

Remarks on Departure for Camp David, Maryland December 23, 1992

I just want to wish everybody a very Merry Christmas. I want to say that to everybody that's worked so hard in our administration. I want to say that to Governor Clinton's new team, to wish them all the very best in the new year. I want to say it to all the press. The amnesty extended during the campaign to the photographers, it's been granted to Helen Thomas [United Press International] and all the rest of you

guys. So have a wonderful Christmas and a very happy new year. And inasmuch as I've had 268 press conferences, I think it would kind of ruin the spirit of Christmas if I took any questions here. But I really hope you all have a good one.

Note: The President spoke at 11:37 a.m. on the South Lawn at the White House.

Letter to Congressional Leaders Reporting on Sanctions Against the Federal Republic of Yugoslavia (Serbia and Montenegro) December 23, 1992

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

On May 30, 1992, in Executive Order No. 12808, I declared a national emergency to deal with the threat to the national security, foreign policy, and economy of the United States arising from actions and policies of the Governments of Serbia and Montenegro, acting under the name of the Socialist Federal Republic of Yugoslavia or the Federal Republic of Yugoslavia, in their involvement in and support for groups attempting to seize territory in Croatia and Bosnia-Herzegovina by force and violence utilizing, in part, the forces of the so-called Yugoslav National Army (57 *FR* 23299). In that order, I ordered the immediate blocking of all property and interests in property of the Government of Serbia and the Government of Montenegro, and all property and interests in property in the name of the Government of the Socialist Federal Republic of Yugoslavia or the Government of the Federal Republic of Yugoslavia, then or thereafter located in the United States or within the possession or control of United States persons, including their overseas branches. Treasury agents immediately carried out these orders and blocked more than \$450 million within the first 24 hours, closing down two Serbian-based banks that had been operating in New York City and sealing the offices of Yugoslav subsidiaries

across the country.

Subsequently, on June 5, 1992, to implement in the United States the prohibitions of United Nations Security Council Resolution No. 757 of May 30, 1992, I issued Executive Order No. 12810 adding trade and other economic sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro) (The "FRY(S/M)") to the sanctions imposed on May 30 (57 *FR* 24347). Under this order, I prohibited the importation into the United States of any goods originating in, or services performed in, the FRY(S/M), exported from the FRY(S/M) after May 30, 1992, or any activity that promotes or is intended to promote such importation. The Executive order also prohibits the exportation to the FRY(S/M), or to any entity operated from the FRY(S/M), or owned or controlled by the Government of the FRY(S/M), directly or indirectly, of any goods, technology (including technical data or other information controlled for export pursuant to the Export Administration Regulations, 15 C.F.R. Parts 768 *et seq.*), or services, either (1) from the United States, (2) requiring the issuance of a license by a Federal agency, or (3) involving the use of U.S.-registered vessels or aircraft, or any activity that promotes or is intended to promote

such exportation.

Additional economic sanctions contained in Executive Order No. 12810 prohibit (1) any dealing by a United States person related to property originating in the FRY(S/M) exported from the FRY(S/M) after May 30, 1992, or property intended for exportation from the FRY(S/M) to any country, or exportation to the FRY(S/M) from any country, or any activity of any kind that promotes or is intended to promote such dealing; (2) any transaction by a United States person, or involving the use of U.S.-registered vessels or aircraft, relating to transportation to or from the FRY(S/M), the provision of transportation to or from the United States by any person in the FRY(S/M), or any vessel or aircraft registered in the FRY(S/M), or the sale in the United States by any person holding authority under the Federal Aviation Act of 1958, as amended (49 U.S.C. 1301 *et seq.*), of any transportation by air that includes any stop in the FRY(S/M); (3) the granting of permission to any aircraft to take off from, land in, or overfly the United States, if the aircraft, as part of the same flight, is destined to land in or has taken off from the territory of the FRY(S/M); (4) the performance by any United States person of any contract, including a financing contract, in support of an industrial, commercial, public utility, or governmental project in the FRY(S/M); (5) any commitment or transfer, direct or indirect, of funds or other financial or economic resources by any United States person to or for the benefit of the Government of the FRY(S/M) or any other person in the FRY(S/M)—effectively halting all transfers; (6) any transaction in the United States or by a United States person related to participation in sporting events in the United States by persons or groups representing the FRY(S/M); and (7) any transaction in the United States or by a United States person related to scientific and technical cooperation and cultural exchanges involving persons or groups officially sponsored by or representing the FRY(S/M), or related to visits to the United States by such persons or groups other than as authorized for the purpose of participation in the United Nations.

1. The order exempts from trade restric-

tions (a) the transshipment through the FRY(S/M) of commodities and products originating outside the FRY(S/M) and temporarily present in the territory of the FRY(S/M) only for the purpose of such transshipment, and (b) activities related to the United Nations Protection Force (“UNPROFOR”), the Conference on Yugoslavia, or the European Community Monitor Mission.

2. The declaration of the national emergency on May 30, 1992, was made pursuant to the authority vested in me as 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. I reported the emergency declaration to the Congress on May 30, 1992, pursuant to section 204(b) of the International Emergency Economic Powers Act (50 U.S.C. 1703(b)). The additional sanctions set forth in my order of June 5, 1992, were imposed pursuant to the authority vested in me by the Constitution and laws of the United States, including the statutes cited above, section 1114 of the Federal Aviation Act of 1958, as amended (49 U.S.C. App. 1514), and section 5 of the United Nations Participation Act of 1945, as amended (22 U.S.C. 287c), and implement in the United States provisions of United Nations Security Council Resolution No. 757. The present report is submitted pursuant to 50 U.S.C. 1641(c) and 1703(c), and discusses Administration actions and expenses directly related to the exercise of powers and authorities conferred by the national emergency with respect to the FRY(S/M) declared in Executive Order No. 12808, as implemented pursuant to that order and Executive Order No. 12810 (the “Executive orders”).

3. In its implementation of the sanctions program against the FRY(S/M) pursuant to Executive Orders No. 12808 and No. 12810, Foreign Assets Control (“FAC”) has issued seven general licenses authorizing various transactions otherwise prohibited by the Executive orders and directing certain implementing measures. Copies of these general licenses are attached. General License No. 1

authorizes transactions incident to the receipt or transmission of mail and informational materials between the United States and the FRY(S/M). General License No. 2 authorizes transactions with respect to telecommunications transmissions involving the FRY(S/M), provided that any funds owed the Government of the FRY(S/M) are placed into a blocked interest-bearing account. General License No. 3 authorizes the importation and exportation of diplomatic pouches.

General License No. 4 authorizes transfers of funds or other financial or economic resources for the benefit of individuals located in the FRY(S/M) in connection with the operation of accounts at U.S. financial institutions, provided that no transfers into the FRY(S/M) occur. This general license also requires that interest be paid on blocked FRY(S/M) Government funds and sets forth certain guidelines for the administration of blocked accounts. General License No. 5 authorizes the importation and exportation of the household and personal effects of persons arriving from or departing to the FRY(S/M), in conjunction with General License No. 6, which authorizes transactions related to nonbusiness travel by U.S. persons to, from, and within the FRY(S/M). Finally, General License No. 7 authorizes transactions involving secondary-market trading in debt obligations originally incurred by banks organized in the Republics of Slovenia, Croatia, Bosnia-Herzegovina, and Macedonia, notwithstanding the joint and several liability on those debts undertaken by the National Bank of Yugoslavia and/or banks organized in Serbia or Montenegro.

In addition to the seven general licenses, FAC issued General Notice No. 1 on July 6, 1992, entitled "Notification of Status of Yugoslav Entities," followed by a list of "Blocked Yugoslav Entities Currently Identified." 57 *Fed. Reg.* 32051 (July 20, 1992). A copy of the notice is attached. The list is composed of government, financial, and commercial entities organized in Serbia or Montenegro and a number of foreign subsidiaries of such entities. The list is illustrative of entities covered by FAC's presumption, stated in the notice, that all entities organized or located in Serbia or Mon-

tenegro, as well as their foreign branches and subsidiaries, are controlled by the Government of the FRY(S/M) and thus subject to the blocking provisions of the Executive orders. Accordingly, during the first 6 months of the sanctions program, 13 U.S. subsidiaries of entities organized in the FRY(S/M) were blocked as entities owned or controlled by the Government of the FRY(S/M). Similarly, six ships owned indirectly by Montenegrin shipping companies were blocked in U.S. ports as property in which the FRY(S/M) Government has an interest.

FAC's presumption of FRY(S/M) Government control over subsidiaries of firms located or organized in Serbia or Montenegro was challenged in Federal district court by a blocked U.S. subsidiary of a Serbian firm (*IPT Company, Inc. v. U.S. Department of the Treasury, et al.*, S.D.N.Y., No. 92 CIV 5542), and by a Maltese subsidiary of a Montenegrin ocean shipping company managing five of the six blocked ships (*Milena Ship Management Co., Ltd. v. Newcomb et al.*, E.D. La, No. 92-2535). In both cases, FAC argued through the Department of Justice that its presumption is justified by the unique legal concept of "social capital" in the economic systems of both the prior Socialist Federal Republic of Yugoslavia and the current FRY(S/M), under which, by law, capital assets were, and generally continue to be, owned by the society but managed by the workers. Active state control of such enterprises is also often manifest by a crossover of political leaders between the enterprises and the government. Based upon the administrative record and FAC's denial of a license authorizing the blocked ships in the *Milena* case to conduct normal operations outside the FRY(S/M), the U.S. District Court for the Eastern District of Louisiana ruled in the government's favor and dismissed the suit on October 5, 1992. This decision was appealed by the plaintiffs to the U.S. Court of Appeals for the Fifth Circuit on October 21, 1992. The suite brought by IPT Company, Inc. is still pending in the Southern District of New York.

4. Over the past 6 months, the Departments of State and Treasury have worked closely with European Community ("EC")

member states and other U.N. member nations to coordinate implementation of the sanctions against the FRY(S/M). This has included visits by assessment teams formed under the auspices of the United States, the EC, and the Conference for Security and Cooperation in Europe (the "CSCE") to states bordering on Serbia and Montenegro; deployment of CSCE sanctions assistance missions ("SAMS") to Hungary, Romania, and Bulgaria to assist in monitoring land and Danube River traffic; bilateral contacts between the United States and other countries with the purpose of tightening restrictions on FRY(S/M) financial assets; and establishment of a mechanism to coordinate enforcement efforts and to exchange technical information.

5. In these initial months of the sanctions program against the FRY(S/M), FAC has made extensive use of its authority to specifically license transactions with respect to the FRY(S/M) in an effort to positively influence both the political process within Serbia-Montenegro and negotiations between warring factions in the former Socialist Federal Republic of Yugoslavia. For example, specific licenses have been issued (a) permitting Milan Panic, a naturalized U.S. citizen of Serbian birth, to serve as Prime Minister of the FRY(S/M), (b) authorizing the International Republican Institute to provide support to the opposition political parties in the FRY(S/M), and (c) permitting the Free Trade Union Institute to attend meetings with the independent labor confederation, Nezavisnost, and the trials of union activists in the FRY(S/M).

Since the issuance of Executive Order No. 12808, FAC has worked closely with the Board of Governors of the Federal Reserve Board, the Office of the Comptroller of the Currency, the New York State Banking Department, and the banking industry to assure compliance with the President's blocking order. On June 1, 1992, when FAC directed the closing of two Serbian banking institutions in New York, full-time bank examiners were posted in their offices to ensure that banking records were appropriately safeguarded. The examiners continue on-site compliance monitoring on a full-time basis.

In all, FAC has issued 217 specific li-

censes regarding transactions pertaining to the FRY(S/M) or assets it owns or controls. Specific licenses have been issued for (1) payment to U.S. or third-country secured creditors, under certain narrowly defined circumstances, for pre-embargo import and export transactions; (2) for legal representation or advice to FRY(S/M) or FRY(S/M)-controlled clients; (3) for restricted and closely monitored operations by subsidiaries of FRY(S/M)-controlled firms located in the United States; (4) for limited FRY(S/M) diplomatic representation in Washington and New York; (5) for patent, trademark, and copyright protection and maintenance transactions in the FRY(S/M) not involving payment to the FRY(S/M) Government; (6) for certain communications, news media, and travel-related transactions; (7) for the payment of crews' wages and vessel maintenance of FRY(S/M)-controlled ships blocked in the United States; (8) for the export of certain non-FRY(S/M) manufactured property owned and controlled by U.S. entities; and (9) to assist the United Nations in its UNPROFOR and relief operations. Pursuant to United Nations Security Council Resolution 757, specific licenses have also been issued to authorize exportation of food, medicine, and medical supplies intended for humanitarian purposes in the FRY(S/M).

To ensure compliance with the terms of the licenses that have been issued, stringent reporting requirements have been imposed that are closely monitored. Licensed accounts are regularly audited by FAC compliance personnel and by cooperating auditors from other regulatory agencies.

6. Since the issuance of Executive Order No. 12810, FAC has worked closely with the U.S. Customs Service to ensure both that prohibited imports and exports (including those in which the Government of the FRY(S/M) has an interest) are identified and interdicted, and that permitted imports and exports move to their intended destination without undue delay. Violations and suspected violations of the embargo are being investigated, and appropriate enforcement actions are being taken.

7. The expenses incurred by the Federal Government in the 6-month period from May 30, 1992, through November 30, 1992,

that are directly attributable to the authorities conferred by the declaration of a national emergency with respect to the FRY(S/M) are estimated at \$872,155, most of which represent wage and salary costs for Federal personnel. Personnel costs were largely centered in the Department of the Treasury (particularly in FAC, the U.S. Customs Service, and the Office of the General Counsel), the Department of State, the National Security Council, and the Department of Commerce.

8. The actions and policies of the Government of the FRY(S/M), in its involvement in and support for groups attempting to seize territory in Croatia and Bosnia-Herzegovina by force and violence, continue to pose an unusual and extraordinary threat to the national security, foreign pol-

icy, and economy of the United States. The United States remains committed to a multilateral resolution of this crisis through its actions implementing the resolutions of the United Nations Security Council with respect to the FRY(S/M). I shall continue to exercise the powers at my disposal to apply economic sanctions against the FRY(S/M) as long as these measures are appropriate, and will continue to report periodically to the Congress on significant developments pursuant to 50 U.S.C. 1703(c).

Sincerely,

GEORGE BUSH

Note: Identical letters were sent to Thomas S. Foley, Speaker of the House of Representatives, and Dan Quayle, President of the Senate.

Letter to Congressional Leaders on Trade With Ethiopia

December 23, 1992

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

I am writing to inform you of my intent to add Ethiopia to the list of beneficiary developing countries under the Generalized System of Preferences (GSP). The GSP program offers duty-free access to the U.S. market and is authorized by the Trade Act of 1974.

I have carefully considered the criteria identified in sections 501 and 502 of the Trade Act of 1974. In light of these criteria, and particularly Ethiopia's level of development and initiation of economic reforms,

I have determined that it is appropriate to extend GSP benefits to Ethiopia.

This notice is submitted in accordance with section 502(a)(1) of the Trade Act of 1974.

Sincerely,

GEORGE BUSH

Note: Identical letters were sent to Thomas S. Foley, Speaker of the House of Representatives, and Dan Quayle, President of the Senate. The related proclamation is listed in Appendix E at the end of this volume.

Letter to Congressional Leaders Reporting on Whaling Activities of Norway

December 23, 1992

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

On October 26, 1992, Secretary of Commerce Barbara Hackman Franklin certified under section 8 of the Fishermen's Protective Act of 1967, as amended ("Pelly

Amendment") (22 U.S.C. 1978(a)), that Norway has conducted whaling activities that diminish the effectiveness of the International Whaling Commission (IWC) conservation program. This letter constitutes my