

A REPORT ON THE NATIONAL EMERGENCY
WITH RESPECT TO IRAN

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

A SIX MONTH PERIODIC REPORT ON THE NATIONAL EMERGENCY
WITH RESPECT TO IRAN THAT WAS DECLARED IN EXECUTIVE
ORDER 12170 OF NOVEMBER 14, 1979, PURSUANT TO 50 U.S.C.
1641(c) AND 50 U.S.C. 1703(c)



JUNE 26, 2002.—Message and accompanying papers referred to the
Committee on International Relations and ordered to be printed

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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 transmit herewith a 6-month periodic report prepared by my Administration on the national emergency with respect to Iran that was declared in Executive Order 12170 of November 14, 1979.

GEORGE W. BUSH.

THE WHITE HOUSE, *June 25, 2002.*

PERIODIC REPORT ON THE NATIONAL EMERGENCY WITH RESPECT TO
THE 1979 IRANIAN EMERGENCY AND ASSETS BLOCKING

This is a report to the Congress on developments over the past 6 months concerning the national emergency with respect to Iran that was declared in Executive Order 12170 of November 14, 1979. This report is submitted pursuant to section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c). This report covers events through March 31, 2002.

1. There have been no amendments to the Iranian Assets Control Regulations, 31 CFR Part 535 (“the Regulations”), since the last report.

2. The Tribunal, established at The Hague pursuant to the Algiers Accords, has nearly completed resolution of all of the private claims of U.S. nationals against Iran. Its primary focus is now the arbitration of claims between the two governments. Since the period covered in the last report, the Tribunal has not rendered any new awards. Thus, the total number of awards rendered by the Tribunal remains 599, the majority of which have been in favor of U.S. claimants. As of March 31, 2002, the value of awards to successful U.S. claimants paid from the Security Account held by the NV Settlement Bank was \$2,515,743,535.71.

Since the last report, Iran continues to fail to replenish the Security Account established by the Algiers Accords to ensure payment of awards to successful U.S. claimants. Thus, since November 5, 1992, the Security Account has continuously remained below the \$500 million balance required by the Algiers Accords. As of March 31, 2002, the total amount in the Security Account was \$93,246,103.11, and the total amount in the Interest Account was \$51,211,742.73. Because Iran continues to fail to comply, on October 15, 2001, the United States filed a new Statement of Claim against Iran, thereby initiating Case No. A/33. In this claim, the United States requests that the Tribunal issue an award directing Iran to replenish the Security Account now and in the future. The United States also asks that the Tribunal award the United States damages in compensation for the costs incurred by the United States in pursuing Case No. A/28, the decision which found Iran to be in breach of this obligation but did not expressly direct Iran to bring itself into compliance. Iran has yet to file a Statement of Defense.

The United States continues to pursue Case A/29 to require Iran to meet its obligation of timely payment of its equal share of advances for Tribunal expenses when directed to do so by the Tribunal.

3. The United States also continues to pursue a counterclaim against Iran in Case No. B/1, Iran’s case against the United States arising out of Iran’s now defunct Foreign Military Sales (FMS) program. The U.S. Counterclaim is based upon Iran’s breach of its

contractual obligations under the FMS program to protect the secrecy of sensitive items and information. Contrary to the U.S. position that the Tribunal ought to hear all issues relating to the Counterclaim together, on November 27, 2001, the Tribunal issued an order requesting that the parties submit hearing memorials on two "preliminary" questions arising under the Counterclaim. The first question is whether the Tribunal has jurisdiction over the Counterclaim in Case B/1. The second question is, if the Tribunal has jurisdiction over the Counterclaim, whether the potential recovery of the United States should be limited to an offset of any amount Iran might recover in the underlying B/1 claims. The Tribunal directed the United States to brief these two preliminary issues.

4. One U.S. national continues to pursue a claim against Iran at the Tribunal. The case has been fully briefed and heard, and the Tribunal's decision is pending.

5. The Department of State continues to process payments to implement the February 22, 1996, settlement agreement related to the Iran Air case before the International Court of Justice and Iran's bank-related claims against the United States before the Tribunal. The Department has authorized payments to surviving family members of 247 Iranian victims of the aerial incident, totaling \$61,950,000.00. As of March 31, 2002, the Department has also authorized payment to U.S. nationals totaling \$17,721,549.19 for 58 claims against Iranian banks. In addition, since November 1998, the Department has authorized transfer of \$10,156,999.50 to the Tribunal for payment of Iran's share of the Tribunal's operating expenses.

6. The situation reviewed above continues to implicate important diplomatic, financial, and legal interests of the United States and its nationals and presents an unusual and extraordinary threat to the national security and foreign policy of the United States. The Regulations issued pursuant to Executive Order 12170 continue to play an important role in structuring our relationship with Iran and in enabling the United States to implement properly the Algiers Accords. I shall continue to exercise the powers at my disposal to deal with these problems and will continue to report periodically to the Congress on significant developments.