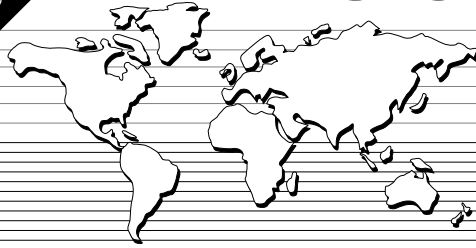




U.S. Department of the Treasury  
Office of Foreign Assets Control

# YUGOSLAVIA



## What You Need To Know About The U.S. Embargo

### A summary of the Federal Republic of Yugoslavia Sanctions Regulations - Title 31 Part 585 of the U.S. Code of Federal Regulations (Sanctions involving Serbia, Montenegro, and Serb-controlled Bosnia)

■ **BACKGROUND** - The U.S. sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro) ["FRY(S&M)"] date back to May 30, 1992, when then President Bush issued an Executive Order freezing the assets of the Governments of Serbia and Montenegro and assets held in the name of the former Government of the Socialist Federal Republic of Yugoslavia or the recently constituted Federal Republic of Yugoslavia. On June 5, 1992, the sanctions were expanded to prohibit trade and other transactions with the FRY(S&M). On April 26, 1993, blocking provisions were added to encompass FRY(S&M) companies. On October 25, 1994, additional measures were taken to target Bosnian Serb-controlled areas of the Republic of Bosnia and Herzegovina ["SRBH"] with trade, transaction and blocking provisions commensurate with those imposed against the FRY(S&M).

■ **SUSPENSION** - On January 16, 1996, pursuant to Presidential Determination (No. 96-7 of December 27, 1995), the Treasury Department suspended prospectively sanctions against the FRY(S&M). Sanctions against the Bosnian Serbs were to remain in full force until all Bosnian Serb forces withdrew behind the zones of separation established in the General Framework Agreement for Peace in Bosnia and Herzegovina. On May 10, 1996, in light of a report transmitted to the United Nations Security Council on February 26, 1996, confirming that the Bosnian Serbs had complied with the terms of the peace agreement, U.S. sanctions were also suspended against the SRBH. Prospective trade and financial transactions involving both the FRY(S&M) and the SRBH are now permitted. Except as authorized by the Office of Foreign Assets Control, FRY(S&M) and SRBH assets blocked prior to suspension will remain blocked until provisions are made to address claims or encumbrances, including the claims of successor states of the former Yugoslavia.

■ **FRY(S&M) ASSETS REMAIN BLOCKED** - Except as authorized by General License, all property and property interests (including inventory, contracts, accounts payable and receivable, deposit accounts and funds transfers) of all of the following

previously blocked persons in the possession or control of U.S. persons (including their overseas branches) as of December 26, 1995 remain blocked:

- (a) the Government of the Federal Republic of Yugoslavia (Serbia and Montenegro), which means the government of the newly-constituted Federal Republic of Yugoslavia, the Government of Serbia, and the Government of Montenegro, including any subdivisions thereof or local governments therein, their respective agencies, instrumentalities and controlled entities;
- (b) the former Government of the Socialist Federal Republic of Yugoslavia;
- (c) any entity, including any commercial, industrial, or public utility undertaking, organized or located in the FRY(S&M);
- (d) any entity (wherever organized or located) owned or controlled by (c) or by any individual in, or resident in the FRY(S&M); and
- (e) any persons acting for or on behalf of any of the above.

■ **SRBH ASSETS REMAIN BLOCKED** - All property and property interests (including inventory, contracts, accounts payable and receivable, deposit accounts and funds transfers) of all of the following previously blocked persons in the possession or control of U.S. persons (including their overseas branches) before May 10, 1996 remain blocked:

- (a) Bosnian Serb military and paramilitary forces;
- (b) the authorities in those areas of Bosnia and Herzegovina under the control of (a);
- (c) any entity, including any commercial, industrial, or public utility undertaking, organized or located in those areas of Bosnia and Herzegovina under the control of (a);
- (d) any entity (wherever organized or located) owned or controlled by (c) or by any individual in, or resident in those areas of Bosnia and Herzegovina under the control of (a); and
- (e) any persons acting for or on behalf of any of the above.

■ **FRY(S&M) TRANSFERS UNBLOCKED BY DIRECTIVE AND GENERAL LICENSE** -

(a) OFAC has directed that all FRY(S&M) funds transfers interdicted and blocked on or after December 27, 1995, be unblocked.

(b) FRY(S&M) funds blocked prior December 27, 1995, which were received through wire transfer instructions or check remittances may be returned to remitters, unless:

(1) the funds were originally destined for an account on the books of a U.S. financial institution established pursuant to a directive license from the Office of Foreign Assets Control or by the Government of the FRY(S&M) or another person whose property was blocked prior to December 27, 1995;

(2) the funds were remitted by or through the Government of the FRY(S&M) or another person whose property was blocked prior to December 27, 1995.

(c) Banks which were holding blocked funds originally destined for accounts previously established by blocked persons as depicted in (b)(1) above, were to forward such funds by January 29, 1996, for ultimate credit to those previously established accounts, which remain blocked.

(d) Funds remitted by or through blocked persons prior to December 27, 1995 must remain blocked.

(e) Examples:

- On October 23, 1994, U.S. "Bank A" received instructions to debit the account of its non-blocked foreign customer and to transfer funds to the correspondent account of Jugobanka D.D., Belgrade which was established by Jugobanka on the books of U.S. "Bank B" in 1975. At the time of the transfer, the funds were credited to a blocked account established by Bank A because all assets in which Jugobanka D.D. had an interest were blocked prior to December 27, 1995. Bank A should have forwarded the funds to the Jugobanka account on the books of Bank B by January 29, 1996.

- On September 3, 1995, U.S. Bank received instructions to debit the account of non-blocked foreign "Bank A" and to transfer funds to the account of non-blocked foreign "Bank B". The transfer was frozen and the funds were credited to a blocked account established by U.S. Bank because the remitter of the payment, Bank A's customer, was Progres, Belgrade. This transfer may not be returned to the remitter, an entity whose assets were blocked prior to December 27, 1995. The funds must remain blocked on the books of U.S. Bank.

- On January 18, 1995, U.S. Bank received instructions to debit the account of a non-blocked customer and to transfer funds to the account of a non-blocked foreign bank for further credit to the account of Anglo Yugoslav Bank, London. The funds were frozen at the time of the transfer and credited to a blocked account established by U.S. Bank because all assets in which Anglo Yugoslav Bank had an interest were blocked prior to December 27, 1995. U.S. Bank may now return the funds to the non-blocked customer.

■ **DEBT TRADING** - Debt representing original borrowings of Serbian or Montenegrin banks or of the former National Bank of Yugoslavia may be traded if such debt was not held in the United States or in the possession or control of a U.S. person prior to January 16, 1996. FRY(S&M) debt held by U.S. persons in a blocked status prior to January 16, 1996 must remain blocked. However, a general license, which authorizes secondary market trading with respect to certain Yugoslav debt securities issued pursuant to the "New Financing Agreement" of September 20, 1988, remains in effect.

If you have information regarding possible violations of the regulations, please call the Treasury Department's Office of Foreign Assets Control at 202/622-2430. Your call will be handled confidentially.

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The Office of Foreign Assets Control also administers sanctions programs involving Libya, Iraq, North Korea, Cuba, the National Union for the Total Independence of Angola (UNITA), Iran, Syria, Sudan, Terrorists who threaten to disrupt the Middle East peace process, and international Narcotics Traffickers. It has certain residual authority with regard to sanctions against Cambodia. For additional information about these programs or about the Federal Republic of Yugoslavia (Serbia & Montenegro) and Bosnian Serb-controlled Areas of the Republic of Bosnia and Herzegovina Sanctions Regulations, please contact the:

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202/622-2520

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