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6-MONTH REPORT ON THE NATIONAL EMERGENCY IN LIBYA

COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

A 6-MONTH 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)



JANUARY 27, 2000.—Referred to the Committee on International Relations and ordered to be printed

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THE WHITE HOUSE,
Washington, January 7, 2000.

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 (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), I transmit herewith a 6-month report on the national emergency with respect to Libya that was declared in Executive Order 12543 of January 7, 1986.

Sincerely,

WILLIAM J. CLINTON.

President's Periodic Report on the National Emergency with Respect to Libya

I hereby report to the Congress on the developments since my last report of July 19, 1999, 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 December 29, 1999, 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, virtually all trade with Libya is prohibited, and all assets owned or controlled by the Government of Libya in the United States or in the possession or control of U.S. persons are blocked.

2. On April 28, 1999, I announced that existing unilateral economic sanctions programs would be amended to modify licensing policies to permit case-by-case review of specific proposals for

the commercial sale of agricultural commodities and products, as well as medicine and medical equipment, where the United States Government has the discretion to do so. I also announced that the Administration was developing country-specific licensing criteria to guide the case-by-case review process so that governments subject to sanctions do not gain unwarranted benefits from such sales.

On July 27, 1999, the Office of Foreign Assets Control (OFAC) of the Department of the Treasury amended the Libyan Sanctions Regulations, 31 C.F.R. Part 550 (the "LSR" or the "Regulations"), to implement this initiative by adding statements of licensing policy with respect to commercial sales of agricultural commodities and products, medicine and medical equipment (64 *Fed. Reg.* 41784, August 2, 1999). The amended LSR deal with commercial sales to Libya of agricultural commodities and products intended for ultimate consumption in Libya as food by humans (including live animals, raw, processed, and packaged foods) or animals (including animal feeds); as seeds for food crops; or as reproductive materials (such as live animals, fertilized eggs, embryos, and semen) for the production of food animals. The amended Regulations also deal with commercial sales of medicines (including those administered by injection) and medical equipment for use in Libya, if those medicines and

medical equipment are not listed on the Commerce Control List in the Export Administration Regulations (EAR), 15 CFR part 774, supplement no. 1 (excluding items classified EAR 99), as of the date of exportation or reexportation. Further regulations were promulgated on October 27, 1999 (64 *Fed. Reg.* 58789, November 1, 1999), to remove language that had prohibited the issuance of specific licenses authorizing financing by entities of the governments of Sudan, Libya, and Iran.

The amendments authorize two tracks for commercial sales of these goods. First, a general license permits sellers to negotiate and sign executory contracts for commercial sales and exportation or reexportation of any of these agricultural or medical items to Libya or the Government of Libya. Performance under such executory contracts must be made contingent upon receipt of an OFAC specific license. OFAC may authorize performance of such contracts by issuance of a specific license where OFAC finds the contract terms consistent with the licensing policy articulated in the amended Regulations.

Second, persons wishing to make commercial sales of certain bulk agricultural commodities to Libya or the Government of Libya may apply for specific licenses that permit the future entry into and performance of contracts for those commodities. OFAC will issue a specific license for the proposed bulk

agricultural commodity sales and exportation and reexportation if it finds the proposal set forth in the application consistent with the licensing conditions articulated in the amended Regulations. In either case, all sales to Libya or the Government of Libya must comply with a series of requirements intended to ensure that such sales do not improperly benefit the Government of Libya.

The amended Regulations provide for the licensing of sales of agricultural commodities and products, medicine, and medical supplies to nongovernmental entities in Libya or to government procurement agencies and parastatals not affiliated with the coercive organs of that country. The amended Regulations also provide for the licensing of all transactions necessary and incident to licensed sales transactions, such as insurance and shipping arrangements. Financing for the licensed sales transactions is permitted in the manner described in the amended Regulations. Copies of the July 27, 1999 and October 27, 1999 amendments are attached.

3. During the reporting period, OFAC reviewed numerous applications for licenses to authorize transactions under the Regulations. Consistent with OFAC's ongoing scrutiny of banking transactions, the largest category of license approvals (20) involved types of financial transactions that are consistent

with U.S. policy. Most of these licenses authorized personal remittances between persons who are not blocked parties to flow through Libyan banks located outside Libya. Six licenses were issued authorizing certain travel related transactions. As of December 3, 1999, a total of 26 licenses had been issued during the reporting period.

4. During the current six month period, OFAC continued to emphasize to the international banking community in the United States the importance of identifying and blocking payments made by or on behalf of Libya. OFAC worked closely with the banks to assure the effectiveness of interdiction software systems used to identify such payments. During the reporting period, 94 transactions potentially involving Libya, totaling nearly $2.2 million, were interdicted.

5. Since my last report, OFAC has collected eight civil monetary penalties totaling more than $36,000 from five U.S. financial institutions and an individual for violations of the U.S. sanctions against Libya. The violations involved dealings in property in which the Government of Libya had an interest, including funds transfers and letters of credit. Various enforcement actions carried over from previous reporting periods have continued to be aggressively pursued. Numerous

investigations are ongoing and new reports of violations are being scrutinized.

6. The expenses incurred by the Federal Government in the 6-month period from July 7, 1999 through January 6, 2000, that are directly attributable to the exercise of powers and authorities conferred by the declaration of the Libyan national emergency are estimated at approximately $4.4 million. 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.

7. The crisis between the United States and Libya that led to the declaration of a national emergency on January 7, 1986, has not been resolved. Despite the UN Security Council's suspension of UN sanctions against Libya upon the Libyan government's hand-over of the Pan Am 103 bombing suspects in April 1999, there are still concerns about the Government of Libya's support for terrorist activities and its non-compliance with UN Security Council Resolutions 731 (1992), 748 (1992), and 883 (1993). Such Libyan actions and policies pose a continuing unusual and extraordinary threat to the national security and vital foreign policy interests of the United States. For these

reasons, I have determined that U.S. unilateral sanctions will remain in force, and I will continue to exercise the powers at my disposal to apply these sanctions fully and effectively, as long as they remain appropriate. I will continue to report periodically to the Congress on significant developments as required by law.

limitations on the use of certain losses and deductions.

DATES: This correction is effective July 2, 1999.

FOR FURTHER INFORMATION CONTACT: Jeffrey L. Vogel or Marie Milnes-Vasquez at (202) 622-7770 (not a toll-free number).

SUPPLEMENTARY INFORMATION:

Background

The final regulations that are subject to these corrections are under section 1502 of the Internal Revenue Code.

Need for Correction

As published, final regulations (TD 8823) contains errors that may prove to be misleading and are in need of clarification.

Correction of Publication

Accordingly, the publication of the final regulations (TD 8823), which were the subject of FR Doc. 99-16161, is corrected as follows:

1. On page 36095, column 3, in the preamble under the heading, *Built-in Losses*, line 2 from the bottom of the paragraph, the language "latter or the SRLY event or section 382" is corrected to read "latter of the SRLY event or section 382".

§ 1.1502-15 [Corrected]

2. On page 36103, column 1, § 1.1502-15(d), paragraph (i) of *Example 3.*, line 3, the language "M are each common parents of a" is corrected to read "M are each the common parent of a".

3. On page 36103, column 3, § 1.1502-15(d), paragraph (vii) of *Example 4.*, lines 6 and 7, the language "determining the SRLY limitation for these additional losses in Year 4 (or any" is corrected to read "determining the SRLY limitation for this additional loss in Year 4 (or any".

4 & 5. On page 36104, column 3, § 1.1502-15, paragraphs (g)(4)(i) and (g)(4)(ii) are corrected to read as follows:

§ 1.1502-15 SRLY limitation on built-in losses.

* * * * *

(g) * * *

(4) * * *

(i) All members of the SRLY subgroup with respect to those built-in losses are also included in a loss subgroup (as defined in § 1.1502-91(d)(2)); and

(ii) All members of a loss subgroup (as defined in § 1.1502-91(d)(2)) are also members of a SRLY subgroup with respect to those built-in losses.

* * * * * *

6. On page 36105, column 1, § 1.1502-15(g)(6), paragraph (v) of *Example 1.*, the last line in the paragraph, the language "and the application of the section 382." is corrected to read "and the application of section 382.".

7. On page 36105, column 1, § 1.1502-15(g)(6), paragraph (ix) of *Example 1.*, the last line in the paragraph, the language "recognized with the recognition period." is corrected to read "recognized within the recognition period.".

§ 1.1502-21 [Corrected]

8. On page 36109, column 2, § 1.1502-21(c)(2), line 13 from the bottom of the introductory text, the language "(the former group), or for a carryover" is corrected to read "(the former group), whether or not the group is a consolidated group, or for a carryover".

9. On page 36110, column 1, § 1.1502-21(c)(2)(viii), paragraph (i) of *Example 1.*, lines 2 and 3, the language "S, T and M. P and M are each common parents of a consolidated group. During Year" is corrected to read "S, T, and M. P and M are each the common parent of a consolidated group. During Year".

10. On page 36110, column 3, § 1.1502-21(c)(2)(viii), paragraph (i) of *Example 2.*, lines 2 and 3, the language "of the stock of S, T, P and M. P and M are each common parents of a consolidated" is corrected to read "of the stock of S, T, P, and M. P and M are each the common parent of a consolidated".

11. On page 36111, column 1, § 1.1502-21(c)(2)(viii), paragraph (i) of *Example 3.*, lines 2 and 3, the language "the stock of S, T, P and M. S, P and M are each common parents of a consolidated" is corrected to read "the stock of S, T, P, and M. S, P, and M are each the common parent of a consolidated".

12. On page 36112, column 3, § 1.1502-21(g)(5), paragraph (i) of *Example 4.*, line 3, the language "for 6 years. For Year 6, T has an net operating" is corrected to read "for 6 years. For Year 6, T has a net operating".

13. On page 36112, column 3, § 1.1502-21(g)(5), paragraph (i) of *Example 5.*, line 5, the language "unrelated to A, owns all of the stock of P, the" is corrected to read "unrelated to Individual A, owns all of the stock of P, the".

14. On page 36113, column 3, § 1.1502-21(g)(5), paragraph (i) of *Example 9.*, line 11, the language "Individual A. On January 1 of Year 3, M" is corrected to read "Individual A. On December 31 of Year 2, M".

15. On page 36113, column 3, § 1.1502-21(g)(5), paragraph (iii) of *Example 9.*, lines 1 through 3, the language "M's January 1 purchase of 51% of P is a section 382 event because it results in an ownership change of S and T that gives rise" is corrected to read "M's December 31 purchase of 51% of P is a section 382 event because it results in an ownership change of the S loss subgroup that gives rise".

16. On page 36113, column 3, § 1.1502-21(g)(5), paragraph (v) of *Example 9.*, lines 1 through 3, the language "Because the SRLY event and the change date of the section 382 event occur on the same date and the SRLY subgroup and loss" is corrected to read "Because the SRLY event occurred within six months of the change date of the section 382 event and the SRLY subgroup and loss".

1.1502-23 [Corrected]

17. On page 36116, column 1, § 1.1502-23(d)(1), second line from the bottom of the paragraph, the language "consolidated return is taxable years is" is corrected to read "consolidated return is".

Cynthia E. Grigsby, Chief, Regulations Unit, Assistant Chief Counsel (Corporate).

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DEPARTMENT OF THE TREASURY

Office of Foreign Assets Control

31 CFR Parts 538, 550 and 560

Sudanese Sanctions Regulations; Libyan Sanctions Regulations; Iranian Transactions Regulations: Licensing of Commercial Sales of Agricultural Commodities and Products, Medicine, and Medical Equipment

AGENCY: Office of Foreign Assets Control, Treasury.

ACTION: Final rule; amendments.

SUMMARY: The Treasury Department is amending the Sudanese Sanctions Regulations, the Libyan Sanctions Regulations, and the Iranian Transactions Regulations to add statements of licensing policy with respect to commercial sales of agricultural commodities and products, medicine, and medical equipment.

EFFECTIVE DATE: JULY 27, 1999.

FOR FURTHER INFORMATION CONTACT: Steven I. Pinter, Chief of Licensing (tel.: 202/622-2480) or William B. Hoffman, Chief Counsel (tel.: 202/622-2410), Office of Foreign Assets Control, U.S.

Treasury Department, Washington, DC 20220.

SUPPLEMENTARY INFORMATION:

Electronic and Facsimile Availability

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Background

On April 28, 1999, President Clinton announced that existing unilateral economic sanctions programs would be amended to modify licensing policies to permit case–by–case review of specific proposals for the commercial sale of agricultural commodities and products, as well as medicine and medical equipment, where the United States Government has the discretion to do so. He further announced that the Administration was developing country–specific licensing criteria to guide the case–by–case review process so that governments subject to sanctions do not gain unjustified or unwarranted benefits from such sales. To implement this policy, the Treasury Department's Office of Foreign Assets Control ("OFAC") is amending the Sudanese Sanctions Regulations, 31 CFR part 538 (the "SSR"), the Libyan Sanctions Regulations, 31 CFR part 550 (the "LSR"), and the Iranian Transactions Regulations, 31 CFR part 560 (the "ITR") (collectively, the "Regulations"), to make available both general and specific licenses governing commercial sales of such goods.

This final rule deals with commercial sales to Sudan, Libya and Iran (the "target countries") of agricultural commodities and products intended for ultimate consumption in a target country as food by humans (including live animals, raw, processed and packaged foods) or animals (including animal feeds); as seeds for food crops; or as reproductive materials (such as live animals, fertilized eggs, embryos and semen) for the production of food animals. It also deals with commercial sales of medicines (including those administered by injection) and medical equipment for use in the target countries, if those medicines and medical equipment are not listed on the Commerce Control List in the Export Administration Regulations, 15 CFR part 774, supplement no. 1 (excluding items classified EAR 99), as of the date of exportation or reexportation. Regulations, §§ 538.523(a), 550.569(a) and 560.530(a).

Licensing of commercial sales. The amendments authorize two tracks for commercial sales of these goods. First, an OFAC general license permits sellers to negotiate and sign executory contracts for commercial sales and exportation or reexportation of any of these agricultural or medical items to the target countries or their governments. Performance under such executory contracts must made be contingent upon receipt of an OFAC license. After review of an executory contract, OFAC may authorize its performance by specific license where OFAC finds the contract terms consistent with the licensing policy in this final rule. Regulations, §§ 538.523, 550.569 and 560.530. Second, persons wishing to make commercial sales of certain bulk agricultural commodities to the target countries or their governments may apply for specific licenses that permit future entry into and performance of contracts for those commodities. OFAC will issue a specific license for the proposed bulk agricultural commodity sales and exportation and reexportation if it finds the proposal set forth in the application consistent with the licensing policy in this final rule. Regulations, § 538.524 and SSR, appendix A; § 550.570 and LSR, appendix A; § 560.531 and ITR, appendix B. In either case, all sales to the target countries must comply with a series of requirements intended to ensure that such sales do not improperly benefit the target countries' governments.

Required contract terms for executory contracts. In addition to the requirements set forth below in *Required contract terms in general*, executory contracts submitted to OFAC for specific licensing must disclose all parties with an interest in the sales transaction, including identification of a purchasing agent's principals at the wholesale level, if any; set forth all terms of sale (e.g., purchase price, quantity, date of shipment, financing), except that dates for contract performance may be made dependent upon the date OFAC issues a specific license; and ensure that exports and reexports of any goods, technology or services are in compliance with license application requirements of other Federal agencies. Regulations, §§ 538.523(b), 550.569(b) and 560.530(b).

Required contract terms for bulk agricultural commodities contracts. Contracts entered into pursuant to an OFAC specific license for bulk agricultural commodity sales must meet all of the requirements set forth below in *Required contract terms in general*, and may only cover commercial sales of the bulk agricultural commodities listed in the appendices to the Regulations. Regulations, §§ 538.524(b)(1), 550.570(b)(1) and 560.531(b)(1).

Required contract terms in general. Contracts for commercial sales licensed pursuant to this final rule must, in addition to the applicable requirements noted above, comply with the following conditions. The contracts must disclose the purchasers, including (for sales through persons in third countries) those to whom goods are to be resold, which may only be (1) private individuals in the target countries who are acting for their own accounts, (2) nongovernmental entities in the target countries, (3) target–country governmental procurement bodies identified by OFAC as not being affiliated with the coercive organs of the state, or (4) persons in third countries purchasing specifically for resale to any of the foregoing. (A listing of the procurement bodies identified by OFAC as not being affiliated with the coercive organs of the state can be found on OFAC's Web site at http://www.treas.gov/ofac or OFAC's fax–on–demand service at 202/622–0077.) Persons named in OFAC's list of blocked persons, specially designated nationals, specially designated terrorists, foreign terrorist organizations, and specially designated narcotics traffickers (31 CFR chapter V, appendix A) or of financial institutions owned or controlled by the government of Iran (ITR, appendix A) are not eligible purchasers. All contracts must also provide for sales at prevailing market

prices and with payment terms and financing consistent with the policies set forth below in *Payment and financing terms*. Regulations, §§ 538.523 and 538.524(b); 550.569 and 550.570(b); 560.530 and 560.531(b).

Recordkeeping and reporting requirements. In addition, full records of all transactions pursuant to OFAC licenses must be maintained for a minimum of 5 years after each transaction, and reports relating to the transactions must be provided to OFAC upon demand to ensure compliance with all licensing requirements. Regulations, §§ 538.523(e), 538.524(c); 550.569(e), 550.570(c); 560.530(e), 560.531(c); 501.601 and 501.602.

Payment and financing terms. Certain payment and financing terms for commercial sales of agricultural or medical items to the target countries or their governments are authorized by general license. These include payment of cash in advance, sales on open account (so long as the seller does not discount or otherwise transfer the account receivable created by the sale), and financing by third-country financial institutions (not U.S. persons nor target-country government banks). U.S. financial institutions are authorized by general license to advise or confirm such third-country financial institution financing. Regulations, §§ 538.525(a), 550.571(a) and 560.532(a). In addition, specific licenses may be issued for payment terms and trade financing not permitted by general license. Regulations, §§ 538.525(b), 550.571(b) and 560.532(b). Payments through the U.S. banking system must reference the applicable OFAC license to avoid being stopped or blocked in transit.

Brokering of target country purchases. This final rule permits, by general license, U.S. persons to broker sales of bulk agricultural commodities by U.S. persons destined for the target countries or their governments. For those sales, brokerage is authorized only if the sales meet all applicable requirements of this final rule for bulk agricultural commodity sales. To broker sales of bulk agricultural commodities by non-U.S. persons to the target countries or their governments, the broker must first obtain a specific license from OFAC. Licenses for brokerage are limited to sales of items listed in the bulk agricultural commodities appendices to the Regulations made to target country persons eligible to purchase bulk agricultural commodities from U.S. persons pursuant to paragraphs (b)(2) and (e) of §§ 538.524, 550.570 and 560.531 of the Regulations. Further, if the brokered sales are subject to Federal licensing requirements, the sales must be made contingent upon prior authorization of the relevant Federal agency. Brokerage fees may not be paid from a blocked account of the Government of Sudan or Libya or from an Iranian account as defined in 31 CFR 560.530. Finally, brokers of any sales subject to this final rule must comply with the OFAC recordkeeping and reporting requirements in §§ 501.601 and 501.602 of 31 CFR chapter V, Regulations, §§ 538.526, 550.572 and 560.533.

Incidental transactions. The SSR are interpreted to permit most transactions incidental to licensed transactions. SSR, § 538.405. This final rule amends the LSR and ITR to provide similar interpretations to that of the SSR, and to clarify in all three provisions that OFAC does not interpret the following as permitted incidental transactions: transportation services to or from the target countries except the discharging of licensed or exempt cargo; distribution or leasing of containers in the target countries after performing transportation services; or financing agricultural and medical sales described in this final rule. Regulations, §§ 538.405, 550.405 and 560.405. (General licenses for certain financing terms and statements of licensing policy with respect to alternative terms are noted above.) Travel-related transactions are not restricted in the SSR or ITR. This final rule amends the LSR to authorize travel-related transactions for the negotiation of executory contracts or bulk agricultural commodity contracts. Specific licensing is required for installation and servicing of medical equipment sold to Libya pursuant to executory contracts. LSR, § 550.573.

Paperwork Reduction Act

As authorized in the Administrative Procedure Act (5 U.S.C. 553)(the "APA"), this final rule is amending the Regulations is being issued without prior notice and public comment procedure. The collections of information related to the Regulations are contained in 31 CFR part 501 (the "Reporting and Procedures Regulations"). Pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3507), those collections of information have been approved by the Office of Management and Budget ("OMB") under control number 1505-0164. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid control number.

Because the Regulations involve a foreign affairs function, Executive Order 12866 and the provisions of the APA 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

31 CFR Part 538

Administrative practice and procedure, Agricultural commodities, Banks, banking, Blocking of assets, Drugs, Exports, Foreign trade, Humanitarian aid, Imports, Medical devices, Penalties, Reporting and recordkeeping requirements, Specially designated nationals, Sudan, Terrorism, Transportation.

31 CFR Part 550

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

31 CFR Part 560

Administrative practice and procedure, Agricultural commodities, Banks, banking, Drugs, Exports, Foreign trade, Imports, Information, Investments, Iran, Loans, Medical devices, Penalties, Reporting and recordkeeping requirements, Services, Specially designated nationals, Terrorism, Transportation.

For the reasons set forth in the preamble, 31 CFR parts 538, 550 and 560 are amended as set forth below:

ART 538—SUDANESE SANCTIONS REGULATIONS

1. The authority citation for part 538 continues to read as follows:

Authority: 3 U.S.C. 301; 31 U.S.C. 321(b); 50 U.S.C. 1601-1651, 1701-1706; E.O. 13067, 62 FR 59989, 3 CFR, 1997 Comp., p. 230.

Subpart D—Interpretations

2. Section 538.405 is revised to read as follows:

§ 538.405 Transactions incidental to a licensed transaction authorized.

Any transaction ordinarily incident to a licensed transaction and necessary to give effect thereto is also authorized, except:

(a) A transaction by an unlicensed Sudanese governmental entity or involving a debit to a blocked account or a transfer of blocked property not explicitly authorized within the terms of the license;

(b) Provision of any transportation services to or from Sudan not explicitly authorized in or pursuant to this part other than discharging licensed or exempt cargo there;

(c) Distribution or leasing in Sudan of any containers or similar goods owned or controlled by United States persons after the performance of transportation services to Sudan; and

(d) Financing of licensed sales for exportation or reexportation of agricultural commodities or products, medicine, or medical equipment to Sudan or the Government of Sudan. See § 538.525.

Subpart E—Licenses, Authorizations, and Statements of Licensing Policy

3. Section 538.523 is added to subpart E to read as follows:

§ 538.523 Commercial sales and exportation of agricultural commodities and products, medicine, and medical equipment.

(a) *General license for executory contracts.* Except as provided in paragraph (c) of this section, entry into executory contracts is authorized for the following transactions with individuals in Sudan acting for their own account, nongovernmental entities in Sudan, or procurement bodies of the Government of Sudan identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the state, or with persons in third countries purchasing specifically for resale to any of the foregoing, provided that performance of the executory contracts (including any preparatory activities, payments or deposits related to such executory contracts) is contingent upon the prior authorization of the Office of Foreign Assets Control in or pursuant to this part:

(1) The sale of agricultural commodities and products, if those commodities and products are intended for ultimate consumption in Sudan as:

(i) Food by humans (including live animals, raw, processed and packaged foods) or animals (including animal feeds);

(ii) Seeds for food crops; and

(iii) Reproductive materials (such as live animals, fertilized eggs, embryos and semen) for the production of food animals; and

(2) The sale of medicines (including those administered by injection) and medical equipment for use in Sudan, if those medicines and medical equipment are not listed on the Commerce Control List in the Export Administration Regulations, 15 CFR part 774, supplement no. 1 (excluding items classified EAR99), as of the date of exportation or reexportation. (EAR99 items may in certain instances require a license from the Department of Commerce, Bureau of Export Administration. See, e.g., 15 CFR 736.2(b)(5), 744.2 through 744.4, 744.7, and 744.10.)

Note to paragraph (a) of § 538.523. See § 538.524 with respect to the availability of specific licenses for sales of certain bulk agricultural commodities for exportation or reexportation to Sudan or the Government of Sudan.

(b) *Required terms of executory contracts.* The authorization contained in paragraph (a) of this section applies only to executory contracts that:

(1) Disclose all parties with an interest in the sales transaction. If the goods are being sold to a purchasing agent in Sudan, the executory contract must identify the agent's principals at the wholesale level for whom the purchase is being made;

(2) Provide only for sales at prevailing market prices;

(3) Set forth all terms of sale (e.g., purchase price, quantity, date of shipment, financing), except that dates for contract performance may be made dependent upon the date a specific license pursuant to paragraph (d) of this section is obtained from the Office of Foreign Assets Control;

(4) Make any performance involving the exportation or reexportation of any goods, technology (including technical data, software, or other information) or services that are subject to license application requirements of another Federal agency contingent upon the prior authorization of that agency. (For example, EAR99 items may in certain instances require a license from the Department of Commerce, Bureau of Export Administration. See, e.g., 15 CFR 736.2(b)(5), 744.2 through 744.4, 744.7, and 744.10; see also 22 CFR 123.9); and

(5) Provide for payment terms consistent with the provisions of § 538.525.

(c) *Ineligible purchasers.* Nothing in this section permits entry into or performance of a sales contract with a person specifically named in appendix A to this chapter V or in appendix A to part 560 of this chapter, other than a procurement body of the Government of Sudan identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the state.

Note to paragraph (c) of § 538.523. Information on ineligible purchasers and eligible procurement bodies will be published in the **Federal Register** and may be found on the Office of Foreign Assets Control's Internet site: http://www.treas.gov/ofac, or on its fax-on-demand system: 202/622-0077.

(d) *Specific licenses for performance under executory contracts.* Specific licenses may be issued on a case-by-case basis to permit the performance of executory contracts meeting the requirements of paragraphs (a) and (b) of this section. See § 501.801(b) of this chapter with respect to specific licensing procedures.

(e) *Recordkeeping and reporting requirements.* Attention is drawn to the recordkeeping, retention, and reporting requirements of §§ 501.601 and 501.602.

4. Section 538.524 is added to subpart E to read as follows:

538.524 Commercial sales and exportation of certain bulk agricultural commodities.

(a) *Sales of bulk agricultural commodities by licensed sellers.* Specific licenses may be issued on a case-by-case basis to permit the sale and exportation or reexportation to persons in Sudan or the Government of Sudan of bulk agricultural commodities intended for ultimate consumption in Sudan as food by humans or animals (including animal feeds) and seeds for food crops, for sales meeting all requirements of paragraph (b) of this section.

(b) *Required contract terms for commercial sales of bulk agricultural commodities.* Specific licenses issued pursuant to this section will authorize entry into and performance only of contracts that:

(1) Provide for the sale and exportation or reexportation only of bulk agricultural commodities listed in appendix A to this part 538;

(2) Fully identify the purchasers of the bulk agricultural commodities, including (for sales through persons in third countries) those to whom the commodities are to be resold, and do not include as a purchaser any person in Sudan or any person within the definition of the term Government of Sudan other than:

(i) A private individual in Sudan acting for his or her own account;

(ii) A nongovernmental entity in Sudan; or

(iii) A procurement body of the Government of Sudan identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the state;

(3) Provide only for sales at prevailing market prices;

(4) Make any performance involving the exportation or reexportation of any goods, technology (including technical data, software, or other information) or services that are subject to license application requirements of another Federal agency contingent upon the prior authorization of that agency. (For example, EAR99 items may in certain instances require a license from the Department of Commerce, Bureau of Export Administration. See, e.g., 15 CFR 736.2(b)(5), 744.2 through 744.4, 744.7, and 744.10; see also 22 CFR 123.9); and

(5) Provide for payment terms consistent with the provisions of § 538.525.

(c) *Recordkeeping and reporting requirements.* Attention is drawn to the recordkeeping, retention, and reporting requirements of §§ 501.601 and 501.602.

(d) *Other commodities and products.* Requests may be made to the Office of Foreign Assets Control for specific licenses analogous to those available pursuant to paragraph (a) of this section where the applicant demonstrates to the satisfaction of the Office of Foreign Assets Control that, in light of industry practices, sales of the particular agricultural commodity or product, medicine, or medical equipment are impracticable under the executory contract licensing procedures contained in § 538.523.

(e) *Ineligible purchasers.* Nothing in this section permits entry into or performance of a sales contract with a person specifically named in appendix A to this chapter V or in appendix A to part 560 of this chapter, other than a procurement body of the Government of Sudan identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the state.

Note to paragraph (e) of § 538.524. Information on ineligible purchasers and eligible procurement bodies will be published in the **Federal Register** and may be found on the Office of Foreign Assets Control's Internet site: http://www.treas.gov/ofac, or on its fax-on-demand system: 202/622-0077.

5. Section 538.525 is added to subpart E to read as follows:

§ 538.525 Payment for and financing of commercial sales of agricultural commodities and products, medicine, and medical equipment.

(a) *General license for payment terms.* The following payment terms for sales of agricultural commodities and products, medicine, and medical equipment pursuant to §§ 538.523 and 538.524 are authorized:

(1) Payment of cash in advance;

(2) Sales on open account, provided that the account receivable may not be transferred by the person extending the credit; or

(3) Financing by third-country financial institutions that are neither United States persons nor Government of Sudan entities. Such financing may be confirmed or advised by U.S. financial institutions.

(b) *Specific licenses for alternate payment terms.* Specific licenses may be issued on a case-by-case basis for payment terms and trade financing not authorized by the general license in paragraph (a) of this section for sales pursuant to §§ 538.523 and 538.524, except that such financing may not be provided by the Government of Sudan. See § 501.801(b) of this chapter for specific licensing procedures.

(c) *No debits to blocked accounts.* Nothing in this section authorizes payment terms or trade financing involving a debit to an account of the Government of Sudan blocked pursuant to this part.

(d) *Transfers through the U.S. financial system.* Before a United States financial institution initiates a payment on behalf of any customer, or credits a transfer to the account on its books of the ultimate beneficiary, the United States financial institution must determine that the underlying transaction is not prohibited by this part. Any payment relating to a transaction authorized in or pursuant to § 538.523, 538.524, or 538.526 that is routed through the U.S. financial system must reference the relevant Office of Foreign Assets Control license authorizing the payment to avoid the blocking or rejection of the transfer.

6. Section 538.526 is added to subpart E to read as follows:

§ 538.526 Brokering sales of bulk agricultural commodities.

(a) *General license for brokering sales by U.S. persons.* United States persons are authorized to broker the sale and exportation or reexportation by United States persons of the bulk agricultural commodities listed in appendix A to this part 538 to individuals in Sudan acting for their own account, nongovernmental entities in Sudan, procurement bodies of the Government of Sudan identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the state, or persons in third countries purchasing specifically for resale to any of the foregoing, provided that the brokered sales meet all conditions of § 538.524.

(b) *Specific licensing for brokering sales by non-U.S. persons.* Specific licenses may be issued on a case-by-case basis to permit United States persons to broker the sale and exportation or reexportation of bulk agricultural commodities by non-United States persons to persons in Sudan or the Government of Sudan. Specific licenses issued pursuant to this section will authorize the brokerage only of sales that:

(1) Are limited to the bulk agricultural commodities listed in appendix A to this part 538;

(2) Are to purchasers permitted pursuant to paragraphs (b)(2) and (e) of § 538.524;

(3) Require that any performance that is subject to license application requirements of another Federal agency be contingent upon the prior authorization of that agency. (For example, items classified EAR99 under the Export Administration Regulations, 15 CFR parts 730 through 774, may in certain instances require a license from the Department of Commerce, Bureau of Export Administration. See, e.g., 15 CFR 736.2(b)(5), 744.2 through 744.4, 744.7, and 744.10; see also 22 CFR 123.9.)

(c) *No debit to blocked accounts.* Payment for any brokerage fee earned pursuant to this section may not involve a debit to an account blocked pursuant to this part.

(d) *Recordkeeping and reporting requirements.* Attention is drawn to the recordkeeping, retention, and reporting requirements of §§ 501.601 and 501.602.

7. Appendix A to part 538 is added to read as follows:

ppendix A to Part 538—Bulk Agricultural Commodities

Notes:

1. Appendix A sets forth those agricultural commodities eligible for the bulk agricultural commodity sales licensing procedures in § 538.524.

2. Commodities are identified by their classification numbers in the Harmonized Tariff Schedule of the United States (see 19 U.S.C. 1202) ("HTS").

HTS Number	Commodity
1001.10	Durum Wheat
1001.90	Other Wheat and Meslin, including seed, Red Spring Wheat, White Winter Wheat, "Canadian" Western Red Winter Wheat, Soft White Spring Wheat, and Wheat not elsewhere specified
1101.00	Wheat or Meslin Flour
1006.10	Rice in the husk (paddy or rough)
1006.20	Husked (brown) Rice
1006.30	Semi-milled or wholly milled Rice, whether or not polished or glazed

HTS Number	Commodity
1006.40	Broken Rice
1102.30	Rice Flour
1103.14	Rice Groats, Meal and Pellets
1002.00	Rye
1003.00	Barley
1004.00	Oats
1007.00	Grain Sorghum
1005.00	Corn (Maize)
0713.31	Dried Beans including *Vigna mungo (L.), Hepper*, and *Vigna radiata (L.) Wilczek*
0713.32	Small red (adzuki) beans
0713.33	Kidney beans, including white pea beans
0713.39	Beans, other
0713.50	Broad beans and horse beans
0713.10	Dried Peas (*Pisum sativum*)
0713.20	Chickpeas (garbanzos)
0713.40	Lentils
0713.90	Dried leguminous vegetables, shelled, not elsewhere specified
1201.00	Soybeans, whether or not broken
2304.00	Soybean cake, meal and pellets
1507.10	Soybean oil, crude
1507.90	Soybean oil, other
1514.10	Rapeseed, colza and mustard oil, crude
1514.90	Rapeseed, colza and mustard oil, other
1515.21	Corn (Maize) oil, crude
1515.29	Corn (Maize) oil, other
1512.21	Cottonseed oil, crude
1512.29	Cottonseed oil, other
1517.90	Cottonseed oil, hydrogenated
1508.10	Peanut (ground–nut) oil, crude
1508.90	Peanut (ground–nut) oil, other
1515.50	Sesame oil
1512.11	Sunflower–seed oil, crude
1512.19	Sunflower–seed oil, other
1212.91	Sugar Beets, fresh, chilled, frozen or dried
1212.92	Sugar Cane, fresh, chilled, frozen or dried
1701.11	Cane Sugar, raw, solid form
1701.12	Beet Sugar, raw, solid form
1701.91	Cane or Beet Sugar, solid form, containing added coloring or flavoring
1701.99	Cane or Beet Sugar, other, not elsewhere specified

PART 550—LIBYAN SANCTIONS REGULATIONS

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

Authority: 3 U.S.C. 301; 18 U.S.C. 2332d; 22 U.S.C. 287c, 2349aa–8 and 2349aa–9; 31 U.S.C. 321(b); 49 U.S.C. 40106(b); 50 U.S.C. 1601–1651, 1701–1706; Pub. L. 101–410, 104 Stat. 890 (28 U.S.C. 2461 note); 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. Section 550.405 is revised to read as follows:

§ 550.405 Transactions incidental to a licensed transaction authorized.

Any transaction ordinarily incident to a licensed transaction and necessary to give effect thereto is also authorized, except:

(a) A transaction by an unlicensed Libyan governmental entity or involving a debit to a blocked account or a transfer of blocked property not explicitly authorized within the terms of the license;

(b) Provision of any transportation services to or from Libya not explicitly authorized in or pursuant to this part other than discharging licensed or exempt cargo there;

(c) Distribution or leasing in Libya of any containers or similar goods owned or controlled by United States persons after the performance of transportation services to Libya; and

(d) Financing of licensed sales for exportation or reexportation of agricultural commodities or products, medicine or medical equipment to Libya or the Government of Libya. See § 550.571.

Subpart E—Licenses, Authorizations, and Statements of Licensing Policy

3. Section 550.569 is added to subpart E to read as follows:

§ 550.569 Commercial sales of agricultural commodities and products, medicine, and medical equipment.

(a) *General license for executory contracts.* Entry into executory contracts is authorized for the following transactions with individuals in Libya acting for their own account, nongovernmental entities in Libya or procurement bodies of the Government of Libya identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the state, or with persons in third countries purchasing specifically for resale to any of the foregoing, provided that performance of the executory contracts (including any preparatory activities, payments or deposits related to such executory contracts) is contingent upon the prior authorization of the Office of Foreign Assets Control in or pursuant to this part:

(1) The sale of agricultural commodities and products, if those commodities and products are intended for ultimate consumption in Libya as:

(i) Food by humans (including live animals, raw, processed and packaged foods) or animals (including animal feeds);

(ii) Seeds for food crops; and

(iii) Reproductive materials (such as live animals, fertilized eggs, embryos and semen) for the production of food animals; and

(2) The sale of medicines (including those administered by injection) and medical equipment for use in Libya, if those medicines and medical equipment are not listed on the Commerce Control List in the Export Administration Regulations, 15 CFR part 774, supplement no. 1 (excluding items classified EAR99), as of the date of exportation or reexportation. (EAR99 items may in certain instances require a license from the Department of Commerce, Bureau of Export Administration. See, e.g., 15 CFR 736.2(b)(5), 744.2 through 744.4, 744.7, and 744.10.)

Note to paragraph (a) of § 550.569: See § 550.570 with respect to the availability of specific licenses for sales of certain bulk agricultural commodities for exportation or reexportation to Libya or the Government of Libya.

(b) *Required terms of executory contracts.* The authorization contained in paragraph (a) of this section applies only to executory contracts that:

(1) Disclose all parties with an interest in the sales transaction. If the goods are being sold to a purchasing agent in Libya, the executory contract must identify the agent's principals at the wholesale level for whom the purchase is being made;

(2) Provide only for sales at prevailing market prices;

(3) Set forth all terms of sale (e.g., purchase price, quantity, date of shipment, financing), except that dates for contract performance may be made dependent upon the date a specific license pursuant to paragraph (d) of this section is obtained from the Office of Foreign Assets Control;

(4) Make any performance involving the exportation or reexportation of any goods, technology (including technical data, software, or other information) or services that are subject to license application requirements of another Federal agency contingent upon the prior authorization of that agency. (For example, items classified EAR99 under the Export Administration Regulations, 15 CFR parts 730 through 774, may in certain instances require a license from the Department of Commerce, Bureau of Export Administration. See, e.g., 15 CFR 736.2(b)(5), 744.2 through 744.4, 744.7, and 744.10; see also 22 CFR 123.9); and

(5) Provide for payment terms consistent with the provisions of § 550.571.

(c) *Ineligible purchasers.* Nothing in this section permits entry into or performance of a sales contract with a person specifically named in appendix A to this chapter V or in appendix A to

part 560 of this chapter, other than a procurement body of the Government of Libya identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the state.

Note to paragraph (c) of § 550.569. Information on ineligible purchasers and eligible procurement bodies will be published in the **Federal Register** and may be found on the Office of Foreign Assets Control's Internet site: http://www.treas.gov/ofac, or on its fax-on-demand system: 202/622-0077.

(d) *Specific licenses for performance under executory contracts.* Specific licenses may be issued on a case-by-case basis to permit the performance of executory contracts meeting the requirements of paragraphs (a) and (b) of this section. See § 501.801(b) of this chapter with respect to specific licensing procedures.

(e) *Recordkeeping and reporting requirements.* Attention is drawn to the recordkeeping, retention, and reporting requirements of §§ 501.601 and 501.602.

4. Section 550.570 is added to subpart E to read as follows:

§ 550.570 Commercial sales of certain bulk agricultural commodities.

(a) *Sales of bulk agricultural commodities by licensed sellers.* Specific licenses may be issued on a case-by-case basis to permit the sale and exportation or reexportation to persons in Libya or the Government of Libya of bulk agricultural commodities intended for ultimate consumption in Libya as food by humans or animals (including animal feeds) and seeds for food crops, for sales meeting all requirements of paragraph (b) of this section.

(b) *Required contract terms for commercial sales of bulk agricultural commodities.* Specific licenses issued pursuant to this section will authorize entry into and performance only of contracts that:

(1) Provide for the sale and exportation or reexportation only of bulk agricultural commodities listed in appendix A to this part 550;

(2) Fully identify the purchasers of the bulk agricultural commodities, including (for sales through persons in third countries) those to whom the commodities are to be resold, and do not include as a purchaser any person in Libya or any person within the definition of the term Government of Libya other than:

(i) A private individual in Libya acting for his or her own account;

(ii) A nongovernmental entity in Libya; or

(iii) A procurement body of the Government of Libya identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the state;

(3) Provide only for sales at prevailing market prices;

(4) Make any performance involving the exportation or reexportation of any goods, technology (including technical data, software, or other information) or services that are subject to license application requirements of another Federal agency contingent upon the prior authorization of that agency. (For example, EAR99 items may in certain instances require a license from the Department of Commerce, Bureau of Export Administration. See, e.g., 15 CFR 736.2(b)(5), 744.2 through 744.4, 744.7, and 744.10; see also 22 CFR 123.9); and

(5) Provide for payment terms consistent with the provisions of § 550.571.

(c) *Recordkeeping and reporting requirements.* Attention is drawn to the recordkeeping, retention, and reporting requirements of §§ 501.601 and 501.602.

(d) *Other commodities and products.* Requests may be made to the Office of Foreign Assets Control for specific licenses analogous to those available pursuant to paragraph (a) of this section where the applicant demonstrates to the satisfaction of the Office of Foreign Assets Control that, in light of industry practices, sales of the particular agricultural commodity or product, medicine, or medical equipment are impracticable under the executory contract licensing procedures contained in § 550.569.

(e) *Ineligible purchasers.* Nothing in this section permits entry into or performance of a sales contract with a person specifically named in appendix A to this chapter V or in appendix A to part 560 of this chapter, other than a procurement body of the Government of Libya identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the state.

Note to paragraph (e) of § 550.570. Information on ineligible purchasers and eligible procurement bodies will be published in the **Federal Register** and may be found on the Office of Foreign Assets Control's Internet site: http://www.treas.gov/ofac, or on its fax-on-demand system: 202/622-0077.

5. Section 550.571 is added to subpart E to read as follows:

§ 550.571 Payment for and financing of commercial sales of agricultural commodities and products, medicine, and medical equipment.

(a) *General license for payment terms.* The following payment terms for sales of agricultural commodities and products, medicine, and medical equipment pursuant to §§ 550.569 and 550.570 are authorized:

(1) Payment of cash in advance;

(2) Sales on open account, provided that the account receivable may not be transferred by the person extending the credit; or

(3) Financing by third-country financial institutions that are neither United States persons nor Government of Libya entities. Such financing may be confirmed or advised by U.S. financial institutions.

(b) *Specific licenses for alternate payment terms.* Specific licenses may be issued on a case-by-case basis for payment terms and trade financing not authorized by the general license in paragraph (a) of this section for sales pursuant to §§ 550.569 and 550.570, except that such financing may not be provided by the Government of Libya. See § 501.801(b) of this chapter for specific licensing procedures.

(c) *No debits to blocked accounts.* Nothing in this section authorizes payment terms or trade financing involving a debit to an account of the Government of Libya blocked pursuant to this part.

(d) *Transfers through the U.S. financial system.* Before a United States financial institution initiates a payment on behalf of any customer, or credits a transfer to the account on its books of the ultimate beneficiary, the United States financial institution must determine that the underlying transaction is not prohibited by this part. Any payment relating to a transaction authorized in or pursuant to § 550.569, 550.570, or 550.572 that is routed through the U.S. financial system must reference the relevant Office of Foreign Assets Control license authorizing the payment to avoid the blocking or rejection of the transfer.

6. Section 550.572 is added to subpart E to read as follows:

550.572 Brokering sales of bulk agricultural commodities.

(a) *General license for brokering sales by U.S. persons.* United States persons are authorized to broker the sale and exportation or reexportation by United States persons of the bulk agricultural commodities listed in appendix A to this part 550 to individuals in Libya acting for their own account, nongovernmental entities in Libya, procurement bodies of the Government of Libya identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the state, or persons in third countries purchasing specifically for resale to any of the foregoing, provided that the

brokered sales meet all conditions of § 550.570.

(b) *Specific licensing for brokering sales by non-U.S. persons.* Specific licenses may be issued on a case-by-case basis to permit United States persons to broker the sale and exportation or reexportation of bulk agricultural commodities by non-United States persons to persons in Libya or the Government of Libya. Specific licenses issued pursuant to this section will authorize the brokerage only of sales that:

(1) Are limited to the bulk agricultural commodities listed in appendix A to this part 550;

(2) Are to purchasers permitted pursuant to paragraphs (b)(2) and (e) of § 550.570;

(3) Require that any performance that is subject to license application requirements of another Federal agency be contingent upon the prior authorization of that agency. (For example, items classified EAR99 under the Export Administration Regulations, 15 CFR parts 730 through 774, may in certain instances require a license from the Department of Commerce, Bureau of Export Administration. See, e.g., 15 CFR 736.2(b)(5), 744.2 through 744.4, 744.7, and 744.10; see also 22 CFR 123.9.)

(c) *No debit to blocked accounts.* Payment for any brokerage fee earned pursuant to this section may not involve a debit to an account blocked pursuant to this part.

(d) *Recordkeeping and reporting requirements.* Attention is drawn to the recordkeeping, retention, and reporting requirements of §§ 501.601 and 501.602.

7. Section 550.573 is added to subpart E to read as follows:

§ 550.573 Travel transactions in connection with licensed sales of agricultural commodities and products, medicine, and medical products.

Travel transactions to, from, and within Libya for the sole purpose of negotiating contracts authorized by § 550.569 or § 550.570 are authorized. Travel transactions related to installation or servicing of medical equipment sold pursuant to § 550.569 must be authorized by specific license. See § 501.801(b) of this chapter for specific licensing procedures.

Note to § 550.573. U.S. passports must be validated by the U.S. Department of State for travel to Libya.

8. Appendix A to part 550 is added to read as follows:

Appendix A to Part 550—Bulk Agricultural Commodities

Notes:

1. Appendix A sets forth those agricultural commodities eligible for the bulk agricultural commodity sales licensing procedures in § 550.570.

2. Commodities are identified by their classification numbers in the Harmonized Tariff Schedule of the United States (see 19 U.S.C. 1202) ("HTS").

HTS Number	Commodity
1001.10	Durum Wheat
1001.90	Other Wheat and Meslin, including seed, Red Spring Wheat, White Winter Wheat, "Canadian" Western Red Winter Wheat, Soft White Spring Wheat, and Wheat not elsewhere specified
1101.00	Wheat or Meslin Flour
1006.10	Rice in the husk (paddy or rough)
1006.20	Husked (brown) Rice
1006.30	Semi-milled or wholly milled Rice, whether or not polished or glazed
1006.40	Broken Rice
1102.30	Rice Flour
1103.14	Rice Groats, Meal and Pellets
1002.00	Rye
1003.00	Barley
1004.00	Oats
1007.00	Grain Sorghum
1005.00	Corn (Maize)
0713.31	Dried Beans including *Vigna mungo (L.), Hepper,* and *Vigna radiata (L.) Wilczek*
0713.32	Small red (adzuki) beans
0713.33	Kidney beans, including white pea beans
0713.39	Beans, other
0713.50	Broad beans and horse beans
0713.10	Dried Peas (*Pisum sativum*)
0713.20	Chickpeas (garbanzos)
0713.40	Lentils
0713.90	Dried leguminous vegetables, shelled, not elsewhere specified
1201.00	Soybeans, whether or not broken
2304.00	Soybean cake, meal and pellets
1507.10	Soybean oil, crude
1507.90	Soybean oil, other
1514.10	Rapeseed, colza and mustard oil, crude
1514.90	Rapeseed, colza and mustard oil, other
1515.21	Corn (Maize) oil, crude
1515.29	Corn (Maize) oil, other
1512.21	Cottonseed oil, crude
1512.29	Cottonseed oil, other
1517.90	Cottonseed oil, hydrogenated
1508.10	Peanut (ground-nut) oil, crude
1508.90	Peanut (ground-nut) oil, other
1515.50	Sesame oil
1512.11	Sunflower-seed oil, crude
1512.19	Sunflower-seed oil, other
1212.91	Sugar Beets, fresh, chilled, frozen or dried
1212.92	Sugar Cane, fresh, chilled, frozen or dried
1701.11	Cane Sugar, raw, solid form
1701.12	Beet Sugar, raw, solid form
1701.91	Cane or Beet Sugar, solid form, containing added coloring or flavoring
1701.99	Cane or Beet Sugar, other, not elsewhere specified

PART 560—IRANIAN TRANSACTIONS REGULATIONS

1. The authority citation for part 560 continues to read as follows:

Authority: 3 U.S.C. 301; 18 U.S.C. 2332d; 22 U.S.C. 2349aa-9; 31 U.S.C. 321(b); 50 U.S.C. 1601-1651, 1701-1706; Pub. L. 101-410, 104 Stat. 890 (28 U.S.C. 2461 note); E.O. 12613, 52 FR 41940, 3 CFR, 1987 Comp., p. 256; E.O. 12957, 60 FR 14615, 3 CFR, 1995 Comp., p. 332; E.O. 12959, 60 FR 24757, 3 CFR, 1995 Comp., p. 356; E.O. 13059, 62 FR 44531, 3 CFR, 1997 Comp., p. 217.

Subpart D—Interpretations

2. Section 560.405 is added to subpart D to read as follows:

§ 560.405 Transactions incidental to a licensed transaction authorized.

Any transaction ordinarily incident to a licensed transaction and necessary to give effect thereto is also authorized, except:

(a) A transaction by an unlicensed Iranian governmental entity or involving a debit or credit to an Iranian account not explicitly authorized within the terms of the license;

(b) Provision of any transportation services to or from Iran not explicitly authorized in or pursuant to this part other than discharging licensed or exempt cargo there;

(c) Distribution or leasing in Iran of any containers or similar goods owned or controlled by United States persons after the performance of transportation services to Iran; and

(d) Financing of licensed sales for exportation or reexportation of agricultural commodities or products, medicine or medical equipment to Iran or the Government of Iran. See § 560.532.

Subpart E—Licenses, Authorizations, and Statements of Licensing Policy

3. Section 560.530 is added to subpart E to read as follows:

§ 560.530 Commercial sales of agricultural commodities and products, medicine, and medical equipment.

(a) *General license for executory contracts.* Entry into executory contracts is authorized for the following transactions with nongovernmental

entities in Iran or procurement bodies of the Government of Iran not affiliated with the coercive organs of the state, provided that performance of the executory contracts (including any preparatory activities, payments or deposits related to such executory contracts) is contingent upon the prior authorization of the Office of Foreign Assets Control in or pursuant to this part:

(1) The sale of agricultural commodities and products, if those commodities and products are intended for ultimate consumption in Iran as:

(i) Food by humans (including live animals, raw, processed and packaged foods) or animals (including animal feeds);

(ii) Seeds for food crops; and

(iii) Reproductive materials (such as live animals, fertilized eggs, embryos and semen) for the production of food animals; and

(2) The sale of medicines (including those administered by injection) and medical equipment for use in Iran, if those medicines and medical equipment are not listed on the Commerce Control List in the Export Administration Regulations, 15 CFR part 774, supplement no. 1 (excluding items classified EAR99), as of the date of exportation or reexportation. (EAR99 items may in certain instances require a license from the Department of Commerce, Bureau of Export Administration. See, e.g., 15 CFR 736.2(b)(5), 744.2 through 744.4, 744.7, and 744.10.)

Note to paragraph (a) of § 560.530. See § 560.531 with respect to the availability of specific licenses for entry into and performance of contracts for sales of certain bulk agricultural commodities.

(b) *Required terms of executory contracts.* The authorization contained in paragraph (a) of this section applies only to executory contracts that:

(1) Disclose all parties with an interest in the sales transaction. If the goods are being sold to a purchasing agent in Iran, the executory contract must identify the agent's principals at the wholesale level for whom the purchase is being made;

(2) Provide only for sales at prevailing market prices;

(3) Set forth all terms of sale (e.g., purchase price, quantity, date of shipment, financing), except that dates for contract performance may be made dependent upon the date a specific license pursuant to paragraph (d) of this section is obtained from the Office of Foreign Assets Control;

(4) Make any performance involving the exportation or reexportation of any goods, technology (including technical data, software, or other information) or services that are subject to license application requirements of another Federal agency contingent upon the prior authorization of that agency. (For example, items classified EAR99 under the Export Administration Regulations, 15 CFR parts 730 through 774, may in certain instances require a license from the Department of Commerce, Bureau of Export Administration. See, e.g., 15 CFR 736.2(b)(5), 744.2 through 744.4, 744.7, and 744.10; see also 22 CFR 123.9); and

(5) Provide for payment terms consistent with the provisions of § 560.532.

(c) *Ineligible purchasers.* Nothing in this section permits entry into or performance of a sales contract with a person specifically named in appendix A to this chapter V or in appendix A to this part 560, other than a procurement body of the Government of Iran identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the state.

Note to paragraph (c) of § 560.530. Information on ineligible purchasers and eligible procurement bodies will be published in the **Federal Register** and may be found on the Office of Foreign Assets Control's Internet site: http://www.treas.gov/ofac, or on its fax-on-demand system: 202/622-0077.

(d) *Specific licenses for performance under executory contracts.* Specific licenses may be issued on a case-by-case basis to permit the performance of executory contracts meeting the requirements of paragraphs (a) and (b) of this section. See § 501.801(b) of this chapter with respect to specific licensing procedures.

(e) *Recordkeeping and reporting requirements.* Attention is drawn to the recordkeeping, retention, and reporting requirements of §§ 501.601 and 501.602.

4. Section 560.531 is added to subpart E to read as follows:

§ 560.531 Commercial sales of certain bulk agricultural commodities.

(a) *Sales of bulk agricultural commodities by licensed sellers.* Specific licenses may be issued on a case-by-case basis to permit the sale and exportation or reexportation to persons in Iran or the Government of Iran of bulk agricultural commodities intended for ultimate consumption in Iran as food by humans or animals (including animal feeds) and seeds for food crops, for sales meeting all requirements of paragraph (b) of this section.

(b) *Required contract terms for commercial sales of bulk agricultural commodities.* Specific licenses issued pursuant to this section will authorize entry into and performance only of contracts that:

(1) Provide for the sale and exportation or reexportation only of bulk agricultural commodities listed in appendix B to this part 560;

(2) Fully identify the purchasers of the bulk agricultural commodities, including (for sales through persons in third countries) those to whom the commodities are to be resold, and do not include as a purchaser any person in Iran or any person within the definition of the term Government of Iran other than:

(i) A private individual in Iran acting for his or her own account;

(ii) A nongovernmental entity in Iran; or

(iii) A procurement body of the Government of Iran identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the state;

(3) Provide only for sales at prevailing market prices;

(4) Make any performance involving the exportation or reexportation of any goods, technology (including technical data, software, or other information) or services that are subject to license application requirements of another Federal agency contingent upon the prior authorization of that agency. (For example, EAR99 items may in certain instances require a license from the Department of Commerce, Bureau of Export Administration. See, e.g., 15 CFR 736.2(b)(5), 744.2 through 744.4, 744.7, and 744.10; see also 22 CFR 123.9); and

(5) Provide for payment terms consistent with the provisions of § 560.532.

(c) *Recordkeeping and reporting requirements.* Attention is drawn to the recordkeeping, retention, and reporting requirements of §§ 501.601 and 501.602.

(d) *Other commodities and products.* Requests may be made to the Office of Foreign Assets Control for specific licenses analogous to those available pursuant to paragraph (a) of this section where the applicant demonstrates to the satisfaction of the Office of Foreign Assets Control that, in light of industry practices, sales of the particular agricultural commodity or product, medicine, or medical equipment are impracticable under the executory contract licensing procedures contained in § 560.530.

(e) *Ineligible purchasers.* Nothing in this section permits entry into or performance of a sales contract with a person specifically named in appendix A to this chapter V or in appendix A to this part 560, other than a procurement body of the Government of Iran identified by the Office of Foreign

Assets Control as not being affiliated with the coercive organs of the state.

Note to paragraph (e) of § 560.531. Information on ineligible purchasers and eligible procurement bodies will be published in the **Federal Register** and may be found on the Office of Foreign Assets Control's Internet site: http://www.treas.gov/ofac, or on its fax-on-demand system: 202/622-0077.

5. Section 560.532 is added to subpart E to read as follows:

§ 560.532 Payment for and financing of commercial sales of agricultural commodities and products, medicine, and medical equipment.

(a) *General license for payment terms.* The following payment terms for sales of agricultural commodities and products, medicine, and medical equipment pursuant to §§ 560.530 and 560.531 are authorized:

(1) Payment of cash in advance;

(2) Sales on open account, provided that the account receivable may not be transferred by the person extending the credit; or

(3) Financing by third-country financial institutions that are neither United States persons nor Government of Iran entities. Such financing may be confirmed or advised by U.S. financial institutions.

(b) *Specific licenses for alternate payment terms.* Specific licenses may be issued on a case-by-case basis for payment terms and trade financing not authorized by the general license in paragraph (a) of this section for sales pursuant to §§ 560.530 and 560.531, except that such financing may not be provided by the Government of Iran. See § 501.801(b) of this chapter for specific licensing procedures.

(c) *No use of Iranian accounts.* Nothing in this section authorizes payment terms or trade financing involving a debit or credit to an Iranian account.

(d) *Transfers through the U.S. financial system.* Any payment relating to a transaction authorized in or pursuant to § 560.530, 560.531, or 560.533 that is routed through the U.S. financial system must reference the relevant Office of Foreign Assets Control license authorizing the payment to avoid the rejection of the transfer. See § 560.516(b).

6. Section 560.533 is added to subpart E to read as follows:

§ 560.533 Brokering sales of bulk agricultural commodities.

(a) *General license for brokering sales by U.S. persons.* United States persons are authorized to broker the sale by United States persons of the bulk agricultural commodities listed in appendix B to this part 560 to individuals in Iran acting for their own account, nongovernmental entities in Iran, procurement bodies of the Government of Iran identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the state, or persons in third countries purchasing specifically for resale to any of the foregoing, provided that the brokered sales meet all conditions of § 560.531.

(b) *Specific licensing for brokering sales by non-U.S. persons.* Specific licenses may be issued on a case-by-case basis to permit United States persons to broker the sale and exportation or reexportation of bulk agricultural commodities by non-United States persons to persons in Iran or the Government of Iran. Specific licenses issued pursuant to this section will authorize the brokerage only of sales that:

(1) Are limited to the bulk agricultural commodities listed in appendix B to this part 560;

(2) Are to purchasers permitted pursuant to paragraphs (b)(2) and (e) of § 560.531;

(3) Require that any performance that is subject to license application requirements of another Federal agency be contingent upon the prior authorization of that agency. (For example, items classified EAR99 under the Export Administration Regulations, 15 CFR parts 730 through 774, may in certain instances require a license from the Department of Commerce, Bureau of Export Administration. See, e.g., 15 CFR 736.2(b)(5), 744.2 through 744.4, 744.7, and 744.10; see also 22 CFR 123.9.)

(c) *No debit to an Iranian account.* Payment for any brokerage fee pursuant to this section may not involve a debit or credit to an Iranian account.

(d) *Recordkeeping and reporting requirements.* Attention is drawn to the recordkeeping, retention, and reporting requirements of §§ 501.601 and 501.602.

Appendix A to Part 560 [Redesignated]

7. The appendix to part 560 is redesignated as Appendix A to Part 560.

8. Appendix B to part 560 is added to read as follows:

Appendix B to Part 560—Bulk Agricultural Commodities

Notes:

1. Appendix B sets forth those agricultural commodities eligible for the bulk agricultural commodity sales licensing procedures in § 560.531.

2. Commodities are identified by their classification numbers in the Harmonized Tariff Schedule of the United States (see 19 U.S.C. 1202) ("HTS").

HTS Number	Commodity
1001.10	Durum Wheat
1001.90	Other Wheat and Meslin, including seed, Red Spring Wheat, White Winter Wheat, "Canadian" Western Red Winter Wheat, Soft White Spring Wheat, and Wheat not elsewhere specified
1101.00	Wheat or Meslin Flour
1006.10	Rice in the husk (paddy or rough)
1006.20	Husked (brown) Rice
1006.30	Semi-milled or wholly milled Rice, whether or not polished or glazed
1006.40	Broken Rice
1102.30	Rice Flour
1103.14	Rice Groats, Meal and Pellets
1002.00	Rye
1003.00	Barley
1004.00	Oats
1007.00	Grain Sorghum
1005.00	Corn (Maize)
0713.31	Dried Beans including *Vigna mungo (L.), Hepper*, and *Vigna radiata (L.) Wilczek*
0713.32	Small red (adzuki) beans
0713.33	Kidney beans, including white pea beans
0713.39	Beans, other
0713.50	Broad beans and horse beans
0713.10	Dried Peas (*Pisum sativum*)
0713.20	Chickpeas (garbanzos)
0713.40	Lentils
0713.90	Dried leguminous vegetables, shelled, not elsewhere specified
1201.00	Soybeans, whether or not broken
2304.00	Soybean cake, meal and pellets
1507.10	Soybean oil, crude
1507.90	Soybean oil, other
1514.10	Rapeseed, colza and mustard oil, crude
1514.90	Rapeseed, colza and mustard oil, other
1515.21	Corn (Maize) oil, crude
1515.29	Corn (Maize) oil, other
1512.21	Cottonseed oil, crude
1512.29	Cottonseed oil, other
1517.90	Cottonseed oil, hydrogenated
1508.10	Peanut (ground-nut) oil, crude
1508.90	Peanut (ground-nut) oil, other
1515.50	Sesame oil
1512.11	Sunflower-seed oil, crude
1512.19	Sunflower-seed oil, other
1212.91	Sugar Beets, fresh, chilled, frozen or dried
1212.92	Sugar Cane, fresh, chilled, frozen or dried
1701.11	Cane Sugar, raw, solid form
1701.12	Beet Sugar, raw, solid form
1701.91	Cane or Beet Sugar, solid form, containing added coloring or flavoring
1701.99	Cane or Beet Sugar, other, not elsewhere specified

Dated: July 26, 1999.
R. Richard Newcomb,
Director, Office of Foreign Assets Control.
Approved: July 26, 1999.
Elisabeth A. Bresee,
Assistant Secretary (Enforcement), Department of the Treasury.
[FR Doc. 99-19628 Filed 7-27-99; 4:18 pm]
BILLING CODE 4810-25-F

DEPARTMENT OF TRANSPORTATION

Coast Guard

33 CFR Part 160

[USCG-1998-4819]

RIN 2115-AF85

Year 2000 (Y2K) Reporting Requirements for Vessels and Marine Facilities; Enforcement Date Change

AGENCY: Coast Guard, DOT.

ACTION: Temporary interim rule.

SUMMARY: The Coast Guard is changing the reporting date for certain vessels and marine facilities to submit their Year 2000 (Y2K) preparedness questionnaires. The current temporary interim rule requires certain vessels and marine facilities to submit Y2K preparedness questionnaires to be received by the Coast Guard no later than August 1, 1999. Due to problems with the software enabling Internet submissions, we are delaying the questionnaire submission date to August 20, 1999. Additionally, we are making some non-substantive, editorial corrections to the interim rule.

EFFECTIVE DATES: This temporary interim rule is effective August 2, 1999 and expires March 31, 2000. All other provisions of the temporary interim rule published on June 23, 1999 at 64 FR 33404-33424 that became effective on June 23, 1999 remain in effect.

FOR FURTHER INFORMATION CONTACT: For questions regarding this change of enforcement date, call Mr. John Hannon, Project Manager, Office of Compliance, telephone 202-267-0492. For questions on viewing, or submitting material to the docket, contact Dorothy Walker, Chief, Dockets, Department of Transportation, telephone 202-366-9329.

SUPPLEMENTARY INFORMATION:

Discussion of Regulatory Action

This rule delays the submission requirement for the Y2K questionnaires from August 1, 1999 to August 20, 1999. This delay facilitates the regulated public's ability to use the Internet and other means to submit the required questionnaires. Because this rule relieves the restriction for the August 1, 1999, submission date, until August 20, 1999, under 5 U.S.C. 553 (d)(1), it is effective on its date of publication in the Federal Register.

Background

On March 5, 1999, the International Maritime Organization (IMO) issued Circular Letter No. 2121 which established, through unanimous agreement, the Year 2000 Code of Good Practice and Key Elements of Y2K contingency plans for ships, ports, and terminals. After the issuance of Circular No. 2121, the Coast Guard developed a risk assessment matrix, and evaluated the need for information to supplement the questionnaires contained in the Circular. We published a temporary interim rule on June 23, 1999 (64 FR 33404) establishing temporary Y2K preparedness reporting requirements for vessels and marine facilities operating in U.S. waters on any of the following peak risk dates:

- Between midnight (2400 hours local time) September 7, 1999 and midnight (2400 hours local time) September 9, 1999 (48 hours);
- Between midnight (2400 hours local time) December 30, 1999 and midnight (2400 hours local time) January 1, 2000 (48 hours); and
- Between midnight (2400 hours local time) February 27, 2000 and midnight (2400 hours local time) February 29, 2000 (48 hours).

The reporting requirements and copies of the required forms were set out in the temporary interim rule.

Reason for Delay

The temporary interim rule gave the public three options to submit their responses to Y2K questionnaires: by mail, by facsimile (fax), and by submission of data via the Internet. At the time of publication of the Temporary Interim Rule, we reported that we were finalizing our Y2K questionnaire data processing system and indicated we would implement the system by July 1, 1999. At this time, the system is capable of receiving faxed and mailed submissions; however, we are currently experiencing software problems for submitting questionnaires via the Internet. We anticipate that Internet submission capability will not be available until August 1, 1999. If all submissions were made using the Internet, our system may not be able to process all submissions; therefore, we are delaying the date by which we must receive your Y2K preparedness questionnaires until August 20, 1999. We are currently capable of receiving and processing both fax and mail Y2K questionnaire submissions and you are highly encouraged to submit your questionnaires as soon as possible through one of those means.

Additionally, as published, the temporary interim rule contains inaccuracies and editorial errors in need of correction. We are correcting the Navigation and Vessel Inspection Circular (NVIC) 6-99 to read as 7-99. In addition, facilities operating under the authority of the Department of Transportation were omitted from section 160.307 paragraph (g) in error. We are correcting that oversight by adding the Department of Transportation to this section. We are also correcting an editorial error where we mislabeled sub-paragraphs in section 160.317 of the rule by going from (d) to (f), skipping (e). Finally, we are correcting an inaccurate domestic fax number and adding an international fax number for foreign vessels to submit the appropriate Y2K preparedness questionnaire.

List of Subjects in 33 CFR Part 160

Administrative practice and procedure, Harbors, Hazardous material transportation, Marine safety, Navigation (water), Reporting and recordkeeping requirements, Vessels, Waterways.

For reasons set forth in the preamble, the Coast Guard is amending 33 CFR part 160 as follows:

ART 160—PORTS AND WATERWAY SAFETY—GENERAL

1. The authority citation for part 160 continues to read as follows:

Authority: 33 U.S.C. 1223, 1231; 49 CFR 1.46. Subpart D is also issued under the authority of 33 U.S.C. 1225 and 46 U.S.C. 3715.

2. Revise paragraph (g) of § 160.307, to read as follows:

§ 160.307 Which vessels and facilities are exempt from this subpart?

* * * * *

(g) Facilities directly operated by the Department of Defense, or under the authority of the Department of the Interior or the Department of Transportation.

3. In § 160.313, revise paragraphs (a)(1), (a)(2), and (b)(2) to read as follows:

§ 160.313 What are the Year 2000 (Y2K) reporting requirements for vessels owned in the United States?

(a) * * *

(1) If your vessel will operate during any of the peak risk periods identified in § 160.311, you must submit a Vessel

DEPARTMENT OF THE TREASURY

Office of Foreign Assets Control

31 CFR Parts 538, 550 and 560

Sudanese Sanctions Regulations; Libyan Sanctions Regulations; Iranian Transactions Regulations: Licensing of Commercial Sales, Exportation and Reexportation of Agricultural Commodities and Products, Medicine, and Medical Equipment; Iranian Accounts on the Books of U.S. Depository Institutions; Informational Materials; Visas

AGENCY: Office of Foreign Assets Control, Treasury.

ACTION: Final rule; amendments.

SUMMARY: The Treasury Department is amending provisions relating to the financing of agricultural and medical sales appearing in the Sudanese Sanctions Regulations, the Libyan Sanctions Regulations, and the Iranian Transactions Regulations. While general licenses continue to prohibit financing of sales by entities of the Governments of Sudan, Libya or Iran, the amendments remove language prohibiting the issuance of specific licenses authorizing financing by entities of those governments. New appendices are added to identify approved eligible procurement bodies of the Governments of Libya and Iran. Technical changes are made in all three sets of regulations with respect to licensing requirements of other Federal agencies. Technical changes are made in the Iranian Transactions Regulations concerning debits and credits to Iranian accounts on the books of U.S. depository institutions and concerning eligible purchasers. Finally, technical changes are made to the Iranian Transactions Regulations to revise language on informational materials and on "H" (temporary worker) visas.

EFFECTIVE DATE: October 27, 1999.

FOR FURTHER INFORMATION CONTACT: Steven I. Pinter, Chief of Licensing (tel.: 202/622–2480) or William B. Hoffman, Chief Counsel (tel.: 202/622–2410), Office of Foreign Assets Control, U.S. Treasury Department, Washington, DC 20220.

SUPPLEMENTARY INFORMATION:

Electronic and Facsimile 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 disk or paper copies. This file is available for downloading without charge in ASCII and Adobe Acrobat® readable (*.PDF) formats. For Internet access, the address for use with the World Wide Web (Home Page), Telnet, or FTP protocol is: fedbbs.access.gpo.gov. This document and additional information concerning the programs of the Office of Foreign Assets Control are available for downloading from the Office's Internet Home Page: http://www.treas.gov/ofac, or in fax form through the Office's 24-hour fax-on-demand service: call 202/622–0077 using a fax machine, fax modem, or (within the United States) a touch-tone telephone.

Background

On April 28, 1999, President Clinton announced that existing unilateral economic sanctions programs would be amended to modify licensing policies to allow specific licensing of the commercial sale of agricultural commodities and products, medicine and medical equipment where the United States Government has the discretion to issue such licenses. On August 2, 1999, the Treasury Department's Office of Foreign Assets Control ("OFAC") published in the Federal Register (64 FR 41784) amendments to the Sudanese Sanctions Regulations, 31 CFR part 538 (the "SSR"), the Libyan Sanctions Regulations, 31 CFR part 550 (the "LSR"), and the Iranian Transactions Regulations, 31 CFR part 560 (the "ITR") (collectively, the "Regulations"), to make available both general and specific licenses governing commercial sales of such goods.

The amendments permitted sellers, pursuant to an OFAC general license, to negotiate and sign executory contracts for commercial sales and exportation or reexportation of these agricultural or medical items to the target countries or their governments. Performance under such executory contracts was to be made contingent upon receipt of an OFAC specific license. Regulations, §§ 538.523, 550.569 and 560.530. Persons wishing to make commercial sales of certain bulk agricultural commodities to the target countries or their governments could apply for specific licenses to permit future entry into and performance of contracts for such sales. Regulations, § 538.524 and SSR, appendix A; § 550.570 and LSR, appendix A; § 560.531 and ITR, appendix B. The Regulations made all sales to the target countries subject to a series of requirements intended to ensure that such sales did not improperly benefit the target countries' governments.

With respect to payment for and financing of sales of agricultural and medical items, the Regulations provided by general license that parties were authorized, among other things, to utilize financing by third-country financial institutions that were not U.S. persons or target-country government banks. U.S. financial institutions were authorized by general license to advise or confirm such financing by third-country financial institutions, but specific licenses were required for alternate payment terms. Regulations, §§ 538.525, 550.571, and 560.532.

OFAC is amending provisions relating to payment for and financing of sales of agricultural and medical items. The general licenses in §§ 538.525(a), 550.571(a), and 560.532(a) of the Regulations continue to prohibit financing of sales by entities of the Governments of Sudan, Libya or Iran. Sections 538.525(b), 550.571(b), and 560.532(b), which provide for the specific licensing of alternative financing terms, are amended to remove language prohibiting the issuance of specific licenses authorizing financing by entities of those governments.

Technical revisions are made to language on licensing requirements of other Federal agencies in §§ 538.523(b)(4), 538.524(b)(4), and 538.526(b)(3) of the SSR; 550.569(b)(4), 550.570(b)(4) and 550.572(b)(3) of the LSR; and 560.530(b)(4), 560.531(b)(4), and 560.533(b)(3) of the ITR. Approved eligible procurement bodies of the Governments of Libya and Iran are identified in new appendices to the LSR and ITR.

Sections 550.569(a) of the LSR and 560.530(a) of the ITR are revised to conform the language on executory contracts to that in § 538.523(a) of the SSR. Technical changes are made to §§ 560.532(c) and 560.533(c) of the ITR to clarify that the prohibition on debits and credits to Iranian accounts refers only to accounts of persons located in Iran or of the Government of Iran maintained on the books of a U.S. depository institution.

OFAC is making technical changes to the ITR unrelated to the August 1999 amendments. Section 560.210(c)(2), with respect to informational materials, is amended to remove a reference to royalties. Section 560.505(c) is amended to revise the reference from "H–1b (temporary worker)" to "H (temporary worker)."

Paperwork Reduction Act

As authorized in the APA, the Regulations are being issued without prior notice and public comment procedure. The collections of

information related to the Regulations are contained in 31 CFR part 501 (the "Reporting and Procedures Regulations"). Pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3507), those collections of information have been approved by the Office of Management and Budget ("OMB") under control number 1505–0164. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid control number.

Because the Regulations involve a foreign affairs function, Executive Order 12866 and the provisions of the APA 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

31 CFR Part 538

Administrative practice and procedure, Agricultural commodities, Banks, banking, Blocking of assets, Drugs, Exports, Foreign trade, Humanitarian aid, Imports, Medical devices, Penalties, Reporting and recordkeeping requirements, Specially designated nationals, Sudan, Terrorism, Transportation.

31 CFR Part 550

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

31 CFR Part 560

Administrative practice and procedure, Agricultural commodities, Banks, banking, Drugs, Exports, Foreign trade, Imports, Information, Investments, Iran, Loans, Medical devices, Penalties, Reporting and recordkeeping requirements, Services, Specially designated nationals, Terrorism, Transportation.

For the reasons set forth in the preamble, 31 CFR parts 538, 550 and 560 are amended as set forth below:

PART 538—SUDANESE SANCTIONS REGULATIONS

1. The authority citation for part 538 continues to read as follows:

Authority: 3 U.S.C. 301; 31 U.S.C. 321(b); 50 U.S.C. 1601–1651, 1701–1706; E.O. 13067, 62 FR 59989, 3 CFR, 1997 Comp., p. 230.

Subpart E—Licenses, Authorizations, and Statements of Licensing Policy

2. In § 538.523, revise the section heading and the first sentence of paragraph (b)(4) to read as follows:

§ 538.523 Commercial sales, exportation and reexportation of agricultural commodities and products, medicine, and medical equipment.

* * * * *

(b) * * *

(4) Make any performance involving the exportation or reexportation of any goods, technology or services (including technical data, software, or information) that are subject to license application requirements of another Federal agency contingent upon the prior authorization of that agency. * * *

* * * * *

3. In § 538.524, revise the section heading and the first sentence of paragraph (b)(4) to read as follows:

§ 538.524 Commercial sales, exportation and reexportation of bulk agricultural commodities.

* * * * *

(b) * * *

(4) Make any performance involving the exportation or reexportation of any goods, technology or services (including technical data, software, or information) that are subject to license application requirements of another Federal agency contingent upon the prior authorization of that agency. * * *

* * * * *

4. In § 538.525, revise the first sentence of paragraph (b) to read as follows:

§ 538.525 Payment for and financing of commercial sales of agricultural commodities and products, medicine, and medical equipment.

* * * * *

(b) *Specific licenses for alternate payment terms.* Specific licenses may be issued on a case-by-case basis for payment terms and trade financing not authorized by the general license in paragraph (a) of this section for sales pursuant to §§ 538.523 and 538.524. * * *

* * * * * *

5. In § 538.526, revise the first sentence of paragraph (b)(3) to read as follows:

§ 538.526 Brokering sales of bulk agricultural commodities.

* * * * *

(b) * * *

(3) Make any performance involving the exportation or reexportation of any goods, technology or services (including technical data, software, or information) that are subject to license application requirements of another Federal agency contingent upon the prior authorization of that agency. * * *

* * * * *

PART 550—LIBYAN SANCTIONS REGULATIONS

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

Authority: 3 U.S.C. 301; 18 U.S.C. 2332d; 22 U.S.C. 287c, 2349aa–8 and 2349aa–9; 31 U.S.C. 321(b); 49 U.S.C. 40106(b); 50 U.S.C. 1601–1651, 1701–1706; Pub. L. 101–410, 104 Stat. 890 (28 U.S.C. 2461 note); 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.

Subpart E—Licenses, Authorizations, and Statements of Licensing Policy

2. In § 550.569, revise the section heading, paragraph (a) introductory text, and the first sentence of paragraph (b)(4) to read as follows:

§ 550.569 Commercial sales, exportation and reexportation of agricultural commodities and products, medicine, and medical equipment.

(a) *General license for executory contracts.* Except as provided in paragraph (c) of this section, entry into executory contracts is authorized for the following transactions with individuals in Libya acting for their own account, nongovernmental entities in Libya or procurement bodies of the Government of Libya identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the state, or with persons in third countries purchasing specifically for resale to any of the foregoing, provided that performance of the executory contracts (including any preparatory activities, payments or deposits related to such executory contracts) is contingent upon the prior authorization of the Office of Foreign Assets Control in or pursuant to this part:

* * * * *

(b) * * *

(4) Make any performance involving the exportation or reexportation of any goods, technology or services (including technical data, software, or information) that are subject to license application requirements of another Federal agency contingent upon the prior authorization of that agency. * * *

* * * * *

3. In § 550.570, revise the section heading and the first sentence of paragraph (b)(4) to read as follows:

§ 550.570 Commercial sales, exportation and reexportation of bulk agricultural commodities.

* * * * *

(b) * * *

(4) Make any performance involving the exportation or reexportation of any goods, technology or services (including technical data, software, or information) that are subject to license application requirements of another Federal agency contingent upon the prior authorization of that agency. * * *

* * * * *

4. In § 550.571, revise the first sentence of paragraph (b) to read as follows:

§ 550.571 Payment for and financing of commercial sales of agricultural commodities and products, medicine, and medical equipment.

* * * * *

(b) *Specific licenses for alternate payment terms.* Specific licenses may be issued on a case-by-case basis for payment terms and trade financing not authorized by the general license in paragraph (a) of this section for sales pursuant to §§ 550.569 and 550.570.

* * *

* * * * *

5. In § 550.572, revise the first sentence of paragraph (b)(3) to read as follows:

§ 550.572 Brokering sales of bulk agricultural commodities.

* * * * *

(b) * * *

(3) Make any performance involving the exportation or reexportation of any goods, technology or services (including technical data, software, or information) that are subject to license application requirements of another Federal agency contingent upon the prior authorization of that agency. * * *

* * * * *

6. Appendix B is added to part 550 to read as follows:

Appendix B to Part 550—Eligible Procurement Bodies

This Appendix B sets forth eligible procurement bodies of the Government of Libya identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the state. See § 550.570(e).

National Supply Corporation (a.k.a. National Supplies Corporation; a.k.a. NASCO)

PART 560—IRANIAN TRANSACTIONS REGULATIONS

1. The authority citation for part 560 continues to read as follows:

Authority: 3 U.S.C. 301; 18 U.S.C. 2332d; 22 U.S.C. 2349aa-9; 31 U.S.C. 321(b); 50 U.S.C. 1601–1651, 1701–1706; Pub. L. 101–410, 104 Stat. 890 (28 U.S.C. 2461 note); E.O. 12513, 52 FR 41940, 3 CFR, 1987 Comp., p. 256; E.O. 12957, 60 FR 14615, 3 CFR, 1995 Comp., p. 332; E.O. 12959, 60 FR 24757, 3 CFR, 1995 Comp., p. 356; E.O. 13059, 62 FR 44531, 3 CFR, 1997 Comp., p. 217.

Subpart B—Prohibitions

2. In § 560.210, revise the last sentence of paragraph (c)(2) to read as follows:

§ 560.210 Exempt transactions.

* * * * *

(c) * * *

(2) * * * Transactions that are prohibited notwithstanding this section include, but are not limited to, payment of advances for information and informational materials not yet created and completed (with the exception of prepaid subscriptions for widely circulated magazines and other periodical publications), and provision of services to market, produce or co-produce, create or assist in the creation of information and informational materials.

* * * * *

Subpart E—Licenses, Authorizations and Statements of Licensing Policy

§ 560.505 [Amended]

3. In § 560.505, amend paragraph (c) by revising the phrase "H–1b (temporary worker)" to read "H (temporary worker)".

4. In § 560.530, revise the section heading, paragraph (a) introductory text, and the first sentence of paragraph (b)(4) to read as follows:

§ 560.530 Commercial sales, exportation and reexportation of agricultural commodities and products, medicine, and medical equipment.

(a) *General license for executory contracts.* Except as provided in paragraph (c) of this section, entry into executory contracts is authorized for the following transactions with individuals in Iran acting for their own account, nongovernmental entities in Iran or procurement bodies of the Government of Iran identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the state, or with persons in third countries purchasing specifically for resale to any of the foregoing, provided that performance of the executory contracts (including any preparatory activities, payments or deposits related to such executory contracts) is contingent upon the prior authorization of the Office of Foreign Assets Control in or pursuant to this part:

* * * * *

(b) * * *

(4) Make any performance involving the exportation or reexportation of any goods, technology or services (including technical data, software, or information) that are subject to license application requirements of another Federal agency contingent upon the prior authorization of that agency. * * *

* * * * *

5. In § 560.531, revise the section heading and the first sentence of paragraph (b)(4) to read as follows:

§ 560.531 Commercial sales, exportation and reexportation of certain bulk agricultural commodities.

* * * * *

(b) * * *

(4) Make any performance involving the exportation or reexportation of any goods, technology or services (including technical data, software, or information) that are subject to license application requirements of another Federal agency contingent upon the prior authorization of that agency. * * *

* * * * *

6. In § 560.532, revise the first sentence in paragraph (b) and paragraph (c) to read as follows:

§ 560.532 Payment for and financing of commercial sales of agricultural commodities and products, medicine, and medical equipment.

* * * * *

(b) *Specific licenses for alternate payment terms.* Specific licenses may be issued on a case-by-case basis for payment terms and trade financing not authorized by the general license in paragraph (a) of this section for sales pursuant to §§ 560.530 and 560.531.

* * *

(c) *No debits or credits to Iranian accounts on the books of U.S. depository institutions.* Nothing in this section authorizes payment terms or trade financing involving a debit or credit to an account of a person located in Iran or of the Government of Iran maintained on the books of a U.S. depository institution.

* * * * *

7. In § 560.533, revise the first sentence of paragraph (b)(3) and paragraph (c) to read as follows:

560.533 Brokering sales of bulk agricultural commodities.

* * * * *

(b) * * *

(3) Make any performance involving the exportation or reexportation of any goods, technology or services (including technical data, software, or information) that are subject to license application requirements of another Federal agency contingent upon the prior authorization of that agency. * * *

(c) *No debits or credits to Iranian accounts on the books of U.S. depository institutions.* Payment for any brokerage fee earned pursuant to this section may not involve a debit or credit to an account of a person located in Iran or of the Government of Iran maintained on the books of a U.S. depository institution.

* * * * *

8. Appendix C is added to part 560 to read as follows:

Appendix C to Part 560—Eligible Procurement Bodies

This Appendix C sets forth eligible procurement bodies of the Government of Iran identified by the Office of Foreign Assets Control as not being affiliated with the coercive organs of the state. See § 560.531(e).

Government Trading Corporation (a.k.a. GTC).

State Livestock and Logistics Co. (a.k.a. State Livestock Affairs Logistics; a.k.a. SLAL).

Dated: October 27, 1999.

R. Richard Newcomb,

Director, Office of Foreign Assets Control.

Approved: October 27, 1999.

Elisabeth A. Bresee,

Assistant Secretary (Enforcement), Department of the Treasury.

[FR Doc. 99-28470 Filed 10-27-99; 2:25 pm]

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ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 51

[FRL-6468-4]

Revisions to Emissions Budgets Set Forth in EPA's Finding of Significant Contribution and Rulemaking for Purposes of Reducing Regional Transport of Ozone for the States of Connecticut, Massachusetts and Rhode Island

AGENCY: Environmental Protection Agency (EPA).

ACTION: Withdrawal of direct final rule.

SUMMARY: Due to receipt of adverse comments, EPA is withdrawing a September 15, 1999 direct final rule (64 FR 49987) which would have revised the emissions budgets set forth in EPA's finding of significant contribution for purposes of reducing regional transport of ozone. Having withdrawn the direct final rule, EPA will take action on a proposed rule to revise the emissions budgets set forth in EPA's finding of significant contribution for purposes of reducing regional transport of ozone also published on September 15, 1999 (64 FR 50036) after EPA has evaluated the comments received.

DATES: The direct final rule to revise the emissions budgets in EPA's finding of significant contribution, which was published on September 15, 1999 (64 FR 49987), is hereby withdrawn as of November 1, 1999.

ADDRESSES: Docket No. A-99-13 is available for public inspection and copying between 8:30 a.m. and 3:30 p.m., Monday through Friday, excluding holidays. The docket is located in the EPA's Air and Radiation Docket and Information Center, Waterside Mall, Room M-1500, 401 M Street, SW, Washington, DC 20460, or by calling (202)260-7548. A reasonable fee may be charged for copying docket materials.

FOR FURTHER INFORMATION CONTACT: Kathryn Petrillo, Acid Rain Division (6204J) U.S. Environmental Protection Agency, 401 M Street SW, Washington DC 20460, telephone number (202) 564-9093; e-mail: petrillo.kathryn@epa.gov.

SUPPLEMENTARY INFORMATION: On September 15, 1999, EPA published a direct final rule (64 FR 49987) and a parallel proposal (64 FR 50036) to revise the emissions budgets set forth in EPA's finding of significant contribution for purposes of reducing regional transport of ozone (63 FR 57356). These revisions would redistribute the total combined electricity generating unit portion of the state NO_x emissions budgets for Connecticut, Massachusetts, and Rhode Island in accordance with the Memorandum of Understanding signed by the three States and EPA in February 1999. The total combined electric generating unit budget for Connecticut, Massachusetts and Rhode Island would remain unchanged under the revisions. Additionally, the three States each agreed to retire 5% of the electric generating unit portion of their budgets for the benefit of the environment after the revisions are complete.

The EPA stated in the direct final rule that if adverse comments were received by October 5, 1999, EPA would publish a notice withdrawing the direct final rule before its effective date of November 1, 1999. The EPA received adverse comments on October 5, 1999 and is, therefore, withdrawing the direct final rule. The EPA will address these comments in a final rule addressing the emissions budgets for Connecticut, Massachusetts, and Rhode Island at a later date.

Dated: October 29, 1999.

Robert Perciasepe,

Assistant Administrator for Air and Radiation.

[FR Doc. 99-28519 Filed 10-29-99; 8:45 am]

BILLING CODE 6560-50-P

ENVIRONMENTAL PROTECTION AGENCY

40 CFR Part 180

[OPP-300891A; FRL-6390-4]

RIN 2070-AB78

Propargite; Partial Stay of Order Revoking Certain Tolerances

AGENCY: Environmental Protection Agency (EPA).

ACTION: Partial stay of final rule.

SUMMARY: EPA is staying the revocation of tolerances for propargite on apples; and plums (fresh prunes) and is reinstating the tolerances for those commodities existing on October 18, 1999 until November 18, 1999. A final rule, subject to objections, revoking the tolerances for apples; and plums (fresh prunes) was published in the Federal Register on July 21, 1999 (64 FR 39068) (FRL-6089-7). EPA received an objection to the July 21, 1999 rule, which requested that the Agency modify the October 19, 1999 effective date for the final rule as it applied to the removal of the commodities apples; and plums (fresh prunes). EPA is staying the removal of the tolerances for apples, and plums (fresh prunes) effective from October 19, 1999 until November 18, 1999 in order to determine whether to grant the request for modification and if so, for what length of time. Revocations for the remaining tolerances in § 180.259 for apricots; beans, succulent; cranberries; figs; peaches; pears; and strawberries, subject to the July 21, 1999 rule remain effective October 19, 1999.

DATES: The reinstatement amendments are effective from October 19, 1999 until November 18, 1999.

FOR FURTHER INFORMATION CONTACT: For technical information contact: Joseph Nevola, Special Review Branch, (7508C), Special Review and Reregistration Division, Office of Pesticide Programs, U.S. Environmental Protection Agency, 401 M St., SW., Washington, DC 20460. Office location: Special Review Branch, CM#2, 6th floor, 1921 Jefferson Davis Hwy., Arlington, VA. Telephone: (703) 308-8037; e-mail: nevola.joseph@epa.gov.

SUPPLEMENTARY INFORMATION: