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SERBIA DEMOCRATIZATION ACT OF 1999

AUGUST 5, 1999.—Ordered to be printed

Mr. HELMS, from the Committee on Foreign Relations, submitted the following

REPORT

[To accompany S. 720]

The Committee on Foreign Relations, to which was referred the bill (S. 720), to promote the development of a government in the Federal Republic of Yugoslavia (Serbia and Montenegro) based on democratic principles and the rule of law, and that respects internationally recognized human rights, to assist the victims of Serbian oppression, to apply measures against the Federal Republic of Yugoslavia, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill do pass.

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PURPOSES OF THE BILL

INTRODUCTION

The Committee on Foreign Relations feels that the prospects for democratic change in Yugoslavia have improved dramatically since the end of the NATO air campaign against Serbia on June 10, 1999. After eight years of conflict, war, destruction, economic hardship and massive human rights abuses—with Slobodan Milosevic at the helm—there is renewed hope that Serbian citizens will finally rid their country of the source of instability and chaos.

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Since first exploiting rising Serbian nationalism in the 1980s to gain power and influence, Milosevic has engaged in undemocratic methods to maintain his firm grip on Serbian political life. Despite recent positive signs that Serbian citizens have finally tired of Milosevic, of his tactic of manipulating conflict into bloody warfare, and of his undemocratic means of governing, he has faced difficult times in the past and always managed to emerge on top, often stronger than ever. The end of the war in Kosovo, however, offers the United States and its allies an opportunity to affect positively the future direction of Serbia.

Serbia's defeat in that war may convince those individuals who once viewed Milosevic as the savior of the Serbian nation that he is, in fact, responsible for the massive destruction and degradation of their country. The Serbian public cannot ignore the Kosovo Serbs who have fled the province for Serbia proper or the disenchantment of many Yugoslav army reservists over the manner in which they were ordered to conduct the war. Further, the NATO bombing damaged Serbian infrastructure and exacerbated the existing economic crisis. American journalists have reported a widespread feeling of anger and disgust within Serbia that is directed at Milosevic himself for what he has brought on.

Evidence of this dissatisfaction can be seen in the anti-Milosevic demonstrations occurring with increasing frequency and greater participation in cities throughout Serbia. A number of town councils controlled by opposition parties, including that of Novi Sad, Serbia's second largest city, have passed resolutions calling for Milosevic to resign. Student leaders have indicated that they will join the anti-Milosevic campaign beginning in September. Army reservists have launched protests in the Serbian cities of Nis, Vranje, and Krusevac, primarily over the issue of unpaid wages, but there is hope that their frustrations may be channeled into anti-Milosevic activity. On June 28, 1999, the leader of the Serbian Orthodox Church, Patriarch Pavle, called for the resignation of Milosevic for the good of the Serbian people, and the leader of the Church in Kosovo, Bishop Artemije, repeatedly has spoken out against Milosevic's actions in that province.

The war in Kosovo also highlighted the differences between Serbia and Montenegro, Serbia's junior partner in the so-called Federal Republic of Yugoslavia. (Serbia and Montenegro have asserted the formation of a joint independent State—the Federal Republic of Yugoslavia [FRY]—but the entity has not been formally recognized by the United States.) Montenegro's President Milo Djukanovic is seen as the only political leader in the FRY who has successfully withstood a challenge from Milosevic. In the face of extreme pressure, Djukanovic managed to maintain stability in Montenegro during the war, forestall Yugoslav army attacks against Montenegro, and retain his ties to the United States and the West. The functioning, democratic, multi-ethnic governing coalition in Montenegro, which is the beneficiary of American political and financial support, serves as a model to Serbs as to the benefits their country could enjoy in the post-Milosevic period.

The Committee notes that the United States and Western Europe missed an opportunity to encourage democratic change in Ser-

bia in the winter of 1996–1997, when a coalition of opposition parties won municipal elections in 14 of Serbia's 17 largest cities. After Milosevic nullified the election results, tens of thousands of Serbian citizens took to the streets in massive and sustained demonstrations, demanding that the election results be recognized. Milosevic ultimately was forced to do so, but the opposition coalition disintegrated soon thereafter as a result of infighting and competing personal ambition. The United States did little to foster cooperation among the leaders of the opposition parties during that time, and Milosevic emerged even stronger.

There are approximately 6,500 American soldiers participating in the NATO-led Stabilization Force in Bosnia, and 7,000 American soldiers participating in the NATO-led Kosovo Force in Kosovo. The Committee believes that the United States will be forced to continue to send U.S. armed forces to participate in peacekeeping missions in the Balkans until we address the underlying cause of the problem in the region—Slobodan Milosevic. The Serbia Democratization Act provides substantial assistance to forces within Serbia who seek the removal of Milosevic and the development of a government in Serbia that is based on democratic principles and the rule of law, and that respects internationally recognized human rights.

The Committee wishes to make clear that it has no quarrel with the people of Serbia, but that the problem is with its leadership.

COMMITTEE ACTION

Senators Helms, Lugar, Gordon Smith, Lieberman, Lautenberg, Hagel, Edwards, DeWine, McCain, Hatch, Voinovich, and Coverdell introduced the Serbia Democratization Act (S. 720) on March 25, 1999.

The Committee held two hearings this year on the situation in the former Yugoslavia. Both Administration and private sector witnesses appeared at these hearings.

April 20, 1999 *The War in Kosovo* Witness: The Honorable Madeleine Albright, Secretary of State

July 29, 1999 *Prospects for Democracy in Yugoslavia* Witnesses: The Honorable Robert S. Gelbard, Special Representative of the President and the Secretary of State for Implementation of the Dayton Peace Accords; The Honorable James W. Pardew, Jr., Deputy Special Advisor to the President and the Secretary of State for Kosovo and Dayton Implementation; Ms. Sonja Biserko, Chairperson, Helsinki Committee for Human Rights in Serbia; Father Irinej Dobrijevic, Executive Director, Office of External Affairs, United States Serbian Orthodox Church; Mr. John Fox, Director, Washington Office, Open Society Institute; Mr. James Hooper, Executive Director, Balkan Action Council

The Committee approved by voice vote the Serbia Democratization Act with an amendment in the nature of a substitute at a business meeting on July 28, 1999.

SECTION-BY-SECTION ANALYSIS

TITLE I. SUPPORT FOR THE DEMOCRATIC OPPOSITION

The Committee urges the Administration to support actively the democratic opposition in Yugoslavia to develop a legitimate and viable alternative to the Milosevic regime. To promote and strengthen institutions of democratic government and the growth of an independent civil society in Yugoslavia, including ethnic tolerance and respect for human rights, the legislation authorizes $100 million in U.S. assistance for fiscal years 2000 and 2001.

In particular, the Committee notes that providing support to the independent media is critical. During the war in Kosovo, the Milosevic regime passed and implemented a law strictly limiting freedom of the press and intimidated independent media from operating within the country. After the war began, the Broadcasting Board of Governors acted quickly to enhance Voice of America and Radio Free Europe broadcasts into Serbia, as well as to establish a ring of transmitters around the country so that the Serbian people would have access to accurate news accounts of the war. Yet, the Committee notes that VOA and RFE services should not preclude the United States from assisting the indigenous media to develop the capacity to serve more effectively as alternative news sources to the state-controlled media.

Along with independent media, the Committee urges the Administration to focus its assistance on the development of democratic political parties, the rule of law, non-governmental organizations, local governance, and a free market economy.

The Committee expects that non-governmental organizations with a history of working in political party development, media training, judicial reform and other similar activities will be most effective in providing the assistance authorized in the bill. Opportunities may exist for other non-traditional providers of assistance (including international organizations) to manage programs that further the goals of the legislation. The Committee expects, however, that United States assistance to the democratic opposition will not be funneled through the United Nations.

The bill states that the President should take all necessary steps to ensure that no funds or other assistance is provided to the Government of Yugoslavia or the Government of Serbia, except for the purposes permitted under the legislation. The Committee recognizes that a situation may arise in which the Administration believes it consistent with the goals of the bill to provide assistance to a Ministry of the Serbian or Yugoslav Government that it thinks is working to bring about democratic change in Serbia. Yet, the Committee notes that providing such assistance may be misconstrued by the Serbian people as indicative of United States support of the current regime (particularly given the virtual monopoly of the state-controlled media). The Committee urges the Administration to provide funds or other assistance to governmental entities only when it is certain that those entities are actively supportive of the goals of the legislation and only when it is certain that Milosevic will be unable to benefit, either directly or indirectly, from doing so. The Committee believes that as long as the

Milosevic government remains in power, it is unlikely that the United States will find instances in which providing assistance to governmental entities will further the purposes of the legislation.

The Committee discourages any member of the Administration from meeting, negotiating, engaging in discussion, or otherwise interacting with Slobodan Milosevic. As an indicted war criminal, he should be treated as a pariah. For too long the United States treated Milosevic as our partner for peace in the region and failed to cultivate relationships with opposition leaders. Milosevic used his relationship with the United States to bolster his personal authority and represented meetings with U.S. officials as proof that the United States supported his regime. The only topics of conversation the Committee envisions as appropriate between United States officials and Milosevic concern his ceding power to democratic forces in Yugoslavia or surrendering himself to the International Criminal Tribunal for the former Yugoslavia at the Hague.

To reward the positive developments in Montenegro, the bill allows the provision of assistance to that republic as long as the government of Montenegro is committed to democratic principles and the rule of law, and respects human rights. If undemocratic elements were to take over governing functions in Montenegro, the Committee would expect the Administration immediately to stop dispensing all U.S. assistance to that republic.

As noted earlier, the Committee is pleased with the response of the Broadcasting Board of Governors (BBG) to counteract the Milosevic regime's propaganda during the war in Kosovo. The Committee urges the BBG to continue to further the open communication of ideas and information in both the Serbo-Croatian and Albanian languages.

TITLE II. ASSISTANCE TO THE VICTIMS OF SERBIAN OPPRESSION

The Committee expresses its horror at the atrocities that took place in Kosovo beginning with the first assault by Serbian Interior Ministry troops in February 1998. Though it is likely that the exact number of innocent civilians killed during the course of the conflict will never be known, reports of mass graves, daily discoveries of bodies of the elderly, women, and children, as well as first hand accounts of atrocities from Kosovar Albanian refugees provide the impetus for the United States to give assistance to those who survived the brutal attacks and ethnic cleansing.

The legislation authorizes assistance for relief, rehabilitation, and reconstruction in Kosovo and for refugees and persons displaced by the conflict. The Committee notes, however, that it expects our European allies to provide the bulk of reconstruction assistance to Kosovo, given the disproportionately large financial burden that the United States bore during the air campaign against Serbia. Reconstruction projects that the Committee deems appropriate under this section include such small-scale projects as winterizing housing in Kosovo. Although many Kosovar Albanian refugees made their way from Albania and Macedonia to other countries in Europe, the Committee does not intend for United States assistance for refugees to be provided to countries such as Germany, France, or Russia.

TITLE III. "OUTER WALL SANCTIONS"

For several years the Administration has maintained the policy of upholding the so-called "outer wall" of sanctions against Yugoslavia until that country fulfilled five conditions. The sanctions are: no United States support for economic assistance for Yugoslavia from any of the international financial institutions; no United States support for the inclusion of Yugoslavia in international organizations such as the United Nations and the Organization for Security and Cooperation in Europe; and no restoration of full U.S. diplomatic relations with Yugoslavia. The conditions required to be met prior to any relief from the outer wall are: agreement on a lasting settlement on Kosovo; full compliance with the Dayton Accords that ended the war in Bosnia; implementation of internal democratic reform; settlement of the succession issues with the other republics that emerged from the break-up of the Socialist Federal Republic of Yugoslavia; and cooperation with the International Criminal Tribunal for the former Yugoslavia.

During the negotiations at Wright-Patterson Air Force Base in Dayton, Ohio that led to the end of the war in Bosnia, Milosevic made clear the importance to Serbia of sanctions relief. Then-Assistant Secretary of State for European and Canadian Affairs Richard Holbrooke described the sanctions as the Administration's main bargaining chip with Milosevic. As a result of Milosevic's signing of the Dayton Accords on behalf of the Bosnian Serbs, the Administration immediately lifted almost all of the sanctions that were aimed against Serbia at the time.

The outer wall of sanctions has had an impact on the Serbian economy, and their effect presumably will be magnified as a result of the need to repair infrastructure damage caused by the NATO air campaign. Although the legislation allows the President to relax the outer wall of sanctions once he certifies that the Government of Yugoslavia has made significant progress in meeting the stated conditions, the Committee expects the Administration to use a rigorous standard to define significant progress.

The Committee notes that such a certification will be virtually impossible as long as Milosevic remains in power. The U.S. should do nothing that could potentially prolong his regime, and maintaining the outer wall sanctions, particularly the denial of loans, grants, and other assistance from the international financial institutions, is critical to accelerating his removal from the political scene. In particular, the Committee expects U.S. representatives to the international financial institutions to work actively to prevent any assistance from those institutions from going to Serbia or Yugoslavia.

If any of the international financial institutions proceed with any such assistance to Serbia or Yugoslavia over the objection of the United States, the Committee urges the Administration to withhold from payment of the U.S. share of any replenishment of that institution an amount equal to that of the loan or assistance granted.

TITLE IV. OTHER MEASURES AGAINST YUGOSLAVIA

Blocking of Assets

The legislation blocks all assets in the United States of, or in the name of, the Government of Yugoslavia or the Government of Serbia and forbids the exportation to Serbia of any U.S. goods, technology, or services.

The bill also requires the Secretary of the Treasury to take all actions necessary to carry out the blocking of Serbian and Yugoslav assets and to fulfill his responsibilities to enforce the Executive Orders issued in response to the Kosovo conflict (13088 of June 9, 1998 and 13121 of May 1, 1999). The Committee notes that these Executive Orders should continue to be fully enforced until the Milosevic regime is replaced by a democratic government.

Suspension of Entry

The Committee notes that the visa ban imposed by the European Union against several hundred high ranking Serbian government officials, business cronies of the regime, and Milosevic family members has been highly effective at highlighting to these persons that their participation in or association with the Milosevic government has personal consequences. The Committee encourages the President to use the authority granted to him by section 212 (f) of the Immigration and Nationality Act to deny entry into the United States not just to the senior leadership of the Serbian and Yugoslav government, as the legislation requires, but also to a much broader category of individuals affiliated with, or supportive of, the Milosevic regime.

Though the senior leadership of the Montenegrin government is exempted from this provision, if the Milosevic government were to act against that republic and install its loyalists in positions of political power, the Committee would recommend that the President determine that the entry of those individuals to the United States would be detrimental to the interests of the U.S. and, under the authority of section 212 (f) of the Immigration and Nationality Act, deny them entry as well.

Prohibition of Strategic Exports

The legislation forbids the Serbian or Yugoslav military, police, prison system, or national security agencies from gaining access to United States computers, computer software or similar goods or technology. Those institutions have proven to be repressive and anti-democratic and should not have access to any technology that would benefit them in any way.

Prohibition on Loans and Investment

The legislation prohibits any loans, credit guarantees, insurance, financing, or other similar assistance to be extended by the United States Government to the Government of Yugoslavia or the Government of Serbia. The Committee expects the Administration to withhold all U.S. financial support from Serbia with the exception of the assistance authorized under this legislation and humanitarian aid.

The bill also prohibits any United States national from making or approving any loan or other extension of credit to the Government of Yugoslavia or the Government of Serbia, or to any entity owned or controlled by either government.

The Committee recognizes Serbia's need for foreign investment given the backward state of its economy and the destruction caused by the NATO bombing. The ban on U.S. Government and private loans and investment is not designed to punish the Serbian people, but to highlight the fact that the removal of Milosevic from power will have a substantial, positive impact on the Serbian economy as a whole, as well as on the lives of individual Serbs.

Prohibition on Military-to-Military Cooperation

The legislation prevents the United States from providing any assistance, including defense articles or services, to the armed forces of the Government of Yugoslavia or the Government of Serbia. For the purposes of the legislation, the Committee intends the prohibition also to apply to the Interior Ministry police forces. The Committee also expects any cooperation between the U.S. armed forces and the Yugoslav or Serbian armed forces to be strictly limited to that delineated in the Military-Technical Agreement that ended the war in Kosovo, i.e. verification of Serbian and Yugoslav compliance with the provisions in the agreement.

Multilateral Sanctions

The Committee recognizes that the effect of the measures imposed against Yugoslavia will be greater if other countries take similar actions. The Committee recommends that the President seek to coordinate a comprehensive strategy with other countries to further the purposes of the legislation and that he encourage other countries to impose similar measures against Yugoslavia. Their decision whether or not to do so, however, should not affect the Administration's commitment to maintain or enforce the sanctions currently in place or those imposed by the legislation.

Exemptions

Given Kosovo's de facto status as an international protectorate, the legislation exempts the province from being subject to the restrictions against Yugoslavia that are imposed by the bill. Similarly, the restrictions do not apply to Montenegro as long as the Government of Montenegro is committed to democratic principles and the rule of law, and respects human rights. If undemocratic elements were to take over governing functions in Montenegro, the Committee would expect the Administration to apply the legislation's restrictions equally to that republic. The Committee considers the restrictions to be sections 301 and 302 in Title III and sections 401 through 405 in Title IV.

Waiver; Termination of Measures Against Yugoslavia

The legislation allows the President to waive the measures against Yugoslavia for successive one-year periods if he determines that it is important to the United States national interest or that significant progress has been made in Yugoslavia in establishing a

government based on democratic principles and the rule of law, and that respects internationally recognized human rights. The Committee notes that progress in establishing such a government should be interpreted rigorously, and it expects the Administration to exercise its right to use this waiver only when it is clear and demonstrable that the use of the waiver will assist the establishment of a democratic government in Yugoslavia. Further, the Committee expects that if the Administration chooses to invoke the waiver option, it do so with regard to specific measures in the legislation, not to all the measures in the bill in one broad waiver. The Committee also expects a detailed justification for exercising the waiver, including how using the waiver for each particular section will contribute to the goals of the legislation.

Invoking the waiver without the 15-day advance congressional notification specified in the bill should be done only in exceptional, emergency situations. The Committee anticipates that such a situation will arise rarely, if ever.

The Committee notes that the termination of the restrictions imposed by the legislation should only occur in a post-Milosevic environment in which the Governments of Yugoslavia and Serbia are committed fully and irreversibly to democracy and the rule of law, and respect for human rights.

Statutory Construction

The Committee does not intend for the people of Yugoslavia to be denied access to humanitarian assistance, including food and medicine, as a result of the measures against Yugoslavia in the legislation. The Committee does not consider humanitarian assistance to include assistance for any reconstruction in Serbia, however basic. The Committee emphasizes that in no case should the United States allow the export of any agricultural commodity or medicine that could contribute to the development of a chemical or biological weapon.

TITLE V. MISCELLANEOUS PROVISIONS

The International Criminal Tribunal for the former Yugoslavia

The Committee is distressed at the lack of cooperation given by Yugoslavia to the International Criminal Tribunal for the former Yugoslavia (ICTY). Yugoslav officials have consistently rejected the jurisdiction of the Tribunal over events in Kosovo, and prior to the end of the war, actively impeded the Tribunal from investigating alleged war crimes committed there.

In light of the Tribunal's May 24, 1999, indictment of Milosevic for crimes against humanity, the Committee urges the United States to support fully the investigation of Milosevic and to provide all appropriate information to the Office of the Prosecutor of the ICTY that the U.S. intelligence community collects or has collected to support that investigation. The Committee considers all information that directly or indirectly relates to the investigation to be appropriate and urges the Administration to transfer as much information as possible, taking into account the need adequately to protect intelligence sources and methods.

The legislation requires the Administration to submit a report to Congress, in classified form if necessary, once every 180 days that describes the information that was provided to the Office of the Prosecutor of the ICTY during that time period. The Committee is interested in a detailed list of the information that was provided to the ICTY, but emphasizes that it does not intend the report to compromise in any way intelligence sources and methods.

Ethnic Hungarians in Vojvodina

Given Milosevic's pattern of fomenting ethnic conflict to maintain his personal power, the Committee is greatly concerned about the well-being of the ethnic Hungarian population in the northern Serbian province of Vojvodina. This population has been subject to restrictions of freedom similar to those endured by the ethnic Albanians in Kosovo, and more recently has suffered harassment, intimidation, and direct threats from the government. Milosevic's vulnerability at this time may lead him to embark on an armed attack against the Vojvodina Hungarians to divert attention from protests against his government and to further consolidate his power.

The legislation urges the President to condemn publicly Belgrade's intimidation and harassment of the ethnic Hungarians in Vojvodina and encourages the Administration to monitor closely the situation in that province. In calling upon U.S. allies to pay substantial attention to establishing guarantees for the ethnic Hungarians and other minorities in Vojvodina and to consult with elected leaders in the province about self-administration, the Committee notes that it expects any discussions about the status of Vojvodina to take into consideration the wishes of the whole population of the province. Ethnic Hungarians and other minorities in Vojvodina must have the ability to participate in all discussions about local governance. The Committee notes, in accordance with the Helsinki Final Act, that the Committee does not endorse the secession of Vojvodina from Yugoslavia. The Committee expects that the establishment of a functioning democratic system of government in Belgrade will also benefit ethnic minorities in Vojvodina.

Ownership and Use of Diplomatic and Consular Properties

After the dissolution of the Socialist Federal Republic of Yugoslavia, representatives from Serbia-Montenegro effectively took over five SFRY diplomatic properties in Washington, DC and two SFRY diplomatic properties in New York, NY. Representatives of the other successor states (Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia, and Slovenia) were denied access to such property and have received no financial compensation for their share of ownership. Because Serbia has blocked progress on the resolution of successor state issues, the ownership and continued use of these properties has not been settled. If Serbia continues to refuse to engage in good faith negotiations on the status of these properties, the Committee urges the President to take steps to return those properties to the possession of the other successor states in accordance with international law.

Transition Assistance

The Committee notes that once the Milosevic government has been replaced by one that is committed to democracy and the rule of law, and that respects human rights, the United States should provide substantial assistance to help Yugoslavia make the transformation to a democratic country. Nearly a decade of warfare has placed Yugoslavia even further behind other countries in Central and Eastern Europe that also emerged from communism and centrally planned economic systems.

The legislation authorizes transition assistance to Yugoslavia once the President determines that Yugoslavia is committed to democracy and the rule of law, and respects human rights. The Committee expects that such assistance will be provided only when the Administration is confident that the post-Milosevic leaders of Yugoslavia are on an irreversible course toward a democratic, free market system.

The bill requires the Administration to prepare a detailed plan for providing and distributing the transition assistance and to submit the plan to the Congress within 120 days of enactment of the legislation. The Committee notes that the preparation of the plan offers the Administration the opportunity to devise a comprehensive strategy for how the United States will respond to the emergence of a democratic government in Yugoslavia and will facilitate prompt action when such an event does occur. The Committee expects the plan to have a specific dollar figure associated with it and to address sectors and projects in Serbia that the financial assistance will immediately benefit, including by facilitating foreign investment. The Committee further notes that publicizing the plan to the people of Yugoslavia can make clear to them the benefits of pressing for a democratic government and can be helpful in encouraging them to work toward that end. The Voice of America and Radio Free Europe should immediately publicize the plan in its South Slavic broadcasts, and the Administration should work to ensure that independent media outlets working in and around Serbia are familiar with its details.

COST ESTIMATE

In accordance with rule XXVI, paragraph 11(a) of the Standing Rules of the Senate, the Committee provides the following estimates of the cost of this legislation prepared by the Congressional Budget Office:

DAN L. CRIPPEN, *Director,*
CONGRESSIONAL BUDGET OFFICE,
August 4, 1999.

Hon. JESSE HELMS, *Chairman,*
U.S. Senate Committee on Foreign Relations,
Washington, DC 20510.

DEAR MR. CHAIRMAN: The Congressional Budget Office (CBO) has prepared the enclosed cost estimate for S. 720, the Serbia Democratization Act of 1999.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Joseph C. Whitehill, who can be reached at 226–2840.

Sincerely,

DAN L. CRIPPEN.

Enclosure
cc: Hon. JOSEPH R. BIDEN, JR.,
Ranking Minority Member.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

S. 720 would impose numerous sanctions against the current governments of Serbia and Yugoslavia and would call upon the President to isolate Yugoslavia in international organizations. The bill would authorize the appropriation of $100 million over fiscal years 2000 and 2001 to promote the growth of civil society and democratic institutions. It would also authorize assistance to individuals displaced by the conflict in Kosovo and to a transitional government in Yugoslavia.

CBO estimates that the budgetary impact of the bill would be limited to the explicit authorization of $100 million, because the bill would not substantially expand the Administration's current authority to provide other assistance to individuals and a transitional government. In the two years prior to March 1999, the Administration provided $16 million in grants to individuals and nongovernmental organizations in Yugoslavia. Since then, the Yugoslav government has prevented those programs from being restarted in areas under its control. Assuming appropriation of the authorized amount, it is unlikely that all of the $100 million would be spent unless there is a change in the Yugoslav government. CBO estimates that spending over the 2000–2004 period would be about $20 million under the current Yugoslav regime. Because other authorizations in the bill would overlap with provisions in current law, they would have little or no budgetary impact. S. 720 would not affect direct spending or receipts; thus pay-as-you-go procedures would not apply.

S. 720 contains private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) but CBO estimates that the direct costs of mandates in the bill would be well below the statutory threshold established in UMRA ($100 million in 1996, adjusted annually for inflation). The bill would impose private-sector mandates by prohibiting certain transactions with any person, entity, or funds associated with the governments of Serbia and Yugoslavia. Specifically, S. 720 would prohibit payments or transfers of anything of economic value by any person in the United States to the governments of Serbia and Yugoslavia. Further, the bill would prohibit any transaction within the United States or by a U.S. individual, firm, partnership or other organization relating to any vessel in which a majority interest is held by a Serbian person or entity. The bill would also prohibit funds that are blocked under current law from being used to pay for maintenance and administrative expenses for assets associated with the governments of Serbia and Yugoslavia. According to information provided by the Department of Treasury, all prohibitions in the bill are part of the current

policy of the department. Although the bill allows for less Presidential discretion in applying prohibitions, the bill would largely codify current policy and thus would have little impact on the private sector.

To the extent that state, local, or tribal governments engage in the proscribed transactions, such prohibitions would be intergovernmental mandates as defined by UMRA. CBO has found no evidence that these governments are involved in such transactions; thus, the mandate would have no significant effect on the budgets of state, local, or tribal governments.

The estimate of the federal costs was prepared by Joseph C. Whitehill, who can be reached at 226–2840; the estimate of the impact on state, local, and tribal governments was prepared by Leo Lex, who can be reached at 225–3220; and the impact on the private sector was prepared by Keith Mattrick, who can be reached at 226–2940. This estimate was approved by Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.

EVALUATION OF REGULATORY IMPACT

In accordance with rule XXVI, paragraph 11(b) of the Standing Rules of the Senate, the committee has concluded that there is no regulatory impact from this legislation.

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