

And I think you should see the debate within our party on trade in those terms. That is the positive way to see it, because all of us care about that. And I believe we'll get it worked out in a way that will enable us to continue to expand the frontiers of trade and prove that we can do a better job of returning hardworking Americans to the winner's circle.

Apart from that, I think we're completely at one on things that really have made a difference to America. So you go home tonight, and you think about that. You think about that: the lowest unemployment rate in 24 years; the lowest crime rate in 24 years; the biggest drop in welfare in history; the family leave law; dramatic overhaul of the adoption laws; a dramatic overhaul of the food and drug law so we can move drugs into the workplace more quickly and people can get cures for terrible problems. The kinds of things we're doing will change the future of America for the better.

And I want you to stay with us. I want you to stay with Carol Moseley-Braun. I want you to stay with your other candidates here in Illinois. But most of all, I want you to stay with

the notion that you have the right and the responsibility to support those things that reflect what you believe are right for America. And because you and people like you all over this country have done it, we're in better shape than we were 5 years ago. And when we go into the 21st century and I ride off into the sunset, we'll be in better shape still.

Thank you, and God bless you.

NOTE: The President spoke at 9:40 p.m. at Lino's Restaurant. In his remarks, he referred to Lewis Manilow, who introduced the President, and his wife, Susan, cochairs of the dinner; Phil Stefani, owner of the restaurant; Steve Grossman, national chair, and Alan D. Solomont, national finance chair, Democratic National Committee; John Stroger, president, Cook County board of commissioners; John H. Johnson, chief executive officer, Johnson Publishing Co.; NBA Chicago Bulls player Scottie Pippen; David Wilhelm, former chair, Democratic National Committee, and his wife, Deegee; and Laura Hartigan, former finance director, Clinton/Gore '96, and her sister Bridget.

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

December 3, 1997

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 lo-

cated 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

(UNSCR or “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 controlled 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 May 30 through November 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.

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 *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).

On April 18, 1997, the Regulations were amended by adding 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 U.S. Marshal's Office in the district where the vessel was located to ensure that U.S. 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.

There has been one amendment to the Regulations since my report of May 30, 1997. 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, were amended on August 25, 1997. General reporting, recordkeeping, licensing, and other procedural regulations were moved from the Regulations to a separate part (31 CFR Part 501) dealing

solely with such procedural matters. (62 *FR* 45098, August 25, 1997). No substantive changes to the Regulations were made. A copy of the amendment is attached to this report.

3. Over the past year and a half, 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 six 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 unblocking of certain funds and other administrative transactions involving assets previously blocked; (2) to authorize the transfer of presanctions ownership interests in certain blocked property from one U.S. person to another; and (3) to authorize litigation against the Government of the FRY (S&M) by a United States person for recovery of presanctions obligations.

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; (3) remaining blocked FRY (S&M) tangible property, including real estate; and (4) the five Yugoslav-owned vessels recently unblocked in the United States.

On September 29, 1997, the United States filed Statements of Interest in cases being litigated in the Southern District of New York: *Beogradska Banka A.D. Belgrade v. Interenergo, Inc.*, 97 Civ. 2065 (JGK) and *Jugobanka A.D. Belgrade v. U.C.F. International Trading, Inc. et al.*, 97 Civ. 3912, 3913 and 6748 (LAK). These cases involve actions by blocked New York Serbian bank agencies and their parent offices in Belgrade, Serbia, to collect on defaulted loans made prior to the imposition of economic sanctions and dispensed, in one case, to the U.S. subsidiary of a Bosnian firm and, in the other cases, to various foreign subsidiaries

of a Slovenian firm. Because these loan receivables are a form of property that was blocked prior to December 27, 1995, any funds collected as a consequence of these actions would remain blocked and subject to United States jurisdiction. Defendants asserted that the loans had been made from the currency reserves of the central bank of the former Yugoslavia to which all successor states had contributed, and that the loan funds represent assets of the former Yugoslavia and are therefore subject to claims by all five successor states. The Department of State, in consultation with the Department of the Treasury, concluded that the collection of blocked receivables through the actions by the bank and the placement of those collected funds into a blocked account did not prejudice the claims of successor states nor compromise outstanding claims on the part of any creditor of the bank, since any monies collected would remain in a blocked status and available to satisfy obligations to United States and foreign creditors and other claimants—including possible distribution to successor states under a settlement arising from the negotiations on the division of assets and liabilities of the former Yugoslavia.

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. A trial date has not yet been scheduled but is anticipated in late October.

Since my last report, OFAC has collected four civil monetary penalties totaling nearly \$176,000 for violations of the sanctions. These violations involved prohibited exports of goods and services, contract dealings, and payments either 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). The violators

include two U.S. companies, one law firm, and a U.S. financial institution.

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

Dec. 4 / Administration of William J. Clinton, 1997

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. This letter was released by the Office of the Press Secretary on December 4.

Letter to Congressional Leaders Transmitting a Report on the Operation of the Andean Trade Preference Act *December 4, 1997*

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

I hereby submit the second report on the Operation of the Andean Trade Preference Act. This report is prepared pursuant to the requirements of section 203 of the Andean Trade Preference Act of 1991. The report concludes that the Andean Trade Preference Act continues to

advance U.S. counternarcotics goals in the Andean region.

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 Lighting the National Christmas Tree *December 4, 1997*

Thank you very much. I think, in the spirit of Christmas, the best gift I could give is a very brief Christmas message. *[Laughter]* Let me say to all of you, we've been doing this now for 85 years; for Hillary and me, Christmas begins with this wonderful ceremony. I want to thank all those responsible, and a special word of thanks to those who made it possible for the last 3 years for this beautiful Colorado spruce to be lit by solar energy.

Now I want to call up Whitney and Joseph, and ask them to stand with me, and put their

hands on the switch. And I'm going to count down three, two, one, and they'll flip the switch, and the Christmas tree will come on.

Merry Christmas to all of you. Three, two, one, light the tree.

NOTE: The President spoke at 5:50 p.m. on the Ellipse during the annual Christmas Pageant of Peace. In his remarks, he referred to Campfire Girl Whitney Symone Powell and Campfire Boy Joseph Sherren, who helped the President light the National Christmas Tree.

Remarks Prior to Discussions With European Union Leaders and an Exchange With Reporters *December 5, 1997*

The President. Let me say very briefly that we are delighted to have another one of our EU summits, and it's particularly interesting because we now have two Luxembourgers here

instead of one, which gives them, I think, the highest percentage of world leadership compared to population of any country in the world by a good long ways. *[Laughter]* And we have