

PERIODIC REPORT ON THE NATIONAL EMERGENCY
WITH RESPECT TO LIBYA

COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

A 6-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)



JANUARY 7, 2003.—Referred to the Committee on International Relations
and ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE

THE WHITE HOUSE,
Washington, January 2, 2003.

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), section 204(c) of the International Emergency Economic Powers Act, 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), I am transmitting 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 7, 1986.

Sincerely,

GEORGE W. BUSH.

PRESIDENT'S PERIODIC REPORT ON THE NATIONAL EMERGENCY WITH
RESPECT TO LIBYA

I hereby report to the Congress on developments over the course of the past six 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"). As of November 6, 2002, a total of 97 licenses had been issued during the reporting period. Consistent with OFAC's ongoing scrutiny of banking transactions, the largest category of authorizations (47) 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. Fourteen licenses were issued authorizing the commercial sale and exportation of agricultural commodities and/or medicine or medical equipment. Twenty-nine licenses were issued authorizing U.S. companies to pursue and enforce intellectual property protections in Libya. Four licenses authorizing certain legal services and/or payment of professional fees were also issued. Finally, one license authorized travel to Libya in connection with the provision of legal services, one license was issued authorizing a filing for an extension to a concession agreement, and one license was issued authorizing the importation of documentation and samples relating to Libyan oil wells drilled prior to 1970.

2. 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. As of November 5, 2002, 168 transactions, totaling more than \$7.3 million, had been blocked during this reporting period. During the reporting period, 142 transactions were rejected, without further processing, by U.S. banks causing a disruption of nearly \$3.5 million in financial dealings involving Libya.

3. Since my last report, OFAC has collected four civil monetary penalties totaling nearly \$13,000 for violations of IEEPA and the Regulations from three U.S. financial institutions and one company. An additional 14 cases are undergoing penalty action for violation of IEEPA and the Regulations.

On November 21, 2002, the U.S. Court of Appeals for the Fifth Circuit upheld the U.S. District Court for the Southern District of

Texas' granting the government's motion for summary judgment in the case *Vitol, S.A. versus 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 upholding the District Court's decision, the appeals 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.

4. During the reporting period, OFAC updated its published information on two Libyan Specially Designated Nationals ("SDNs"). OFAC also blocked the assets of another entity pending investigation pursuant to the Regulations. OFAC's intervention in that matter prevented the takeover of a third country bank by a Government of Libya entity.

5. The expenses incurred by the Federal Government in the six-month period from July 7, 2002, through January 6, 2003, 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 approximately \$530,000, 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.

6. Despite the U.N. Security Council's suspension of U.N. 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.

I will continue to exercise the powers at my disposal to deal with this unusual and extraordinary threat and will continue to report periodically to the Congress on significant developments as required by law.