

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 per-

sons. 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