

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)



NOVEMBER 12, 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 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, *November 12, 2002.*

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

This report to the Congress covers 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. It is submitted pursuant to section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c) ("IEEPA"), and covers events through September 30, 2002.

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

2. The Iran-U.S. Claims Tribunal (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 September 30, 2002, the value of awards to successful U.S. claimants paid from the Security Account held by the NV Settlement Bank of the Netherlands 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 September 30, 2002, the total amount in the Security Account was \$93,246,103.11, and the total amount in the Interest Account was \$52,583,364.92. Because Iran continues to fail to comply, the United States is actively pursuing Case No. A/33 to require Iran to replenish the Security Account now and in the future. Iran filed a Statement of Defense on August 30, 2002. We await a scheduling order from the Tribunal.

The United States also continues to pursue Case No. 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. On July 29, 2002, the United States filed a brief in support of its 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 brief addressed whether the Tribunal has jurisdiction over the Counterclaim in Case B/1, and, if so, whether the potential recovery of the United States should be limited to an offset of any account Iran might recover in the underlying B/1 claims. Iran has stated that it will file a reply brief "as soon as possible."

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

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. As of September 30, 2002, the Department has authorized payments totaling \$61,950,000.00 to surviving family members of 247 Iranian victims of the aerial incident. 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 \$11,291,052.50 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 Iranian Assets Control 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.