In response to the ongoing use of excessive

military force in Kosovo by the police and

armed forces of the Federal Republic of

Yugoslavia (Serbia and Montenegro) and the

Republic of Serbia, which has exacerbated

ethnic conflict and human suffering and

threatens to destabilize other countries in the

region, the United States, acting in concert

with the European Union, has decided to impose

certain economic sanctions. Consistent

with decisions taken at the meetings of the

Contact Group of countries, consisting of the

United States, the United Kingdom, Germany,

France, Italy, and Russia, in Birmingham,

England, on May 16, 1998, and

in Rome on April 29, 1998, the United States

will impose a freeze on the assets of the Governments

of the Federal Republic of Yugoslavia

(Serbia and Montenegro), the Republic

of Serbia, and the Republic of Montenegro,

and a ban on new investment in the Republic

of Serbia. It is our intent to exempt the Government

of Montenegro from these sanctions

wherever possible.

The Contact Group originally agreed in

Rome on April 29 to impose these sanctions

in response to the increasingly dangerous situation

in Kosovo and Belgrade’s failure to

meet crucial requirements concerning the

adoption of a framework for dialogue with

the Kosovar Albanian leadership and a stabilization

package, as set out in earlier Contact

Group meetings in London on March

9, 1998, and in Bonn on March 25, 1998.

The G8 Foreign Ministers reaffirmed the

need to impose sanctions at their meeting

in London on May 8–9, 1998. The Russian

Federation did not associate itself with these

sanction measures.

At the May 16 meeting in Birmingham,

England, the Contact Group welcomed the

establishment of a dialogue between Belgrade

and the Kosovar Albanian leadership.

With the start of this dialogue, those Contact

Group countries that had previously agreed

to implement economic measures against the

Federal Republic of Yugoslavia (Serbia and

Montenegro) and the Republic of Serbia

agreed that the proposed measure to stop

new investment in the Republic of Serbia

would not be put into effect and that they

would review at their next meeting the implementation

of the freeze on funds. However,

the use of indiscriminate force by the

police and armed forces of the Federal Republic

of Yugoslavia (Serbia and Montenegro)

and the Republic of Serbia has undermined

the basis for dialogue.

The Contact Group has concluded that the

current situation in Kosovo is untenable and

the risk of an escalating conflict requires immediate

action. It has also found that, if unresolved,

the conflict threatens to spill over to

other parts of the region. The United States

attaches high priority to supporting the security

interests of the neighboring states and

to ensuring security of borders. It is also of

particular importance that developments in

Kosovo should not disrupt progress in implementing

the Dayton peace agreement in Bosnia

and Herzegovina. This threat to the peace

of the region constitutes an unusual and extraordinary

threat to the national security and

foreign policy of the United States.

On June 9, 1998, by the authority vested

in me as President by the Constitution and

laws of the United States of America, 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 declared a national emergency

to respond to the unacceptable actions and

policies of the Belgrade authorities and

issued an Executive order to implement the

measures called for by the Contact Group.

That order freezes the assets of the Governments

of the Federal Republic of Yugoslavia

(Serbia and Montenegro), the Republic of

Serbia, and the Republic of Montenegro that

are under U.S. jurisdiction and, in concert

with the other Contact Group countries, restricts

access of those governments to the

international financial system. That order

also prohibits new investment by United

States persons, or their facilitation of other

persons’ new investment, in the Republic of

Serbia. It is our intent to exempt the Government

of the Republic of Montenegro, by

means of licenses, from the prohibitions contained

in the order wherever possible. That

government has been included in the order

to ensure effective implementation of sanctions

against the Federal Republic of Yugoslavia

(Serbia and Montenegro), of which the

Republic of Montenegro is a constituent part.

The order carries out these measures by:

— blocking 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,

including the prohibition of financial

transactions with, including

trade financing for, those governments;

and

— prohibiting new investment by United

States persons, or their facilitation of

other persons’ new investment, in the

territory of the Republic of Serbia.

The order provides that the Secretary of

the Treasury, in consultation with the Secretary

of State, is authorized to take such actions,

including the promulgation of rules

and regulations, as may be necessary to carry

out the purposes of the order. Thus, in the

event of improvements in the actions and

policies of Belgrade with respect to the situation

in Kosovo, the Secretary of the Treasury,

in consultation with the Secretary of State,

would have the ability, through the issuance

of general or specific licenses, to authorize

any or all transactions otherwise prohibited

by the order. Also, in implementing the sanctions,

we intend to license transactions necessary

to conduct the official business of the

United States Government and the United

Nations. We further intend to issue licenses

to allow humanitarian, diplomatic, and journalistic

activities to continue.

The declaration of a national emergency

made under Executive Order 12808, and expanded

in Executive Orders 12810 and

12831, remains in effect and is not affected

by the June 9, 1998, order.