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PERIODIC REPORT ON THE NATIONAL EMERGENCY WITH RESPECT TO IRAN

COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

A 6-MONTH PERIODIC REPORT ON THE NATIONAL EMERGENCY WITH RESPECT TO IRAN THAT WAS DECLARED IN EXECUTIVE ORDER 12957 OF MARCH 15, 1995, PURSUANT TO 50 U.S.C. 1641(c); 50 U.S.C. 1730(c); 22 U.S.C. 2349aa–9(c)



MARCH 13, 2002.—Referred to the Committee on International Relations and ordered to be printed

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To the Congress of the United States:

As required by section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c), and section 505(c) of the International Security and Development Cooperation Act of 1985, 22 U.S.C. 2349aa–9(c), I transmit herewith a 6-month periodic report prepared by my Administration on the national emergency with respect to Iran that was declared in Executive Order 12957 of March 15, 1995.

GEORGE W. BUSH.

THE WHITE HOUSE, *March 13, 2002.*

PERIODIC REPORT ON THE NATIONAL EMERGENCY WITH RESPECT TO IRAN

This report to the Congress presents developments over the course of the past 6 months concerning the national emergency with respect to Iran that was declared in Executive Order 12957 of March 15, 1995, as added to in Executive Order 12959 of May 6, 1995, and clarified in Executive Order 13059 of August 19, 1997. This report is submitted pursuant to section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c) ("IEEPA"), section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), and section 505(c) of the International Security and Development Cooperation Act of 1985, 22 U.S.C. 2349aa–9(c). This report discusses only matters concerning the national emergency with respect to Iran that was declared in Executive Order 12957 and does not deal with those relating to the emergency declared on November 14, 1979, in connection with the hostage crisis.

1. During the current reporting period, the Department of the Treasury's Office of Foreign Assets Control (OFAC) made numerous decisions with respect to applications for licenses to engage in transactions under the Regulations. Of those applications for licenses that were denied, the majority were for requests to authorize commercial exports to Iran—particularly of machinery and equipment for various industries—and the importation of Iranian-origin goods. Ninety-six licenses were issued, of which 33 authorized commercial sales and exportation to Iran of bulk agricultural commodities. In addition, 41 licenses were also issued authorizing sales of medicines or medical equipment. Other licenses issued authorized certain licensable transactions involving commercial transactions made pursuant to contracts executed prior to the imposition of sanctions, the provision of international Internet access service, scientific workshops, the importation of art objects for public exhibition, and transactions relating to the transshipment of agricultural products destined for Afghanistan under the auspices of the United Nations, as well as other transactions ultimately related to the humanitarian efforts in Afghanistan. Pursuant to Sections 3 and 4 of Executive Order 12959 and Executive Order 13059 and consistent with statutory restrictions concerning certain goods and technology, including those involved in air safety cases, Treasury continues to consult with the Departments of State and Commerce in the issuance of licenses.

2. For the period September 15, 2001, through March 14, 2002, on OFAC's instructions, U.S. banks refused to process approximately 500 commercial transactions, the majority involving foreign financial institutions. The completion of these transactions by U.S. banks would have been contrary to U.S. foreign policy with respect to Iran. The rejected transactions caused a disruption of approxi-

mately $271 million in financial dealings involving Iran by virtue of U.S. economic sanctions.

3. Since the last report, OFAC has collected 19 civil monetary penalties, settlements, and installment payments totaling more than $200,000 for violations of IEEPA and the Regulations. The violators included seven companies, four U.S. financial institutions, one carrier, and one individual. An additional 175 cases are undergoing penalty action for violations of the Regulations and IEEPA. In addition, criminal charges were filed in Phoenix and New York City in two separate cases involving the export of financial services to Iran. The indictments each allege that the defendants were involved in an illegal money transmitting operation by transferring funds from the United States to accounts maintained in banks in Iran via Dubai, U.A.E. The parties are not linked to any terrorist funding operations. Various other enforcement actions carried over from previous reporting periods are continuing and new reports of violations are being aggressively pursued.

4. The expenses incurred by the Federal Government in the 6-month period from September 15, 2001, through March 14, 2002, that are directly attributable to the exercise of powers and authorities conferred by the declaration of a national emergency with respect to Iran are estimated to be approximately $1,450,000, most of which represent wage and salary costs for Federal personnel. Personnel costs were largely centered in the Department of the Treasury (particularly in the Office of Foreign Assets Control, the U.S. Customs Service, the Office of the Under Secretary for Enforcement, and the Office of the General Counsel), the Department of State, and the Department of Commerce.

5. The situation in Iran continues to present an extraordinary and unusual threat to the national security, foreign policy, and economy of the United States. The declaration of the national emergency with respect to Iran contained in Executive Order 12957 and the comprehensive economic sanctions imposed by Executive Order 12959 underscore the United States Government's opposition to the actions and policies of the Government of Iran, particularly its support of international terrorism and its efforts to acquire weapons of mass destruction and the means to deliver them. The prohibitions contained in Executive Orders 12957, 12959, and 13059 advance important objectives in furthering the nonproliferation and anti-terrorism policies of the United States.

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