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longer exceed the program's competitive need limits, should be redesignated as GSP eligible. Finally as a result of certain provisions of the legislation enacted in August 1996 reauthorizing GSP, I am granting GSP eligibility to an additional 1,783 articles not previously included under GSP, provided that they are imported directly from the least developed beneficiary developing countries.

This notice is submitted in accordance with the requirements of title V of the Trade Act of 1974.

WILLIAM J. CLINTON

The White House,
May 30, 1997.

NOTE: The proclamation of May 30 modifying duty-free treatment under the Generalized System of Preferences is listed in Appendix D at the end of this volume.

Message to the Congress Reporting on the National Emergency With Respect to the Federal Republic of Yugoslavia (Serbia and Montenegro) and the Bosnian Serbs

May 30, 1997

To the Congress of the United States:

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 24, 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 control 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"), immediately and indefinitely suspending 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 initialed 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 control within the Republic of Bosnia and Herzegovina were subsequently suspended prospectively, effective May 10, 1996, in conformity with UNSCR 1022. 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. UNSCR 1074, however, reaffirms the provisions of UNSCR 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 November 30, 1996, through May 29, 1997. 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 Orders 12810, 12831, and 12846.

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. 967, the Regulations were amended to authorize prospectively all transactions with respect to the FRY (S&M) otherwise prohibited (61 *FR* 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 UNSCR 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 *FR* 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 *FR* 64289, December 4, 1996). A copy of the amendment is attached to this report.

On April 18, 1997, the Regulations were amended by adding a new section 585.528, authorizing all transactions after 30 days with respect to the following vessels that remained blocked pursuant to the Regulations, effective at 10:00 a.m. local time in the location of the vessel on May 19, 1997: the M/V *Moslavina*, M/V *Zeta*, M/V *Lovcen*, M/V *Durmitor* and M/V *Bar* (a/k/a M/V *Inviken*) (62 *FR* 19672, April

23, 1997). During the 30-day period, United States persons were authorized to negotiate settlements of their outstanding claims with respect to the vessels with the vessels' owners or agents and were generally licensed to seek and obtain judicial warrants of maritime arrest. If claims remained unresolved 10 days prior to the vessels' unblocking (May 8, 1997), service of the warrants could be effected at that time through the United States Marshal's Office in the district where the vessel was located to ensure that United States creditors of a vessel had the opportunity to assert their claims. Appendix C to 31 CFR, chapter V, containing the names of vessels blocked pursuant to the various economic sanctions programs administered by OFAC (61 FR 32936, June 26, 1996), was also amended to remove these vessels from the list effective May 19, 1997. A copy of the amendment is attached to this report.

3. Over the past year, 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. 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 seven specific licenses regarding transactions pertaining to the FRY (S&M) or assets it owns or controls. Specific licenses have been issued (1) to authorize the unblocking of certain funds and other financial assets previously blocked; (2) for the payment of crews' wages, vessel maintenance, and emergency supplies for FRY (S&M)-controlled ships blocked in the United States; and (3) to authorize performance of certain transactions under pre-sanctions contracts.

During the past 6 months, OFAC has continued to oversee the maintenance of blocked accounts and records with respect to: (1) liquidated tangible assets and personalty of the 15 blocked United States 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; (3) remaining tangible property, including real estate; and (4) the 5 Yugoslav-owned vessels recently unblocked in the United States.

5. Despite the prospective authorization of transactions with the FRY (S&M), OFAC has continued to work closely with the United States Customs Service and other cooperating agencies to investigate alleged violations that occurred while sanctions were in force.

Since my last report, OFAC has collected six civil monetary penalties totaling nearly $39,000 for violations of the sanctions. These violations included prohibited imports, exports, 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 FRY (S&M).

6. The expenses incurred by the Federal Government in the 6-month period from November 30, 1996, through May 29, 1997, 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 $400,000, 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 United States Customs Service), the Department of State, the National Security Council, and the Department of Commerce.

7. In the last year and a half, substantial progress has been achieved to bring about a settlement of the conflict in the former Yugoslavia acceptable to the parties. UNSCR 1074 terminates sanctions in view of the first free and fair elections to occur in the Republic of Bosnia and Herzegovina, as provided for in the Peace Agreement. In reaffirming Resolution 1022, however, UNSCR 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 control, will not be complete until such time as the Peace Agreement is implemented and the terms of UNSCR 1022 have been met. Therefore, I have 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.

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).

WILLIAM J. CLINTON

The White House,
May 30, 1997.

The President's Radio Address
May 31, 1997

Good morning. I've just returned from Europe where I commemorated the 50th anniversary of the Marshall plan, which joined America's investment to Europe's commitment to rebuild and, in so doing, helped to spark 50 years of prosperity, not only for Europe but for America as well.

I also had the opportunity to discuss with leaders of Europe the present success of our economy and what we can do together to promote prosperity in the new democracies of Central and Eastern Europe in ways that will ensure their prosperity and ours for the next 50 years.

This morning I want to talk with you about the new economic policy we brought to America for the last 4½ years and how our balanced budget and tax cut plans can help in creating jobs, raising incomes, strengthening business, and moving America forward in the years to come.

Recall for a moment what America's economy looked like 4 years ago: high unemployment, few new jobs, stagnant wages, exploding budget deficits. I took office determined to replace trickle-down economics with invest-and-grow economics. There were three principal elements to our strategy: reduce the budget deficit; and invest in the education, training, and security of working men and women and our children; and open new markets for American-made goods and services through tough trade agreements. I believe all three were necessary to create the conditions for private sector prosperity and to ensure that all our people have the opportunity to reap the rewards of growth.

We made tough, often controversial decisions in 1993 and afterward to implement our new invest-and-grow economic policy. Some fine Members of Congress lost their seats because they had the courage to change course and vote for the future. But just look at the results. Today our confidence has returned and our economy leads the world.

In 1992, the deficit was $290 billion. Today, we expect it to drop to $67 billion, a 77 percent reduction. In 1992, unemployment averaged 7.5 percent. Today, it's 4.9 percent, the lowest in 24 years. In 1992 there were few new jobs. Since then, the economy has produced 12.1 million of them, including the most ever in a single Presidential term. And while the years before our plan took effect saw sluggish growth, yesterday we learned that in the first quarter of this year the economy grew at a 5.8 percent rate, the highest in a decade. Inflation is at a 30-year low; business investment, a 30-year high. Each year we've had a record number of new businesses started. Wages are rising. In the last 2 years, over half the new jobs have paid higher than average wages and inequality among working people has seen the biggest drop since the 1960's. Our economy is the healthiest in a generation.

All this didn't just happen. We've had better managed, more competitive businesses; more productive working people; the entrepreneurial spirit of small business; a Federal Reserve committed both to low inflation and to economic growth; and continued advances in technology. Americans' hard work and high energy, smart decisions in tough choices, and our invest-and-grow strategy, all these have worked together to produce this success.