



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 20.10.2000
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Proposal for a

COUNCIL REGULATION

amending for the second time Council Regulation (EC) No 1294/1999 concerning a freeze of funds and a ban on investment in relation to the Federal Republic of Yugoslavia (FRY) and repealing Regulations (EC) No 1295/98 and (EC) No 1607/98, and repealing Article 2 of Council Regulation (EC) No 926/1998 concerning the reduction of certain economic relations with the Federal Republic of Yugoslavia

(presented by the Commission)

EXPLANATORY MEMORANDUM

- (1) By means of Council Regulations (EC) No 926/1998 and No 1294/1999 financial restrictions were enacted in relation to the Federal Republic of Yugoslavia, having the Governments of the Federal Republic of Yugoslavia and of the Republic of Serbia as their target.
- (2) Taking note of the fact that Mr. V. Kostunica has now been inaugurated as President of the Federal Republic of Yugoslavia, the Council determined that *inter alia* these financial restrictions should be revised with a view to maintaining only the very restrictions that are applicable against Mr Milosevic and those natural and legal persons that are closely associated with him.
- (3) Accordingly, the Commission proposes to amend the current provisions with a view to targeting this limited category, in order to prevent a resumption of the violations of United Nations Security Council resolutions and the pursuance of extreme and criminally irresponsible policies, including repression against citizens, which led the Council to impose the financial restrictions against FR Yugoslavia when Mr. Milosevic was holding the office of President of that country.

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 60 and 301 thereof,

Having regard to Common Position 2000/.../CFSP of 9 October 2000 concerning support to a democratic Federal Republic of Yugoslavia and an immediate lifting of certain restrictive measures¹,

Having regard to the proposal from the Commission²,

Whereas:

- (1) In its message to the Serbian people of 18 September 2000, the Council confirmed that democratic change will result in a radical change of the policy of the European Union in respect of the Federal Republic of Yugoslavia (FRY), in particular as regards sanctions.
- (2) As a result of the elections of 24 September 2000, a new President of the Federal Republic of Yugoslavia, Mr. V. Kostunica, has been democratically elected and officially inaugurated.
- (3) It is therefore appropriate to amend the financial restrictions contained in Council Regulation (EC) No 1294/1999³, as amended by Regulation (EC) No 723/2000⁴, and in Council Regulation (EC) No 926/1998⁵, through maintaining the very restrictions that are applicable only against Mr Milosevic and those natural and legal persons that are closely associated with him.

¹ OJ L

² OJ C

³ OJ L 153 , 19.6.1999, p. 63.

⁴ OJ L 86 , 7.4.2000, p. 1.

⁵ OJ L 130, 1.5.1998, p. 1.

- (4) Maintaining such restrictions is justified in order to prevent that those persons resume the violation of the relevant United Nations Security Council resolutions and the pursuance of extreme and criminally irresponsible policies, including repression against citizens, which constitute serious violations of human rights and international humanitarian law and are to the detriment of the people of the Federal Republic of Yugoslavia;

HAS ADOPTED THIS REGULATION:

Article 1

Regulation 1294/1999, as amended by Regulation (EC) 723/2000 shall be amended as follows:

1. Articles 1, 2, 3 and 4 shall be replaced by the following Articles:

“Article 1

For the purpose of this Regulation:

1. *Funds* means: financial assets and economic benefits of any kind, including, but not necessarily limited to, cash, cheques, claims on money, drafts, money orders and other payment instruments; deposits with financial institutions or other entities, balances on accounts, debts and debt obligations; publicly and privately traded securities and debt instruments, including stocks and shares, certificates representing securities, bonds, notes, warrants, debentures, derivatives contracts; interest, dividends or other income on or value accruing from or generated by assets; credit, right of set-off, guarantees, performance bonds or other financial commitments; letters of credit, bills of lading, bills of sale; documents evidencing an interest in funds or financial resources, and any other instrument of export-financing;
2. *Freezing of funds* means: preventing any move, transfer, alteration, use of or dealing with funds in any way that would result in any change in their volume, amount, location, ownership, possession, character, destination or other change that would enable the use of the funds, including portfolio management.

Article 2

Except as permitted under the provisions of Articles 5 and 6:

1. All funds held outside the territory of the Federal Republic of Yugoslavia and belonging to natural persons listed in Annex I and to companies, undertakings, institutions and entities listed in Annex II shall be frozen.
2. No funds shall be made available, directly or indirectly, to or for the benefit of any person listed in these Annexes.
3. It shall be prohibited to acquire any new or extend any existing participation in, ownership of or control of real estate, a company, undertaking, institution or entity belonging, in whole or in part, to any person listed in Annex I or to a company, undertaking, institution or entity listed in Annex II.”

2. Article 5 shall be renumbered Article 3.
3. Article 6 shall be replaced by the following :

“Article 4

1. Without prejudice to the applicable rules concerning reporting, confidentiality and professional secrecy and to the provisions of Article 284 of the Treaty, banks, other financial institutions, insurance companies, and other bodies and persons shall:
 - (a) provide immediately any information which would facilitate compliance with this Regulation, such as accounts and amounts frozen in accordance with Article 2 and transactions executed pursuant to Articles 5 and 6:
 - to the competent authorities of the Member States listed in Annex III where they are resident or located, and
 - directly or through these competent authorities to the Commission,
 - (b) co-operate with the competent authorities listed in Annex III in any verification of this information.
2. Any information provided or received in accordance with this Article shall be used only for the purposes for which it was provided or received.
3. Any information directly received by the Commission shall be made available to the competent authorities of the Member States concerned.”
4. Article 7 shall be deleted.
5. Articles 8 and 9 shall be replaced by the following:

“Article 5

1. In accordance with the provisions of Article 6, the Commission shall be empowered:
 - (a) to amend Annexes I and II;
 - (b) to grant individual or general authorisations:
 - (i) to unfreeze funds;
 - (ii) to make funds available to or for the benefit of either a person listed in Annex I or a company, undertaking, institution or entity listed in Annex II; or
 - (iii) to acquire or extend a participation in, ownership of or control over real estate, a company, undertaking, institution or entity owned by a person, company, undertaking, institution or entity listed in either annex;

if not to do so would cause damage to the interests of the Community.

2. Any request by a legal or natural person for an authorisation referred to in paragraph 1(b) or for an amendment of Annexes I or II shall be made through the competent authorities of the Member States listed in Annex III.

The competent authorities of the Member States shall verify, to the fullest extent possible, the information provided by the persons making a request.

3. For the purposes of implementing this Regulation, the Commission shall be empowered, on the basis of information supplied by Member States, to amend Annex III.

Article 6

1. For the purposes of implementing Article 5(1) to (3), the Commission shall be assisted by the Committee established under Regulation (EC) No 2271/96⁶.
2. Where reference is made to this paragraph, Articles 4 and 7 of Decision 1999/468/EC shall apply.

The period laid down in Article 4(3) of Decision 1999/468/EC shall be set at 10 working days.

3. The Committee shall adopt its rules of procedure.”
6. Articles 10, 11, 12, 13 and 14 shall be renumbered as 7, 8, 9, 10 and 11, respectively.

Article 2

Article 2 of Council Regulation (EC) No 926/98 shall be repealed.

Article 3

This Regulation shall enter into force on the day of its publication in the *Official Journal of the European Communities*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council
The President

⁶ OJ L 309, 29.11.1996, p. 1.

ANNEX I

List of persons whose funds shall be frozen and to whom no funds shall be made available.

Milosevic Slobodan	former President of FRY
Gajic-Milosevic Milica	Daughter-in-law
Markovic Mirjana	Wife
Milosevic Borislav	Brother
Milosevic Marija	Daughter
Milosevic Marko	Son

ANNEX II

List of companies, undertakings, institutions and entities

ANNEX III

List of competent authorities