



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 22.04.1998
COM(1998) 250 final

Proposal for a

COUNCIL REGULATION (EC)

concerning the reduction of certain economic relations with the
Federal Republic of Yugoslavia

(presented by the Commission)

EXPLANATORY MEMORANDUM

In view of the serious developments in the Federal Republic of Yugoslavia (FRY) regarding Kosovo, the Council of the European Union adopted on 19 March 1998 Common Position 98/240/CFSP, which, inter alia, provides for action by the Community with a view to reducing certain economic relations with the FRY or the Republic of Serbia. This Community action requires Community legislation on the basis of a proposal of the Commission. The present Commission proposal will enable the Council to adopt the appropriate Regulation.

The Commission has taken fully into account the serious threat to the regional peace posed by the behaviour of the governments of the FRY and Serbia, and, therefore, proposes a Community legislation which gives, within the boundaries of international law, an extensive interpretation to the restrictions contained in the Common Position.

This broad approach is reflected in the provisions regarding the persons and bodies addressed by the Regulation (Article 5) and the types of prohibited government support in relation to export credit for trade with or investment in the Republic of Serbia. The same approach is taken in respect of the sale or supply to the FRY of equipment for internal repression and terrorism. For reasons of time constraints this proposal contains only a limited list of such equipment. However the use of the already existing mechanism contained in Article 2 for revising and/or supplementing the list will enable the Community to reach quick decisions in that respect. A more lengthy decision making procedure would leave the FRY too much time to acquire the equipment which should be added to the list. By providing in Article 1 a) and 1 d) that not only direct but also indirect supply or sale of the said equipment to the FRY as well as supporting activities shall be prohibited, the competent national authorities of the Member States will be in a better legal position to deal with possible efforts to circumvent the sanctions.

The provisions on supply or sale to the FRY do not apply to existing contracts or transactions of which the execution has already started (Article 1 b). Similarly, the prohibition to provide or use government financing for privatisations in the Republic of Serbia does not apply to such financing for which legally binding commitment have already been undertaken (Article 1 c).

Provisions regarding the need for mutual information by Commission and Member States or imposing sanctions on violations of the Regulation (Articles 3 and 4) will make a necessary contribution to the effectiveness of the Regulation.

Council Regulation (EC) No/98
of 1998
concerning the reduction of certain economic relations with the
Federal Republic of Yugoslavia

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Articles 73g and 228a,

Having regard to Common Position 98/240/CFSP defined by the Council on the basis of Article J.2 of the Treaty on European Union on restrictive measures against the Federal Republic of Yugoslavia¹,

Having regard to the proposal from the Commission,

Whereas the said Common Position provides for restrictive measures against the Federal Republic of Yugoslavia, including an action by the Community for the reduction of certain economic relations;

Whereas certain of these measures fall under the competence of the European Community ;

Whereas, therefore, and notably with a view to avoiding distortion of competition, Community legislation is necessary for the implementation of these measures, as far as the territory of the Community is concerned; whereas such territory is deemed to encompass, for the purposes of this Regulation, the territories of the Member States to which the Treaty establishing the European Community is applicable ;

Whereas for reasons of expediency the Commission should be empowered to supplement and/or amend, if necessary, the list of equipment for internal repression or terrorism in accordance with the provisions of Regulation (EEC) No 2603/69, in particular its Articles 3, 4 and 9;

¹ OJ L 95, 27.3.98, p.1

Whereas there is a need for Commission and Member States to inform each other of the measures taken under this Regulation and of other relevant information at their disposal in connection with this Regulation ;

HAS ADOPTED THIS REGULATION :

Article 1

The following shall be prohibited :

- a) the supply or sale, directly or indirectly, to the Federal Republic of Yugoslavia (Serbia and Montenegro) of the equipment contained in the Annex to this Regulation ;
- b) the provision and/or use of government and/or other official financial support, insurance and/or guarantees in respect of new export credit for trade or investment in the Republic of Serbia or in relation with renewal or extension of existing export credit, if the execution of the contract or transaction for which the export credit has been provided has not yet been started;
- c) the provision or use of government and/or other official financing for privatisations in the Republic of Serbia in respect of which no legally binding commitments have been undertaken so far;
- d) any activity the object or effect of which is, directly or indirectly, to promote the transactions or activities referred to in this Article.

Article 2

The Commission is hereby empowered to supplement and/or amend the Annex in accordance with the provisions of Regulation (EEC) No 2603/69, notably its Articles 3, 4 and 9.

Such supplements and/or amendments shall be published in *the Official Journal of the European Communities*.

Article 3

Each Member State shall determine the sanctions to be imposed where the provisions of this Regulation are infringed.

Article 4

The Commission and the Member States shall inform each other of the measures taken under this Regulation and supply each other with other relevant information at their disposal in connection with this Regulation, such as breaches and enforcement problems, judgments handed down by national courts or decisions of relevant international fora.

Article 5

This Regulation shall apply :

- within the territory of the Community including its airspace,
- on board any aircraft or any vessel under the jurisdiction of a Member State,
- to any person elsewhere who is a national of a Member State,
- to any body which is incorporated or constituted under the law of a Member State.

Article 6

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

For the Council

The President

ANNEX

Equipment for internal repression or terrorism, envisaged by Article 1 a)

Crime control and detection equipment (e.g.)
handcuffs
leg irons
shackles
stun guns
lasers
shock batons
immobilization guns
police helmets and shields
fingerprint equipment
Power controlled searchlights
Military construction equipment
Components and parts for ammunition
Bayonets
Muzzle loading block firearms (made after 1890)
Military helmets
Bullet proof vests
Equipment to make shotguns
Ammunition hand loading equipment
Communications intercept devices
Solid State optical detractors
Image intensifier tube
Focal plane arrays
Direct view imaging equipment (visible or infrared)
Image intensifier cameras
Focal plane array cameras
Sensor related software
Sensor related technology
Launch support equipment
Demilitarized Military aircraft
Shotguns
Shotgun shells

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7