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Letter to Congressional leaders reporting on the national emergency with respect to the Federal Republic of Yugoslavia (Serbia and Montenegro)

William J Clinton

Dear Mr. Speaker: (Dear Mr. President:) 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 of 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 or 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 persons 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 the 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 NOTE: Identical letters were sent to Newt Gingrich, Speaker of the House of Representatives, and Albert Gore, Jr., President of the Senate.