

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)



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

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THE WHITE HOUSE,
Washington, June 30, 2003.

Hon. J. DENNIS HASTERT,
Speaker of the House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: Consistent with 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.

PERIODIC REPORT ON THE NATIONAL EMERGENCY WITH RESPECT TO
LIBYA

The report to the Congress addresses 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 consistent with 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 May 9, 2003, a total of 75 licenses had been issued during the reporting period. Consistent with OFAC's ongoing scrutiny of banking transactions, the largest category of authorizations (42) 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. Twenty-three licenses were issued authorizing the commercial sale and exportation of agricultural commodities and/or medicine or medical equipment. Three licenses were issued authorizing certain legal services and/or payment of professional fees. Three licenses were also issued permitting a U.S. company to receive previously outstanding debts owed to them by Libyan telecommunications companies. Two licenses were issued authorizing U.S. companies to pursue and enforce intellectual property protections in Libya. Finally, one license authorized the reimbursement of travel expenses paid to a Libyan-owned airline where such travel was necessary for medical treatment and one license was issued authorizing the negotiation and entry into agreements with the Government of Libya regarding the provision of mobile information services to commercial and executive aircraft of non-embargoed countries.

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 May 8, 2003, 180 transactions, totaling more than \$10 million, had been blocked during this reporting period. In addition, 142 transactions were rejected, without further processing, by U.S. banks causing a disruption of more than \$6 million in financial dealings involving Libya during this reporting period.

3. Since the last report, OFAC has collected three civil monetary penalties totaling nearly \$5,000 for violations of IEEPA and the

Regulations from three companies. An additional six cases are undergoing penalty action for violation of IEEPA and the Regulations.

4. On March 26, 2003, a German airline pilot pleaded guilty to a two-count indictment for attempting to violate IEEPA and the Arms Export Control Act, 22 U.S.C. 2887, arising from his attempts to export millions of dollars worth of military aircraft parts to Libya. The pilot had contacted U.S. companies in an attempt to purchase C-130 aircraft engines, as well as CH-47 Chinook helicopter engines, for export to Libya.

5. The expenses incurred by the Federal Government in the 6-month period from January 7 through July 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 more than \$556,000, 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, while it was a part of the Department of the Treasury; the former Office of the Under Secretary for Enforcement; and the Office of the General Counsel), the Bureau of Customs and Border Protection at the Department of Homeland Security, 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.