

PERIODIC REPORT ON THE
NATIONAL EMERGENCY WITH RESPECT TO IRAQ

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

A SIX MONTH PERIODIC REPORT ON THE NATIONAL EMERGENCY
WITH RESPECT TO IRAQ THAT WAS DECLARED IN EXECUTIVE
ORDER 12722 OF AUGUST 2, 1990, PURSUANT TO 50 U.S.C. 1641(c)
AND 50 U.S.C. 1703(c)



FEBRUARY 5, 2002.—Message and accompanying papers referred to the
Committee on International Relations and ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE

To the Congress of the United States:

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, 50 U.S.C. 1703(c), I am providing a 6-month periodic report prepared by my Administration on the national emergency with respect to Iraq that was declared in Executive Order 12722 of August 2, 1990.

GEORGE W. BUSH.

THE WHITE HOUSE, *February 4, 2002.*

PERIODIC REPORT ON THE NATIONAL EMERGENCY WITH RESPECT TO
IRAQ

This report to the Congress covers the developments over the course of the past 6 months concerning the national emergency with respect to Iraq that was declared in Executive Order 12722 of August 2, 1990, and matters relating to Executive Order 12724 of August 9, 1990, and Executive Order 12817 of October 23, 1992. This report is submitted pursuant to section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c) ("IEEPA"), and section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c).

1. There have been no amendments to the Iraqi Sanctions Regulations, 31 C.F.R. Part 575 (the "Regulations") during the current reporting period.

2. Since December 10, 1996, OFAC has issued specific licenses authorizing participation by U.S. persons in commercial sales of humanitarian goods to Iraq funded by Iraqi oil sales, and imports of Iraqi petroleum products, pursuant to United Nations Security Council Resolution ("UNSCR") 986 and succeeding resolutions. The total value of humanitarian sales since 1996 is approximately \$669 million. Of this amount, OFAC licenses have authorized sales of about \$462 million in basic foodstuffs, nearly \$68 million for medicines and medical supplies, more than \$123 million for water testing and treatment equipment, irrigation systems, and other infrastructure components essential to the delivery to the Iraqi people of food, medicine, other necessities of life, and approximately \$15 million to fund a variety of United Nations activities in Iraq. During the current reporting period, as of December 3, 2001, OFAC-authorized humanitarian sales were valued at nearly \$22 million, a decrease of \$38 million from the prior reporting period.

In the period from February 2 to November 27, 2001, importations of Iraqi crude oil, authorized by OFAC pursuant to UNSCR 1153, were valued at approximately \$203 million. In addition, sales of oil infrastructure merchandise authorized since November 10, 1998, in conformity with UNSCRs 1153 and 1175, were valued at nearly \$140 million. OFAC issued 58 licenses during the reporting period for the sale of oilfield parts and equipment to the Government of Iraq.

Finally, an additional 24 licenses were issued authorizing certain diplomatic and travel transactions, the provision of legal services (including the protection of intellectual property), and the unblocking of wire transfer transactions where it was determined that there was no interest of the Government of Iraq.

3. As of December 5, 2001, 29 transactions totaling more than \$1 million were blocked during the reporting period. Forty-one transactions, not involving blockable interests, were rejected by U.S.

banks causing a disruption of more than \$5 million in business for Iraq.

4. Since my last report, OFAC has collected 4 civil monetary penalties totaling nearly \$280,000 for violations of the sanctions. Two U.S. companies and three individuals paid the penalties for violations involving exports and an attempted export of goods to Iraq. An additional twenty cases are undergoing agency penalty or debt collection action for violation of the Regulations.

On November 23, 2001, OFAC issued an order to a U.S. company to place into a blocked account funds reflecting a contract price for approximately 1.075 million barrels of Iraqi-origin oil that were excluded from OFAC's general license authorizing the importation of oil from Iraq under the oil for food program. The unlicensed oil was part of a larger shipment of oil purchased from Iraq by a non-U.S. entity that is believed to have exceeded the exportation authorization granted to it by the U.N. 661 Committee. An investigation of this matter is continuing.

5. The expenses incurred by the Federal Government in the 6 month period from August 2, 2001, through February 1, 2002, that are directly attributable to the exercise of powers and authorities conferred by the declaration of a national emergency with respect to Iraq, are reported to be about \$195,000, most of which represent wage and salary costs for Federal personnel. Personnel costs were largely centered in the Department of the Treasury (particularly in the Office of Foreign Assets Control, the U.S. Customs Service, the Office of the Under Secretary for Enforcement, and the Office of the General Counsel), and the Department of State.

6. The United States imposed economic sanctions on Iraq in response to Iraq's illegal invasion and occupation of Kuwait, a clear act of brutal aggression. The United States, together with the international community, is maintaining economic sanctions against Iraq because the Iraqi regime has failed to comply fully with relevant United Nations Security Council resolutions. Iraqi compliance with these resolutions is necessary before the United States will consider lifting economic sanctions.

The policies and actions of the Saddam Hussein regime continue to pose an unusual and extraordinary threat to the national security and foreign policy of the United States, as well as to regional peace and security. The Security Council resolutions affirm that the Security Council review Iraq's policies and practices in judging Iraq's compliance with those resolutions. Because of Iraq's failure to comply fully with these resolutions, the United States will continue to apply economic sanctions to deter it from threatening peace and stability in the region.