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PERIODIC REPORT ON THE NATIONAL EMERGENCY WITH RESPECT TO LIBYA

COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

A 6-MONTH PERIODIC REPORT ON THE NATIONAL EMERGENCY WITH RESPECT TO LIBYA THAT WAS DECLARED IN EXECUTIVE ORDER 12543 OF JANUARY 7, 1986, PURSUANT TO 50 U.S.C. 1641(c)

JULY 16, 2001.—Referred to the Committee on International Relations and ordered to be printed

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THE WHITE HOUSE,
Washington, July 4, 2001.

Hon. J. DENNIS HASTERT,
Speaker of the House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: As required by section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), and section 204(c) of the International Emergency Economic Powers Act (IEEPA), 50 U.S.C. 1703(c), I transmit herewith a 6-month periodic report on the national emergency with respect to Libya that was declared in Executive Order 12543 of January 7, 1986.

Sincerely,

GEORGE W. BUSH.

President's Periodic Report on the National Emergency with Respect to Libya

I hereby report to the Congress on developments over the course of the past 6 months concerning the national emergency with respect to Libya that was declared in Executive Order 12543 of January 7, 1986. This report is submitted pursuant to section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c); section 204(c) of the International Emergency Economic Powers Act ("IEEPA"), 50 U.S.C. 1703(c); and section 505(c) of the International Security and Development Cooperation Act of 1985, 22 U.S.C. 2349aa–9(c).

1. In light of the recent passage of the Trade Sanctions Reform and Export Enhancement Act of 2000, Title IX of Public Law 106–387 (October 28, 2000) (the "Trade Act"), conforming amendments are being promulgated to the Libyan Sanctions Regulations, 31 CFR Part 550 (the "Regulations"). The Trade Act requires the President to terminate most unilateral sanctions on the exportation of agricultural commodities and medicine and medical devices and imposes the requirement, with certain exceptions, that exports of such products to the government of and any other entity within countries, such as Libya, designated by the Secretary of State to have repeatedly provided support for acts of international terrorism, only be made available pursuant to 1-year licenses.

2. During the current reporting period, the Office of Foreign Assets Control (OFAC) reviewed numerous applications for licenses to authorize transactions under the Regulations. Consistent with OFAC's ongoing scrutiny of banking transactions, the largest category of authorizations (41) involved types of financial transactions that are consistent with U.S. policy. Most of these licenses authorized remittances between persons who are not blocked parties to flow through Libyan banks located outside Libya. Eighty-nine applications to unblock funds transfers were denied due to a Government of Libya interest, as well as four applications to engage in certain commercial transactions. Fourteen licenses were issued authorizing the commercial sale and exportation of bulk agricultural commodities and four for medicine or medical equipment, while six applications were denied as inconsistent with U.S. policy. Eight licenses authorizing certain legal services, including intellectual property protection, were also issued. Finally, three licenses were issued to U.S. companies authorizing travel transactions to and within Libya; one insurance-related transaction and one diplomatic transaction were also authorized. As of May 14, 2001, a total of 73 licenses had been issued during the reporting period.

3. OFAC continues to emphasize to the international banking community in the United States the importance of identifying and blocking payments made by or on behalf of the Government of Libya. OFAC worked closely with banks to assure the effectiveness of interdiction software systems used to identify such payments. As

of May 16, 2001, 218 transactions, totaling more than $9.5 million, were blocked during this reporting period. Under the Regulations, unauthorized commercial funds transfers involving Libya must be returned to the remitters without further processing, rather than blocked, where there is no blockable interest of the Government of Libya. During the reporting period, 150 transactions were rejected, without further processing, by U.S. banks causing a disruption of more than $4.4 million in financial dealings involving Libya.

4. Since the President's last report, OFAC has collected seven civil monetary penalties totaling nearly $99,000 for violations of IEEPA and the Regulations. Five banks and two corporations paid penalties for transactions relating to the Government of Libya or entities owned or controlled by the Government of Libya or to exports to Libya in violation of the sanctions. An additional 42 cases are undergoing penalty action for violation of IEEPA and the Regulations.

Trial has been scheduled for August 20, 2001, for a Houston-based corporation and its two principal officers who were charged in a 23-count criminal indictment on April 26, 2000. The indictment charges violations of IEEPA and other Federal statutes involving the illegal exportation to Libya of pipe coating material for use in the Great Man Made River Project. Other enforcement actions carried over from previous reporting periods continue and new reports of alleged violations are being aggressively pursued.

5. The expenses incurred by the Federal Government in the 6-month period from January 7 through July 6, 2001, that are directly attributable to the exercise of powers and authorities conferred by the declaration of the Libyan national emergency, are estimated at approximately $605,000. Personnel costs were largely centered in the Department of the Treasury (particularly in the Office of Foreign Assets Control, the Office of the General Counsel, and U.S. Customs Service), the Department of State, and the Department of Commerce.

6. Despite the UN Security Council's suspension of UN sanctions against Libya upon the Libyan Government's hand over of the Pan Am 103 bombing suspects in April 1999, and a Scottish court's conviction of one suspect on January 31, 2001, Libya has not yet complied with UN Security Council Resolutions 731 (1992), 748 (1992), and 883 (1993), including Libya's obligation to accept responsibility for the actions of Libyan officials and to pay appropriate compensation. Libya continues to pose an unusual and extraordinary threat to the national security and foreign policy interests of the United States and U.S. economic sanctions will, therefore, remain in force. I will continue to exercise the powers at my disposal to apply these sanctions fully and effectively, as long as they remain appropriate. I will continue to report periodically to the Congress on significant developments as required by law.

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