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DEVELOPMENTS CONCERNING THE NATIONAL
EMERGENCY WITH RESPECT TO LIBYA

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

A REPORT ON DEVELOPMENTS SINCE HIS LAST REPORT OF JULY
12, 1995, CONCERNING THE NATIONAL EMERGENCY WITH RE-
SPECT TO LIBYA, PURSUANT TO 50 U.S.C. 1641(c) AND 50 U.S.C.
1703(c)



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To the Congress of the United States:

I hereby report to the Congress on the developments since my last report of July 12, 1995, concerning the national emergency with respect to Libya that was declared in Executive Order No. 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. On January 3, 1996, I renewed for another year the national emergency with respect to Libya pursuant to IEEPA. This renewal extended the current comprehensive financial and trade embargo against Libya in effect since 1986. Under these sanctions, all trade with Libya is prohibited, and all assets owned or controlled by the Libyan government in the United States or in the possession or control of U.S. persons are blocked.

2. There has been one amendment to the Libyan Sanctions Regulations, 31 CFR Part 550 (the "Regulations"), administered by the Office of Foreign Assets Control (FAC) of the Department of the Treasury, since my last report on July 12, 1995. The amendment (60 Fed. Reg. 37940-37941, July 25, 1995) added three hotels in Malta to appendix A, Organizations Determined To Be Within the Term "Government of Libya" (Specially Designated Nationals (SDNs) of Libya). A copy of the amendment is attached to this report.

Pursuant to section 550.304(a) of the Regulations, FAC has determined that these entities designated as SDNs are owned or controlled by, or acting or purporting to act directly or indirectly on behalf of, the Government of Libya, or are agencies, instrumentalities, or entities of that government. By virtue of this determination, all property and interests in property of these entities that are in the United States or in the possession or control of U.S. persons are blocked. Further, U.S. persons are prohibited from engaging in transactions with these entities unless the transactions are licensed by FAC. The designations were made in consultation with the Department of State.

3. During the current 6-month period, FAC made numerous decisions with respect to applications for licenses to engage in transactions under the Regulations, issuing 54 licensing determinations—both approvals and denials. Consistent with FAC's ongoing scrutiny of banking transactions, the largest category of license approvals (20) concerned requests by Libyan and non-Libyan persons or entities to unblock transfers interdicted because of an apparent Government of Libya interest. A license was also issued to a local taxing authority to foreclose on a property owned by the Government of Libya for failure to pay property tax arrearages.

4. During the current 6-month period, FAC continued to emphasize to the international banking community in the United States the importance of identifying and blocking payments made on or behalf of Libya. The Office worked closely with the banks to implement new interdiction software systems to identify such payments. As a result, during the reporting period, more than 107 transactions potentially involving Libya, totaling more than \$26.0 million, were interdicted. As of December 4, 23 of these transactions had been authorized for release, leaving a net amount of more than \$24.6 million blocked.

Since my last report, FAC collected 27 civil monetary penalties totaling more than \$119,500, for violations of the U.S. sanctions against Libya. Fourteen of the violations involved the failure of banks or credit unions to block funds transfers to Libyan-owned or controlled banks. Two other penalties were received from corporations for export violations or violative payments to Libya for unlicensed trademark transactions. Eleven additional penalties were paid by U.S. citizens engaging in Libyan oilfield-related transactions while another 40 cases involving similar violations are in active penalty processing.

In November 1995, guilty verdicts were returned in two cases involving illegal exportation of U.S. goods to Libya. A jury in Denver, Colorado, found a Denver businessman guilty of violating the Regulations and IEEPA when he exported 50 trailers from the United States to Libya in 1991. A Houston, Texas, jury found three individuals and two companies guilty on charges of conspiracy and violating the Regulations and IEEPA for transactions relating to the 1992 shipment of oilfield equipment from the United States to Libya. Also in November, a Portland, Oregon, lumber company entered a two-count felony information plea agreement for two separate shipments of U.S.-origin lumber to Libya during 1993. These three actions were the result of lengthy criminal investigations begun in prior reporting periods. Several other investigations from prior reporting periods are continuing and new reports of violations are being pursued.

5. The expenses incurred by the Federal Government in the 6-month period from July 6, 1995, through January 5, 1996, that are directly attributable to the exercise of powers and authorities conferred by the declaration of the Libyan national emergency are estimated at approximately \$990,000. Personnel costs were largely centered in the Department of the Treasury (particularly in the Office of Foreign Assets Control, the Office of the General Counsel, and the U.S. Customs Service), the Department of State, and the Department of Commerce.

6. The policies and actions of the Government of Libya continue to pose an unusual and extraordinary threat to the national security and foreign policy of the United States. In adopting UNSCR 883 in November 1993, the Security Council determined that the continued failure of the Government of Libya to demonstrate by concrete actions its renunciation of terrorism, and in particular its continued failure to respond fully and effectively to the requests and decisions of the Security Council in Resolutions 731 and 748, concerning the bombing of the Pan Am 103 and UTA 772 flights, constituted a threat to international peace and security. The Unit-

ed States will continue to coordinate its comprehensive sanctions enforcement efforts with those of other U.N. member states. We remain determined to ensure that the perpetrators of the terrorist acts against Pan Am 103 and UTA 772 are brought to justice. The families of the victims in the murderous Lockerbie bombing and other acts of Libyan terrorism deserve nothing less. I shall continue to exercise the powers at my disposal to apply economic sanctions against Libya fully and effectively, so long as those measures are appropriate, and will continue to report periodically to the Congress on significant developments as required by law.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *January 22, 1996.*

(yyy) The following amendment (Program Amendment 70R) pertaining to the Ohio regulatory program, as submitted to OSM on March 28, 1995, and revised on May 31, 1995, is approved, effective July 25, 1995: Inspection frequency at abandoned sites, at OAC rule 1501:13-14-01.

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BILLING CODE 4310-05-M

DEPARTMENT OF THE TREASURY

Office of Foreign Assets Control

31 CFR Part 550

Libyan Sanctions Regulations; Specially Designated Nationals List

AGENCY: Office of Foreign Assets Control, Treasury.

ACTION: Final rule; amendments to the list of specially designated nationals.

SUMMARY: The Office of Foreign Assets Control is amending the Libyan Sanctions Regulations to add three hotels in Malta, Mistra Village Ltd., Hotel Milano Due, and Marina San Gorg Co. Ltd., to appendix A, Organizations Determined to be Within the Term "Government of Libya" (Specially Designated Nationals of Libya).

EFFECTIVE DATE: July 25, 1995.

ADDRESS: Copies of the list of persons whose property is blocked pursuant to the Libyan Sanctions Regulations are available upon request at the following location: Office of Foreign Assets Control, U.S. Department of the Treasury, Annex, 1500 Pennsylvania Avenue, N.W., Washington, D.C. 20220. The full list of persons blocked pursuant to economic sanctions programs administered by the Office of Foreign Assets Control is available electronically on *The Federal Bulletin Board* and Treasury's Electronic Library (see Supplementary Information).

FOR FURTHER INFORMATION CONTACT: J. Robert McBrien, Chief, International Programs Division, Office of Foreign Assets Control, tel.: 202/622-2420.

SUPPLEMENTARY INFORMATION:

Electronic Availability

This document is available as an electronic file on *The Federal Bulletin Board* the day of publication in the *Federal Register*. By modem dial 202/512-1387 and type "/GO/FAC" or call 202/512-1530 for disks or paper copies. This file is available for downloading in WordPerfect 5.1, ASCII, and Postscript formats. The document is also accessible for downloading in ASCII format without charge from Treasury's

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Background

The Office of Foreign Assets Control ("FAC") is amending the Libyan Sanctions Regulations, 31 CFR part 550 (the "Regulations"), to add new entries to appendix A, Appendix A, Organizations Determined to be Within the Term "Government of Libya" (Specially Designated Nationals of Libya), is a list of organizations determined by the Director of FAC to be within the definition of the term "Government of Libya," as set forth in § 550.304(a) of the Regulations, because they are owned or controlled by or act or purport to act directly or indirectly on behalf of the Government of Libya.

Appendix A to part 550 is amended to provide public notice of the designation of three Malta hotels, *i. e.*, Mistra Village Ltd., Hotel Milano Due, and Marina San Gorg Co. Ltd, as Specially Designated Nationals of Libya.

All prohibitions in the Regulations pertaining to the Government of Libya apply to the entities and individuals identified in appendix A. All unlicensed transactions with such entities, or transactions in property in which they have an interest, are prohibited unless otherwise exempted or generally licensed in the Regulations. Determinations that persons fall within the definition of the term "Government of Libya" and are thus Specially Designated Nationals of Libya are effective upon the date of determination by the Director of FAC, acting under authority delegated by the Secretary of the Treasury. Public notice is effective upon the date of publication or upon actual notice, whichever is sooner.

The list of Specially Designated Nationals in appendices A and B is a partial one, since FAC may not be aware of all agencies and officers of the Government of Libya, or of all persons that might be owned or controlled by, or acting on behalf of the Government of Libya within the meaning of § 550.304(a). Therefore, one may not rely on the fact that a person is not listed in appendix A or B as a Specially Designated National as evidence that it is not owned or controlled by, or acting or purporting to act directly or

indirectly on behalf of, the Government of Libya. The Treasury Department regards it as incumbent upon all persons governed by the Regulations to take reasonable steps to ascertain for themselves whether persons with whom they deal are owned or controlled by, or acting or purporting to act on behalf of, the Government of Libya, or on behalf of other countries subject to blocking or transactional restrictions administered by FAC.

Section 206 of the International Emergency Economic Powers Act, 50 U.S.C. 1705, provides for civil penalties not to exceed \$10,000 for each violation of the Regulations. Criminal violations of the Regulations are punishable by fines of up to \$250,000 or imprisonment for up to 10 years per count, or both, for individuals and criminal fines of up to \$500,000 per count for organizations. See 50 U.S.C. 1705; 18 U.S.C. 3571.

Because the Regulations involve a foreign affairs function, Executive Order 12866 and the provisions of the Administrative Procedure Act, 5 U.S.C. 553, requiring notice of proposed rulemaking, opportunity for public participation, and delay in effective date, are inapplicable. Because no notice of proposed rulemaking is required for this rule, the Regulatory Flexibility Act, 5 U.S.C. 601-612, does not apply.

List of Subjects in 31 CFR Part 550

Administrative practice and procedure, Banks, banking, Blocking of assets, Exports, Foreign investment, Foreign trade, Government of Libya, Imports, Libya, Loans, Penalties, Reporting and recordkeeping requirements, Securities, Services, Specially designated nationals, Travel restrictions.

For the reasons set forth in the preamble, 31 CFR part 550 is amended as set forth below:

PART 550—LIBYAN SANCTIONS REGULATIONS

1. The authority citation for part 550 continues to read as follows:

Authority: 50 U.S.C. 1701-1706; 50 U.S.C. 1801-1851; 22 U.S.C. 287c; 49 U.S.C. App. 1514; 22 U.S.C. 2349aa-8 and 2349aa-9; 3 U.S.C. 301; E.O. 12543, 51 FR 875, 3 CFR, 1986 Comp., p. 181; E.O. 12544, 51 FR 1235, 3 CFR, 1986 Comp., p. 183; E.O. 12801, 57 FR 14319, 3 CFR, 1992 Comp., p. 294.

2. Appendix A to part 550 is amended by adding the following entries in alphabetical order, to read as follows:

APPENDIX A TO PART 550—ORGANIZATIONS DETERMINED TO BE WITHIN THE TERM "GOVERNMENT OF LIBYA" (SPECIALLY DESIGNATED NATIONALS OF LIBYA)

HOTEL MILANO DUE,
Gzira, Malta.

MARINA SAN GORG CO. LTD.
(a.k.a. Marina San Gorg Holiday Complex),
Malta.

MISTRA VILLAGE LTD.
22 Europa Centre, Floriana, Malta
(registered address);
Xemija Hill, St. Paul's Bay, Malta
(operating address).

Dated: June 28, 1995.

R. Richard Newcomb,
Director, Office of Foreign Assets Control.
Approved: June 30, 1995.

Dennis M. O'Connell,
Acting Deputy Assistant Secretary
(Regulatory, Tariff and Trade Enforcement).

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