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## DEPARTMENT OF THE TREASURY

### Office of Foreign Assets Control

#### 31 CFR Part 585

#### Federal Republic of Yugoslavia (Serbia and Montenegro) and Bosnian Serb-Controlled Areas of the Republic of Bosnia and Herzegovina Sanctions Regulations; Suspension of Sanctions Against the Bosnian Serbs

**AGENCY:** Office of Foreign Assets Control, Treasury.

**ACTION:** Final rule; amendments.

**SUMMARY:** This rule amends the Federal Republic of Yugoslavia (Serbia and Montenegro) and Bosnian Serb-Controlled Areas of the Republic of Bosnia and Herzegovina Sanctions Regulations to authorize prospectively all transactions with respect to property and interests in property of the Bosnian Serb forces and authorities and any dealing by U.S. persons relating to trade with or in, and the exportation of services to, the areas of the Republic of Bosnia and Herzegovina that the Bosnian Serb forces control.

**EFFECTIVE DATE:** May 10, 1996.

**FOR FURTHER INFORMATION CONTACT:** Steven I. Pinter, Chief of Licensing, tel.: 202/622-2480, Dennis P. Wood, Chief of Compliance Programs, tel.: 202/622-2490, or William B. Hoffman, Chief Counsel, tel.: 202/622-2410, Office of Foreign Assets Control, Department of the Treasury, Washington, DC 20220.

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#### Background

On January 16, 1996, the Treasury Department suspended prospectively sanctions imposed against the Federal Republic of Yugoslavia (Serbia and Montenegro) (the "FRY (S&M)"). Sanctions against the Bosnian Serb forces and authorities and the areas of the Republic of Bosnia and Herzegovina that they control were to remain in effect until their troop withdrawal to agreed borders, consistent with the General Framework Agreement for Peace in Bosnia and Herzegovina and the Annexes thereto (collectively the "Peace Agreement"), which was initialled on November 21, 1995, and signed on December 4, 1995, and with paragraph 2 of United Nations Security Council Resolution 1022 of November 22, 1995 (the "Resolution").

On February 26, in keeping with paragraph 2 of the Resolution, the United Nations Secretary-General transmitted to the Security Council the report of the commander of the international force deployed in accordance with the Peace Agreement stating that all Bosnian Serb forces had withdrawn behind the zones of separation established by that Agreement. Accordingly, the Office of Foreign Assets Control is amending the Federal Republic of Yugoslavia (Serbia

and Montenegro) and Bosnian Serb-Controlled Areas of the Republic of Bosnia and Herzegovina Sanctions Regulations, 31 CFR part 585 (the "Regulations"), by adding § 585.527 to the Regulations to authorize prospectively those transactions previously prohibited with respect to the Bosnian Serb forces and authorities and entities organized or located in those areas of the Republic of Bosnia and Herzegovina under their control; entities owned or controlled directly or indirectly by any person in, or resident in, those areas; and any person acting for or on behalf of any of the foregoing. U.S. persons are also authorized to engage in transactions involving the areas of the Republic of Bosnia and Herzegovina under the control of the Bosnian Serb forces, and services may be exported either from the United States or by U.S. persons to those areas. Property and interests in property previously blocked due to an interest of any person described in § 585.201 remain blocked.

Because the Regulations involve a foreign affairs function, Executive Order 12866 and the provisions of the Administrative Procedure Act, 5 U.S.C. 553, requiring notice of proposed rulemaking, opportunity for public participation, and delay in effective date, are inapplicable. Because no notice of proposed rulemaking is required for this rule, the Regulatory Flexibility Act, 5 U.S.C. 601-612, does not apply.

#### List of Subjects in 31 CFR Part 585

Administrative practice and procedure, Banks, banking, Blocking of assets, Bosnia and Herzegovina, Foreign investments in United States, Foreign trade, Penalties, Reporting and recordkeeping requirements, Securities, Specially designated nationals, Transportation, Yugoslavia.

For the reasons set forth in the preamble, 31 CFR part 585 is amended as set forth below:

1. The authority citation for part 585 continues to read as follows:

Authority: 3 U.S.C. 301; 22 U.S.C. 287c; 49 U.S.C. App. 1514; 50 U.S.C. 1601-1651; 50 U.S.C. 1701-1706; E.O. 12808, 57 FR 23299, 3 CFR, 1992 Comp., p. 305; E.O. 12810, 57 FR 24347, 3 CFR, 1992 Comp., p. 307; E.O. 12831, 58 FR 5253, 3 CFR, 1993 Comp., p. 576; E.O. 12846, 58 FR 25771, 3 CFR, 1993 Comp., p. 599; E.O. 12934, 59 FR 54117, 3 CFR, 1994 Comp., p. 930.

**Subpart E—Licenses, Authorizations, and Statements of Licensing Policy**

2. Section 585.527 is added to subpart E to read as follows:

**§ 585.527 Authorization of certain new transactions with respect to the Bosnian Serbs.**

(a) Notwithstanding the provisions of subpart B of this part, transactions and activities otherwise prohibited by §§ 585.201(c) (blocked property), 585.217(b) (entry of U.S. vessels into riverine ports), 585.218(a) (insofar as that paragraph relates to trade in

Bosnian Serb-controlled areas of Bosnia and Herzegovina), and 585.218(b) (services to Bosnian Serb-controlled areas), are hereby authorized on or after May 10, 1996, provided that no such transaction results in a debit to an account blocked prior to May 10, 1996, or a transfer of property blocked prior to May 10, 1996, unless such debit or transfer is independently authorized by or pursuant to this part.

(b) The authorizations contained in this section do not eliminate the need to comply with regulatory requirements not administered by the Office of

Foreign Assets Control, including aviation, financial and trade requirements administered by other federal agencies.

Dated: April 23, 1996.

R. Richard Newcomb,

*Director, Office of Foreign Assets Control.*

Approved: May 2, 1996.

John P. Simpson,

*Deputy Assistant Secretary (Regulatory, Tariff & Law Enforcement).*

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