were in force. On February 13, 1997, a Federal grand jury in the Southern District of Florida, Miami, returned a

13-count indictment against one U.S. citizen and two nationals of the FRY (S&M). The indictment charges that the subjects participated and conspired to purchase three Cessna propeller aircraft, a Cessna jet aircraft, and various aircraft parts in the United States and to export them to the FRY (S&M) in violation of U.S. sanctions and the Regulations. Timely interdiction action prevented the aircraft from being exported from the United States. On October 23, 1998, the defendants in the case entered guilty pleas. A sentencing date has not yet been scheduled.

Since my last report, OFAC has collected one civil monetary penalty totaling nearly \$4,200 for violations of the sanctions. These violations involved prohibited importations into the United States of goods originating in Serbia.

6. The expenses incurred by the Federal Government in the 6-month period from May 30 through November 29, 1998, that are directly attributable to the declaration of a national emergency with respect to the FRY (S&M) and the Bosnian Serb forces and authorities are estimated at approximately \$360,000, 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 and its Chief Counsel's Office, and the U.S. Customs Service), the Department of State, the National Security Council, and the Department of Commerce.

7. In the last 2 years, substantial progress has been achieved to bring about a settlement of the conflict in Bosnia-Herzegovina acceptable to the parties. Resolution 1074 terminated sanctions in view of the first free and fair elections to occur in Bosnia and Herzegovina, as provided for in the Dayton Peace Agreement. In reaffirming Resolution 1022, however, Resolution 1074 contemplates the continued blocking of assets potentially subject to conflicting claims and encumbrances until provision is made to address them under applicable law, including claims of the other successor states of the former Yugoslavia.

The resolution of the crisis and conflict in the former Yugoslavia that has resulted from the actions and policies of the Government of the Federal Republic of Yugoslavia (Serbia

and Montenegro), and of the Bosnian Serb forces and the authorities in the territory that they controlled, will not be complete until such time as the Peace Agreement is implemented and the terms of Resolution 1022 have been met. Therefore, on May 28, 1998, I continued for another year the national emergency declared on May 30, 1992, as expanded in scope on October 25, 1994, and will continue to enforce the measures adopted pursuant thereto. The importance of maintaining these sanctions is further reinforced by the unacceptable actions and policies of Belgrade authorities in Kosovo and in the areas of human rights, democratization, and war crimes investigations. These developments threaten to disrupt progress in implementation of Dayton and security in the region generally.

Accordingly, I shall continue to exercise the powers at my disposal with respect to the measures against the Government of the Federal Republic of Yugoslavia (Serbia and Montenegro), and the Bosnian Serb forces, civil authorities and entities, 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

NOTE: Identical letters were sent to Newt Gingrich, Speaker of the House of Representatives, and Albert Gore, Jr., President of the Senate.

Remarks on the Earned-Income Tax Credit

December 4, 1998

Amy's children are over there. And we also have Bernadette Hockaday and her children, and Rhonda Clarke and her children here. They're all here, and we thank them all for coming because they all have benefitted from the earned-income tax credit.

I'd like to thank Gene Sperling, who believed passionately in this when I first met him, well over 6 years ago now; Janet Yellen, the Council of Economic Advisers; Secretary Herman, who was here in the White House helping us to implement the earned-income tax credit in '93. I thank Congressman John

Lewis and Congressman Bob Matsui, who are here, who have been passionate advocates; and all the other advocates in the room here—Bob Greenstein, Justin Dart, the others who are here—we thank you for your support.

One of the main reasons that I ran for President in 1992 was that I believed that people like Amy could achieve real success if we could unstack the deck against them. I knew that when our Nation was taxing working families into poverty, that was wrong. I knew that when a mother rises at dawn, putting in an honest day's work and still can't afford to buy the children's clothes, that's wrong. And I was determined to try to do something about it.

I also knew that there was a little-known provision in the tax code which had been in for several years called the earned-income tax credit that had the potential if it were actually expanded at an appropriate level to lift all working families out of poverty. And that's how all this started.

Again, let me say, I'm very grateful for everybody who has supported this. I think the important—one important thing I'd like to point out is that we have representatives here from the AFL-CIO, from AFSCME, from other unions, most of whose members do not get the earned-income tax credit, and they lobbied for it, too, because they thought it was right. And so, for all of you, I just say I'm very grateful.

What we tried to do in 1993 was two things. First of all, we had to get the economy moving again, and secondly, we had to focus on the special needs of people who were working hard at lower wage levels. But first things first—we had to get the whole economy moving again. Middle-class incomes have been stagnant for 20 years, and we could never have given lower-income working people the chance to raise their incomes if it hadn't been for a policy promoting overall economic growth.

Just this morning, we received more good news for America's families on our overall economic policies. Secretary Herman's Department reports that, last month, unemployment fell to 4.4 percent, while inflation remains low and stable. But for nearly a year

EXECUTIVE ORDER 13088

COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

A REPORT ON THE NATIONAL EMERGENCY DECLARED BY EXECUTIVE ORDER NO. 13088 OF JUNE 9, 1998, IN RESPONSE TO THE THREAT TO THE NATIONAL SECURITY AND FOREIGN POLICY OF THE UNITED STATES CONSTITUTED BY THE ACTIONS AND POLICIES OF THE GOVERNMENTS OF THE FEDERAL REPUBLIC OF YUGOSLAVIA, AND THE REPUBLIC OF SERBIA WITH RESPECT TO KOSOVO, PURSUANT TO 50 U.S.C. 1703(c)



FEBRUARY 2, 1999.—Referred to the Committee on International Relations
and ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE

69-011

WASHINGTON : 1999

THE WHITE HOUSE,
Washington, January 5, 1999.

Hon. NEWT GINGRICH,
Speaker of the House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: On June 9, 1998, by Executive Order 13088 (63 *Fed. Reg.* 32109, June 12, 1998), I declared a national emergency to deal with the unusual and extraordinary threat to the national security and foreign policy of the United States constituted by the actions and policies of the Governments of the Federal Republic of Yugoslavia (Serbia and Montenegro), and the Republic of Serbia with respect to Kosovo. The order blocks all property and interests in property of the Governments of the Federal Republic of Yugoslavia (Serbia and Montenegro), the Republic of Serbia and the Republic of Montenegro within the United States or within the possession or control of United States persons, and prohibits all new investment in the territory of the Republic of Serbia by United States persons, and the approval or other facilitation by United States persons of other persons' new investment in the territory of the Republic of Serbia.

1. The declaration of the national emergency on June 9, 1998, was made pursuant to the authority vested in me 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 by message to the Congress dated June 10, 1998, pursuant to section 204(b) of the International Emergency Economic Powers Act (50 U.S.C. 1703(b)).

The present report is submitted pursuant to 50 U.S.C. 1641(c) and 1703(c) and covers the period from June 9 through December 8, 1998. It discusses only Administration actions and expenses directly related to the exercise of powers and authorities conferred by the declaration of a national emergency in Executive Order 13088.

2. The Office of Foreign Assets Control (OFAC), acting under authority delegated by the Secretary of the Treasury, implemented the sanctions imposed under the foregoing statutes and Executive Order 13088 and has issued the Federal Republic of Yugoslavia (Serbia and Montenegro) Kosovo Sanctions Regulations, 31 CFR part 586 (the "Regulations") (63 *Fed. Reg.* 54575, October 13, 1998). A copy of the Regulations is attached to this report.

The Regulations block all property and interests in property of the Governments of the Federal Republic of Yugoslavia (Serbia and Montenegro), the Republic of Serbia, and the Republic of Montenegro 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. The Regulations also prohibit financial transactions with, including trade financing for, the Governments of the Federal Republic of Yugoslavia (Serbia and Montenegro), the Republic of Serbia, and the Republic of Montenegro by United States persons. However, the Regulations provide an exemption, contained in section 2 of Executive Order 13088, for financial transactions, including trade financing, by United States persons within the territory of the Federal Republic of Yugoslavia (Serbia and Montenegro) that are (a) conducted exclusively through the domestic banking system within the Federal Republic of Yugoslavia (Serbia and Montenegro) in local currency (dinars), or (b) conducted using bank notes or barter.

The Regulations also prohibit all new investment in the territory of the Republic of Serbia by United States persons, and the approval or other facilitation by United States persons of other persons' new investment in the territory of the Republic of Serbia. The term "new investment," means (a) the acquisition of debt or equity interests in, (b) a commitment or contribution of funds or other assets to, or (c) a loan or other extension of credit to, a public or private undertaking, entity, or project, other than donations of funds to charitable organizations for purely humanitarian purposes. Any transaction by a United States person that evades or avoids, or that has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in Executive Order 13088 is prohibited. Finally, the Regulations provide a general license, authorizing all transactions by United States persons involving property or interests in property of the Government of the Republic of Montenegro, except as provided 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.

3. Since the issuance of Executive Order 13088 on June 9, 1998, OFAC has issued 73 specific licenses, the majority of which (55) authorized financial transactions with respect to personal remittances by individuals to the territory of the Federal Republic of Yugoslavia (Serbia and Montenegro) and funding of humanitarian operations by nongovernmental organizations (NGOs) within the Federal Republic of Yugoslavia (Serbia and Montenegro). Other licenses authorized certain diplomatic transactions, transactions related to air safety issues and payment of overflight fees, the closure of Federal Republic of Yugoslavia (Serbia and Montenegro) entities formerly operating within the United States and the liquidation and maintenance of blocked tangible property, and intellectual property protection for U.S. firms operating in the Federal Republic of Yugoslavia (Serbia and Montenegro). OFAC also instituted a mechanism for NGOs to continue to support humanitarian operations in Yugoslavia and administers a registration program for NGOs to route money and supplies there as appropriate.

Since June 9, 1998, U.S. banks and banks in the United States have reported to OFAC that they have blocked 877 transactions totaling \$20,361,767 pursuant to the sanctions. Most of the blockings were of funds transfers originating from, or destined for, Serbian banks.

4. The expenses incurred by the Federal Government in the 6-month period from June 9 through December 8, 1998, that are directly attributable to the declaration of a national emergency with respect to the Federal Republic of Yugoslavia (Serbia and Montenegro) and the Republic of Serbia in connection with the situation in Kosovo are estimated at approximately \$715,000, 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 and its Chief Counsel's Office), the Department of State, and the National Security Council.

5. The situation reviewed above continues to present an extraordinary and unusual threat to the national security and foreign policy of the United States. The declaration of the national emergency with respect to the Federal Republic of Yugoslavia (Serbia and Montenegro) and the Republic of Serbia contained in Executive Order 13088 was made in reaction to the unacceptable actions and policies of the Belgrade authorities in Kosovo, and continues to apply. The current situation in Kosovo is fragile and, as yet, unresolved. It is of particular importance that developments in Kosovo should not disrupt progress in implementing the Dayton peace agreement. This threat to the peace of the region constitutes an unusual and extraordinary threat to the national security of the United States.

With this in mind and in support of United Nations Security Council Resolutions 1099 and 1203, I shall continue to exercise the powers at my disposal with respect to the measures against the Government of the Federal Republic of Yugoslavia (Serbia and Montenegro), the Republic of Serbia, and the Republic of Montenegro, 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.

Package 3550 answers the following letters/packages:

3198

4160

3827

3674

{ Killery
—

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20504

3550

June 14, 1999

ACTION

MEMORANDUM FOR SAMUEL R. BERGER

THROUGH: GREG SCHULTE *h*
FROM: SAMUEL MOYN *Sam*
SUBJECT: Congressional Correspondence on Kosovo

Attached at Tab I is your memorandum to the President forwarding a draft response to a number of Members of Congress regarding Kosovo.

Concurrences by: Mike Hurley; Mark Tavlarides *JS*

RECOMMENDATION

That you sign the memorandum to the President at Tab I.

Attachments

Tab I Memo to the President

Tab A Proposed Response to Senators Domenici, Voinovich,
Crapo, Representatives Goodling, Hayes, Clement,
Collins and Weldon

Tab B Incoming Correspondence

THE WHITE HOUSE

WASHINGTON

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: SAMUEL BERGER
LARRY STEIN

SUBJECT: Congressional Correspondence on Kosovo

Purpose

Respond to Members of Congress regarding Kosovo.

Background

You received a number of letters from various Senators and Representatives throughout the course of the air campaign critical of various aspects of NATO policy. President Milosevic's acceptance of NATO conditions and the end of the air strikes have rendered many of those specific objections moot.

Representatives Bill Goodling and Robin Hayes sent letters adamant that you not commit ground troops in a non-permissive environment. Senator Pete Domenici sent you a letter asking that you submit a request to Congress before committing means beyond the air campaign to resolve the Kosovo crisis. Senators George Voinovich and Mike Crapo sent you a letter with the same request. Senator Voinovich sent two further letters reiterating his point of view. Representative Bob Clement and 37 colleagues wrote to request a bombing pause in order to complete diplomatic negotiations. Representative Mac Collins wrote separately with the same request. Finally, Representative Curt Weldon and ten colleagues wrote in support of their House resolution which tracked NATO conditions but were too ambiguous for you to endorse.

Your reply is intended to answer them all. You thank the Senators and Representatives for their constructive advice during the course of the air campaign. You explain your policy with regard with Kosovo now that the air strikes have ended: in the short term, to provide security through participation in

cc: Vice President
Chief of Staff

KFOR; in the long-term, to bring democracy and stability to the region through the Southeast Europe Initiative. You conclude by asking for their support in these ventures.

RECOMMENDATION

That you sign the letters at Tab A.

Attachments

Tab A Proposed Responses

Tab B Incoming Correspondence

THE WHITE HOUSE

WASHINGTON

Dear Pete:

Thank you for your letter on Kosovo. I deeply appreciated your insights on how best to resolve the conflict. I considered your perspective seriously during the air campaign. While we differed on means, we shared the same objective: to end the violence and provide all Kosovars the security and self-government they so very much deserve.

I am glad to report to you -- as I did to the American people the other night -- that NATO's determined action to reverse ethnic cleansing in Kosovo compelled Belgrade to capitulate to NATO's conditions. Nineteen resolute democracies came together and stayed together through the toughest challenge since the end of the Cold War. Their perseverance is all the more remarkable because no NATO country had territorial ambitions on the FRY. Rather, the collective action resulted from the simple conviction that we could not begin the 21st century by allowing the purveyors of ethnic hatred and violence to cause unspeakable suffering and misery with impunity.

I know you share my pride in the achievements of those who brought us to this point: above all, the fine men and women of our armed services whose performance throughout has been so outstanding. International diplomatic efforts -- including those of our Russian allies -- were also critical in bringing an end to the conflict on NATO's terms.

Our involvement in Kosovo has entered a new phase as we work to bring short-term security and long-term stability to this troubled region. I have decided to commit 7,000 troops to the largely European Kosovo Force (KFOR) that NATO has organized to restore peace to Kosovo. With KFOR's rapid entry into Kosovo, under NATO command and control and NATO rules of engagement, the process of bringing the refugees home to Kosovo in safety and self-government is underway. Already, the United Nations and relief agencies are channeling vital humanitarian supplies to

the hundreds of thousands of ethnic Albanians driven from their homes by Belgrade's brutal repression.

We will also be a driving force in the international community's longer-term effort to promote democracy and stability in this region. We are working closely with the EU on a Stability Pact for Southeast Europe. Our European partners must provide most of the resources for this project, but it is in America's interest to do our part, as well in order to guarantee a democratic future for the region and better lives for those who live in it.

I firmly believe that in standing up to Milosevic and his war-making machine, America's leadership will in the long-term promote a safer, more secure world. We will consult with you as events warrant and would appreciate your support as we move forward to make these policies work. Thank you again for your letter.

Sincerely,

The Honorable Pete V. Domenici
United States Senate
Washington, D.C. 20510

THE WHITE HOUSE

WASHINGTON

Dear Senator Voinovich:

Thank you for your letters on Kosovo. I deeply appreciated your insights on how best to resolve the conflict. I considered your perspective seriously during the air campaign. While we differed on means, we shared the same objective: to end the violence and provide all Kosovars the security and self-government they so very much deserve.

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Sincerely,

The Honorable George Voinovich
United States Senate
Washington, D.C. 20510

THE WHITE HOUSE

WASHINGTON

Dear Senator Crapo:

Thank you for your letter on Kosovo. I deeply appreciated your insights on how best to resolve the conflict. I considered your perspective seriously during the air campaign. While we differed on means, we shared the same objective: to end the violence and provide all Kosovars the security and self-government they so very much deserve.

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Sincerely,

The Honorable Mike Crapo
United States Senate
Washington, D.C. 20510

THE WHITE HOUSE

WASHINGTON

Dear Mr. Chairman:

Thank you for your letter on Kosovo. I deeply appreciated your insights on how best to resolve the conflict. I considered your perspective seriously during the air campaign. While we differed on means, we shared the same objective: to end the violence and provide all Kosovars the security and self-government they so very much deserve.

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I firmly believe that in standing up to Milosevic and his war-making machine, America's leadership will in the long-term promote a safer, more secure world. We will consult with you as events warrant and would appreciate your support as we move forward to make these policies work. Thank you again for your letter.

Sincerely,

The Honorable William F. Goodling
Chairman
Committee on Education and the Workforce
House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

Dear Representative Hayes:

Thank you for your letter on Kosovo. I deeply appreciated your insights on how best to resolve the conflict. I considered your perspective seriously during the air campaign. While we differed on means, we shared the same objective: to end the violence and provide all Kosovars the security and self-government they so very much deserve.

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I firmly believe that in standing up to Milosevic and his war-making machine, America's leadership will in the long-term promote a safer, more secure world. We will consult with you as events warrant and would appreciate your support as we move forward to make these policies work. Thank you again for your letter.

Sincerely,

The Honorable Robert C. "Robin" Hayes
House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

Dear Bob:

Thank you for your letter on Kosovo. I deeply appreciated your insights on how best to resolve the conflict. I considered your perspective seriously during the air campaign. While we differed on means, we shared the same objective: to end the violence and provide all Kosovars the security and self-government they so very much deserve.

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I firmly believe that in standing up to Milosevic and his war-making machine, America's leadership will in the long-term promote a safer, more secure world. We will consult with you as events warrant and would appreciate your support as we move forward to make these policies work. Thank you again for your letter.

Sincerely,

The Honorable Bob Clement
House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

Dear Representative Collins:

Thank you for your letters on Kosovo. I deeply appreciated your insights on how best to resolve the conflict. I considered your perspective seriously during the air campaign. While we differed on means, we shared the same objective: to end the violence and provide all Kosovars the security and self-government they so very much deserve.

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Sincerely,

The Honorable Michael A. "Mac" Collins
House of Representative
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

Dear Representative Weldon:

Thank you for your letter on Kosovo. I deeply appreciated your insights on how best to resolve the conflict. I considered your perspective seriously during the air campaign. While we differed on means, we shared the same objective: to end the violence and provide all Kosovars the security and self-government they so very much deserve.

I am glad to report to you -- as I did to the American people the other night -- that NATO's determined action to reverse ethnic cleansing in Kosovo compelled Belgrade to capitulate to NATO's conditions. Nineteen resolute democracies came together and stayed together through the toughest challenge since the end of the Cold War. Their perseverance is all the more remarkable because no NATO country had territorial ambitions on the FRY. Rather, the collective action resulted from the simple conviction that we could not begin the 21st century by allowing the purveyors of ethnic hatred and violence to cause unspeakable suffering and misery with impunity.

I know you share my pride in the achievements of those who brought us to this point: above all, the fine men and women of our armed services whose performance throughout has been so outstanding. International diplomatic efforts -- including those of our Russian allies -- were also critical in bringing an end to the conflict on NATO's terms.

Our involvement in Kosovo has entered a new phase as we work to bring short-term security and long-term stability to this troubled region. I have decided to commit 7,000 troops to the largely European Kosovo Force (KFOR) that NATO has organized to restore peace to Kosovo. With KFOR's rapid entry into Kosovo, under NATO command and control and NATO rules of engagement, the process of bringing the refugees home to Kosovo in safety and self-government is underway. Already, the United Nations and relief agencies are channeling vital humanitarian supplies to

the hundreds of thousands of ethnic Albanians driven from their homes by Belgrade's brutal repression.

We will also be a driving force in the international community's longer-term effort to promote democracy and stability in this region. We are working closely with the EU on a Stability Pact for Southeast Europe. Our European partners must provide most of the resources for this project, but it is in America's interest to do our part, as well in order to guarantee a democratic future for the region and better lives for those who live in it.

I firmly believe that in standing up to Milosevic and his war-making machine, America's leadership will in the long-term promote a safer, more secure world. We will consult with you as events warrant and would appreciate your support as we move forward to make these policies work. Thank you again for your letter.

Sincerely,

The Honorable Curt Weldon
House of Representatives
Washington, D.C. 20515

PETE V. DOMENICI
NEW MEXICO

United States Senate
WASHINGTON, DC 20510-3101

3550 303498

COMMITTEES:
BUDGET
APPROPRIATIONS
ENERGY AND NATURAL
RESOURCES
INDIAN AFFAIRS
GOVERNMENTAL AFFAIRS

May 4, 1999

Dear President Clinton,

As a Senator and strong supporter of our military men and women, I feel obliged to convey my position with you regarding the U.S. involvement in hostilities in Kosovo. As you well know, several legislative packages already exist which would propose to preempt, further define, or curtail your authority and responsibilities as President. I believe that these options are neither prudent at this particular time, nor do they necessarily conform with desired consensus in an effort that involves the active engagement of our military in a hostile situation.

I recognize that as Commander in Chief you have broad authorities and grave responsibilities in decisions of national security and foreign policy. You have chosen to take the lead in this air war. As you well know, these are decisions that directly impact the daily lives of citizens throughout this country and will have long-term implications for the security and prosperity of the American people.

If you should decide that this operation requires means beyond the current air campaign, I respectfully ask that you send us your request. Upon receiving any such request, I offer you my commitment to help bring the matter before the Senate for deliberation and a decision expeditiously.

Sincerely,



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United States Senate

WASHINGTON, DC 20510

April 14, 1999

The Honorable William J. Clinton
President
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

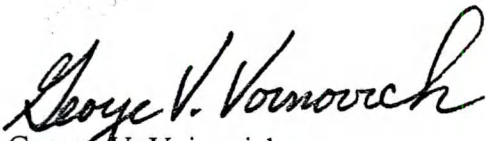
As the United States continues to participate in the North Atlantic Treaty Organization's (NATO) action against the Federal Republic of Yugoslavia (FRY), we wanted to take this opportunity to express our most sincere hope that a ground campaign is not being considered by the Alliance.

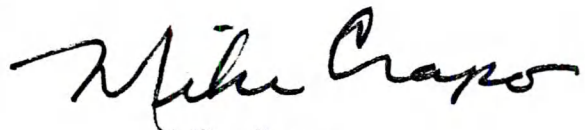
For months, the human rights situation in Kosovo has been appalling. We realize that the United States is involved in this effort to both protect the Kosovar Albanians as well as significantly degrade the FRY's ability to wage war on an innocent, defenseless population. These are well-intentioned, laudable humanitarian goals. However, reports indicate that this situation in Kosovo has deteriorated since the strikes were initiated and that the international community is considering deploying ground troops to further protect the Kosovar Albanians.

We believe that before the United States commits troops to a NATO ground campaign in the Federal Republic of Yugoslavia (including Kosovo), the American people and their congressional representatives need the opportunity to fully express their will on this matter. History has demonstrated such serious commitments are difficult to sustain without this consent. Therefore, we hope the consent of Congress will be sought before committing to a military campaign on the ground in the FRY.

We look forward to working with you on this important matter in the future. Thank you for your consideration.

Sincerely,


George V. Voinovich
United States Senator


Mike Crapo
United States Senator

COMMITTEES

COMMITTEE ON ARMED SERVICES
COMMITTEE ON AGRICULTURE
COMMITTEE ON RESOURCES

Congress of the United States
House of Representatives
Washington, DC 20515-3308

April 12, 1999

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The Honorable William Clinton
President of the United States
The White House
Washington, DC

Dear Mr. President:

Over the Easter work session, I had the good fortune of spending time with military personnel posted at Ft. Bragg in the 8th District of North Carolina. On the eve of possible American ground force involvement in Kosovo, I reflect on a discussion I had with eight young paratroopers of the 82nd Airborne Division around the lunch table. I left lunch with a peace of mind that the security of my family and every American alike rested on the shoulders of those capable soldiers. Looking across the table into the eyes of those young Americans, I realized that not a one of them had reservations about deploying to the Balkans. I also realized that, had I been asked, I couldn't have given a response as to why this nation may place them in harm's way.

Mr. President, my position is unchanged. I cannot and will not support a resolution to deploy ground forces in Kosovo at this time. Clearly, there are substantial reports and evidence of horrific crimes committed against innocents. These accounts are heart-wrenching, and I am very sensitive to the plight of the Kosovars. I cannot in good conscious, however, ask the sons and daughters of my neighbors and our nation to leave their last breath on a Yugoslavian battlefield for reasons that remain ill-defined.

In this moment of continued civil unrest in Yugoslavia, I ask that you lead our nation into a public discourse about the objectives of the United States in Kosovo by engaging this Congress in a national debate.

I have long held that before we ask our military to deploy abroad, we must be satisfied that we have answers to the following questions: What we intend to accomplish; How we intend to implement our mission plan; And how we intend to bring our forces home. The American people and, most importantly, our fighting forces deserve to know what we hope to accomplish in Yugoslavia, that we will give our troops everything they need, and that we will not tie their hands with political strings. Only then can we have one American voice echoing support for our mission. And only then can I tell those fine soldiers from the 82nd Airborne why their country is asking of them a patriot's greatest sacrifice.

Sincerely,

Robin Hayes
Member of Congress

May 26, 1999

President William Jefferson Clinton
The White House
Washington, DC 20500

Dear Mr. President

As the air strikes in Yugoslavia and NATO efforts to halt Slobodan Milosevic's brutal campaign against ethnic Albanians in Kosovo enter their tenth week, we believe it is now time for NATO to open the door to a peace settlement. In an effort to encourage all sides to reach a viable peace agreement, we write to urge you to call for a 72-hour bombing pause in Yugoslavia.

Make no mistake, we support our troops, and we support NATO. Ethnic Albanians in Kosovo have suffered greatly. NATO is right to oppose ethnic cleansing and to work to reverse it. The innocent people of Kosovo who have been driven from their homes by the inhumane policy of ethnic cleansing must be allowed to return. It is time, however, to take a step back, revisit our options and focus on achieving a viable peace agreement consistent with NATO's goals.

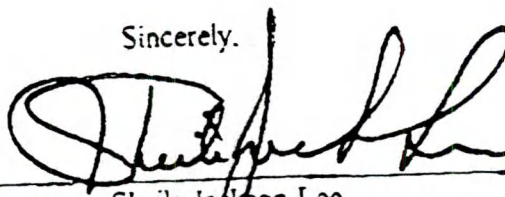
Slobodan Milosevic has said he wants to pull his forces out of Kosovo. Let's give him the opportunity to prove he is serious. If Milosevic fails to embrace this opportunity and withdraw Yugoslav troops, the bombing could resume after 72 hours. Milosevic's failure to accept this peace initiative will show that he is not serious about reaching a political solution and will confirm to our NATO allies and Russia that a continued bombing strategy is necessary. If Milosevic seizes this opportunity to end the crisis, however, we should be ready to embark upon an aggressive search for a negotiated solution.

Thank you for your attention to our concerns and we look forward to hearing from you. It is in all of our best interests to find a resolution to this conflict and begin the rebuilding of Kosovo and the return of Kosovar refugees.

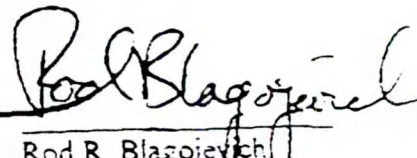
Sincerely,



Bob Clement
Member of Congress



Sheila Jackson-Lee
Member of Congress



Rod R. Blagojevich
Member of Congress

Paul Peterson Tom Tan

Neil Abernethy George Miller

Joe J. O'Neil

Charles C. Kelpatuk

Paey T. Mink

Danny H. Davis

Richard P. McIntyre

Michael E. Gorman

Jerry Klezgar

Mark Udall

David Phelps

Elly E. Lunn

Robert C. Rush

Julia Carson

Myron L. Owens

Don G. Shoo

James H. Bracey

Robert L. Watts

Donald W. Payne

Harold E. Smith Jr

~~Gregory W. Smith~~

Carrie P. Meek

Lynn Cleobrey

Jim Barcia

John Myers

Jim W. Burnett

MAC COLLINS

3D DISTRICT, GEORGIA

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COMMITTEE ON THE BUDGET

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May 10, 1999

The Honorable William J. Clinton
President of the United States
The White House
1600 Pennsylvania Avenue NW
Washington, D.C. 20500-0005

Dear Mr. President:

I write to express my grave concerns regarding the ongoing hostilities on the Balkan Peninsula and urge an immediate pause in the bombing to pursue a diplomatic solution to the crisis.

As you are aware, the Balkans have been a major area of concern for me, and I have traveled to the region on several occasions, most recently with a bicameral delegation that visited Albania and Macedonia in April. Even in the face of continuing air strikes, ethnic cleansing and human rights violations have accelerated, rather than decreased. Rather than gaining political autonomy, Kosovar Albanians have lost their homes and been expelled from Yugoslavia. Furthermore, in spite of over a month of intensive bombing, we have failed to degrade Yugoslav forces to the degree necessary to insure the safety of Kosovar Albanians. In fact, the bombing has failed even to provide a safe environment in which NATO warplanes may operate, because most Yugoslav air defenses remain in service. Furthermore, continuing hostilities are sure to result in additional mistakes such as the bombing of the Chinese Embassy in Belgrade -- an attack that was completely uncalled for.

There are opportunities on the diplomatic front that should be pursued aggressively. The sooner that the fighting ends, the sooner that Kosovar Albanians can begin to rebuild their lives. I urge you to order an immediate pause in U.S. air strikes against the Federal Republic of Yugoslavia in order to pursue good faith negotiations seeking a final solution to the conflict. Our experience in Bosnia has shown that Russia can serve as an important partner in seeking solutions in the region, and I urge you to take full advantage of their peacemaking efforts and of the close historical and ethnic ties that Russians and Serbians share. We must make the most of every opportunity for peace so that more young Americans will not be required to make the ultimate sacrifice in the Balkans.

Thank you for your consideration.

Sincerely,

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3674

Congress of the United States
House of Representatives
Washington, DC 20515

May 4, 1999

President William Clinton
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear President Clinton:

As a world leader committed to peace and human rights, we know you share our grave concerns about the escalating crisis in Kosovo and our desire to bring this conflict to a speedy and peaceful resolution. In that spirit, we write seeking your consideration of recommendations that we believe could lead to a negotiated settlement by leaders of stakeholder nations.

Recognizing the global security and human rights implications of prolonged fighting in the Balkans, we want to ensure that no stone is left unturned in the allies' effort to bring this crisis to closure. That is why we initiated bipartisan discussions last month on options our government might pursue to accomplish that goal. Through our interparliamentary exchanges in the Duma-Congress Study Group, we learned that many Russian leaders shared our desire to bring an end to the conflict. These Duma Deputies are deeply concerned about the security implications of this crisis for Russia as well as its potential to foster the rising nationalist fervor there. Given the high stakes in this crisis for both of our nations, and our desire to prevent further deterioration in U.S. - Russian relations, we welcomed the April 8 invitation from our Duma colleagues to discuss potential settlement options that international leaders might pursue to avoid further bloodshed in Yugoslavia.

We originally planned to meet April 23-24 and to visit a refugee camp. In deference to U.S. government concerns and with hopes of fostering a sense of neutrality, we held the Duma-Congress meetings April 30 - May 1 in Vienna. We started our meeting on the premise that any recommendations issued for consideration by our respective governments and allied leaders would have to meet NATO's demands for a peaceful settlement. After more than twelve hours of discussions, we jointly issued a report recommending options that international leaders could pursue to restore order in Yugoslavia. Not only do these recommendations meet NATO's conditions for peace in Kosovo, but after consulting with a key aide to Slobodan Milosevic, we believe that they could be accepted by the Serbian government as well.

Attached is a copy of that report, outlining our recommendations in more detail. We would like to brief you in more detail on this report, and request a meeting at your earliest convenience for that purpose. As an international leader with the power and influence to help end this conflict, we respectfully ask that you review the attached recommendations and work to ensure their serious consideration.

Sincerely,

Paul Hill

Neil Abernethy

Jim Gibbons

Dennis Kucinich

Lynda Harris

Marlene Hurley

Bob Dole

Barbara

Rich Nunn

J. Saxton

Corrine Brown

Report of the Meetings of the U.S. Congress and Russian Duma
Vienna, Austria
30 April – 1 May 1999

All sessions centered on the Balkan crisis. Agreement was found on the following points

- I. The Balkan crisis, including ethnic cleansing and terrorism, is one of the most serious challenges to international security since World War II.
- II. Both sides agree that this crisis creates serious threats to global and regional security and may undermine efforts against non-proliferation.
- III. This crisis increases the threat of further human and ecological catastrophes, as evidenced by the growing refugee problem, and creates obstacles to further development of constructive Russian-American relations.
- IV. The humanitarian crisis will not be solved by bombing. A diplomatic solution to the problem is preferable to the alternative of military escalation.

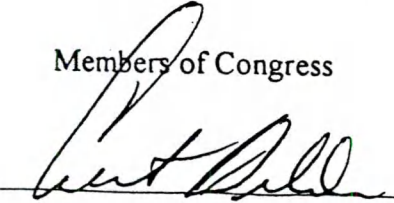
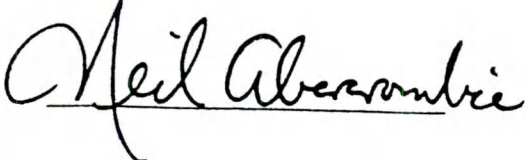
Taking the above into account, the sides consider it necessary to implement the following emergency measures as soon as possible, preferably within the next week. Implementation of these emergency measures will create the climate necessary to settle the political questions

1. We call on the interested parties to find practical measures for a parallel solution to three tasks, without regard to sequence: the stopping of NATO bombing of the Federal Republic of Yugoslavia, withdrawal of Serbian armed forces from Kosovo, and the cessation of the military activities of the KLA. This should be accomplished through a series of confidence building measures, which should include but should not be limited to:

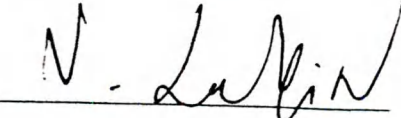
- a. The release of all prisoners of war.
- b. The voluntary repatriation of all refugees in the Federal Republic of Yugoslavia and unhindered access to them by humanitarian aid organizations. NATO would be responsible for policing the Federal Republic of Yugoslavia's borders with Albania and Macedonia to ensure that weapons do not reenter the Federal Republic of Yugoslavia with the returning refugees or at a later time.
- c. Agreement on the composition of the armed international forces which would administer Kosovo after the Serbian withdraw. The composition of the group should be decided by a consensus agreement of the five permanent members of the U.N. Security Council in consultation with Macedonia, Albania, the Federal Republic of Yugoslavia, and the recognized leadership of Kosovo.
- d. The above group would be supplemented by the monitoring activities of the Organization for Security and Cooperation in Europe (OSCE).

- e. The Russian Duma and U.S. Congress will use all possibilities at their disposal in order to successfully move ahead the process of resolving the situation in Yugoslavia on the basis of stopping the violence and atrocities.
2. We recognize the basic principles of the territorial integrity of the Federal Republic of Yugoslavia, which include:
- a. wide autonomy for Kosovo
 - b. a multi-ethnic population
 - c. treatment of all Yugoslavia peoples in accordance with international norms
3. We support efforts to provide international assistance to rebuild destroyed homes of refugees and other humanitarian assistance, as appropriate, to victims in Kosovo.
4. We, as members of the Duma and Congress, commit to active participation as follows:
- Issue a Joint U.S. Congress-Russian Duma report of our meetings in Vienna. Concrete suggestions for future action will be issued as soon as possible.
 - Delegations will agree on timelines for accomplishment of above tasks.
 - Delegations will brief their respective legislatures and governments on outcome of the Vienna meetings and agreed upon proposals.
 - Delegations will prepare a joint resolution, based on their report, to be considered simultaneously in the Congress and Duma.
 - Delegations agree to continue a working group dialogue between Congress and the Duma in agreed upon places.
 - Delegations agree that Duma deputies will visit refugee camps and Members of Congress will visit the Federal Republic of Yugoslavia

Members of Congress

Duma Deputies

Joe L. Allen
Bernard Sanders

Alva

Castillo

Corrin Brown

Jane Gibbons
Carol Decker

Angela H.

Leon Shum

Dennis J. Keenick