

PERIODIC REPORT ON THE NATIONAL EMERGENCY
WITH RESPECT TO IRAQ

COMMUNICATION

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)



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

U.S. GOVERNMENT PRINTING OFFICE

THE WHITE HOUSE,
Washington, July 30, 2002.

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 Iraq that was declared in Executive Order 12722 of August 2, 1990.

Sincerely,

GEORGE W. BUSH.

PERIODIC REPORT ON THE NATIONAL EMERGENCY WITH RESPECT TO
IRAQ

This report to the Congress covers 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), 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 \$756 million. Of this amount, OFAC licenses have authorized sales of about \$521 million in basic foodstuffs, nearly \$81 million for medicines and medical supplies, nearly \$139 million for water testing and treatment equipment, irrigation systems, and other infrastructures components essential to the delivery to the Iraqi people of food, medicine, and 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 June 3, 2002, OFAC-authorized humanitarian sales were valued at nearly \$88 million, an increase of approximately \$66 million from the prior reporting period.

Sales of oil infrastructure merchandise authorized since November 10, 1998, in conformity with UNSCRs 1153 and 1175, were valued at nearly \$163 million. OFAC issued 61 licenses during the reporting period for the sale of oilfield parts and equipment to the Government of Iraq.

Finally, an additional six licenses were issued authorizing the provision of legal services, sample equipment, and software for use by the United Nations within Iraq.

3. As of June 4, 2002, 21 transactions totaling approximately \$590,000 were blocked during the reporting period. Forty-eight transactions, not involving blockable interests, were rejected by U.S. banks causing a disruption of more than \$20 million in business for Iraq.

4. Since my last report, OFAC has collected civil monetary penalties totaling nearly \$172,000 from one individual and one U.S. company for violations of the sanctions. An additional 25 cases are undergoing agency penalty or debt collection action for violations of the Regulations.

5. The expenses incurred by the Federal Government in the 6-month period from February 2 through August 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 \$1.5 million, 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 United Nations Security Council resolutions affirm that the Security Council will 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.