

PERIODIC REPORT ON THE NATIONAL EMERGENCY  
WITH RESPECT TO LIBYA

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COMMUNICATION

FROM

**THE PRESIDENT OF THE UNITED STATES**

TRANSMITTING

A SIX 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) AND 50 U.S.C. 1703(c)



SEPTEMBER 4, 2002—Referred to the Committee on International Relations  
and ordered to be printed

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U.S. GOVERNMENT PRINTING OFFICE



THE WHITE HOUSE,  
*Washington.*

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, 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 Libya that was declared in Executive Order 12543 of January 1986.

Sincerely,

GEORGE W. BUSH.



PERIODIC REPORT ON THE NATIONAL EMERGENCY WITH RESPECT TO  
LIBYA

This report to the Congress covers 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. During the current reporting period, OFAC reviewed numerous applications for licenses to authorize transactions under the Libyan Sanctions Regulations, 31 CFR Part 550 (the "Regulations"). Consistent with OFAC's ongoing scrutiny of banking transactions, the largest category of authorizations (40) 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. Eighteen licenses were issued authorizing the commercial sale and exportation of bulk agricultural commodities and two for medicine or medical equipment. Two licenses authorizing certain legal services and/or payment of professional fees were also issued. Finally, one license was issued authorizing the negotiation of a new standstill agreement and one license was issued authorizing the negotiation of a new suspension agreement; one license for the sale of telecommunications equipment for use in an embassy in Libya was also authorized. As of May 9, 2002, a total of 65 licenses had been issued during the reporting period.

2. 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. As of May 10, 2002, 75 transactions, totaling more than \$5.4 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, 140 transactions were rejected, without further processing, by U.S. banks causing a disruption of \$5.8 million in financial dealings involving Libya.

3. Since my last report, OFAC has collected 13 civil monetary penalties totaling nearly \$90,000 for violations of IEEPA and the Regulations from nine U.S. financial institutions, two individuals, and two companies. Two of the individuals remitting penalties as part of plea agreements with the Department of Justice. An additional 14 cases are undergoing penalty action for violation of IEEPA and the Regulations.

On September 17, 2001, the U.S. District Court for the Southern District of Texas granted the government's motion for summary judgment in the case *Vitol, S.A. v. U.S. Dep't. of the Treasury, et al.* The plaintiff, Vitol, S.A., challenged the government's 1994 blocking of approximately 350,000 barrels of Libyan-origin fuel oil. In granting the government's motion, the court affirmed the blocking based on the government's reasonable determination that a U.S. person had constructive possession or control of the oil at a time when the Government of Libya held a blockable interest in the property. Vitol, S.A. has filed an appeal in the U.S. Court of Appeals for the Fifth Circuit. The matter is still pending before the court. Other enforcement actions carried over from previous reporting periods continue and new reports of alleged violations are being aggressively pursued.

4. The expenses incurred by the Federal Government in the 6-month period from January 7 through July 6, 2002, that are directly attributable to the exercise of powers and authorities conferred by the declaration of a national emergency with respect to Libya, are reported to be more than \$500,000, 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 Departments of State and Commerce.

5. Despite the U.N. Security council's suspension of UN sanctions against Libya upon the Libyan government's handover 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 U.N. 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.