

A REPORT ON THE NATIONAL EMERGENCY WITH
RESPECT TO IRAN

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

A SIX MONTH PERIODIC REPORT ON THE NATIONAL EMERGENCY
WITH RESPECT TO IRAN THAT WAS DECLARED IN EXECUTIVE
ORDER 12170 OF NOVEMBER 14, 1979, PURSUANT TO 50 U.S.C.
1641(c) AND 50 U.S.C. 1703(c)



MAY 14, 2003.—Message and accompanying papers referred to the
Committee on International Relations and ordered to be printed

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To the Congress of the United States:

Consistent with section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), and section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(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 12170 of November 14, 1979.

GEORGE W. BUSH.

THE WHITE HOUSE, *May 14, 2003.*

PERIODIC REPORT ON THE NATIONAL EMERGENCY WITH RESPECT TO
THE 1979 IRANIAN EMERGENCY AND ASSETS BLOCKING

This report to the Congress covers developments over the past 6 months concerning the national emergency with respect to Iran that was declared in Executive Order 12170 of November 14, 1979. It is submitted pursuant to section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c) ("IEEPA"), and covers events through March 31, 2003.

1. There have been no amendments to the Iranian Assets Control Regulations, 31 CFR Part 535 ("IACR"), since the last report.

2. Since the last report, the Iran-U.S. Claims Tribunal (the "Tribunal"), established at The Hague pursuant to the Algiers Accords, has completed resolution of all of the private claims of U.S. nationals against Iran. Its focus is now the arbitration of claims between the two governments. On February 27, 2003, in Case No. 485, *Riahi v. Iran* (AWD No. 600-485-1), the Tribunal rendered an award against the Government of Iran in favor of the U.S. claimant, who also holds Iranian nationality under the laws of Iran, in the amount of \$1,743,151 (plus interest). Thus, the total number of awards rendered by the Tribunal tallies at 600, the majority of which were in favor of U.S. claimants. As of March 31, 2003, the value of awards to successful U.S. claimants paid from the Security Account held by the NV Settlement Bank was \$2,515,743,535.71. This figure does not include the most recent award for which payment has not yet been effected.

Iran continues to fail to replenish the Security Account established by the Algiers Accords to ensure payment of awards to successful U.S. claimants. Thus, since November 5, 1992, the Security Account has continuously remained below the \$500 million balance required by the Algiers Accords. As of March 31, 2003, the total amount in the Security Account was \$93,246,103.11, and the total amount in the Interest Account was \$53,782,536.99. Because Iran continues to fail to comply, the United States is actively pursuing Case No. A/33 to require Iran to replenish the Security Account now and in the future. We are presently awaiting a scheduling order from the Tribunal to set a hearing date in this case.

The United States also continues to pursue Case No. A/29 to require Iran to meet its obligation of timely payment of its equal share of advances for Tribunal expenses when directed to do so by the Tribunal.

3. Since the last report, there have been a number of significant filings in the remaining cases pending before the Tribunal concerning claims between the United States and Iran. On November 19, 2002, Iran filed a 132-volume rebuttal in Claims 2 and 3 of Case No. B/1, Iran's case against the United States arising out of Iran's now defunct Foreign Military Sales ("FMS") program. The

Department of State is currently analyzing this submission and will prepare a timely response.

In addition, on February 27, 2003, Iran filed its Hearing Memorial in opposition to a counterclaim raised by the United States in Case No. B/1. The U.S. counterclaim is based upon Iran's breach of its obligation to secure classified data provided to it under the FMS program. The Tribunal is expected to schedule a hearing on this matter soon.

Lastly, on January 15, 2003 the United States filed its Reply in Case No. A/30, Iran's case alleging U.S. interference in Iranian internal affairs in contravention of the 1981 Algiers Accords. The United States continues to maintain that these claims are beyond the jurisdiction of the Tribunal, entirely without merit, and should be dismissed.

4. The Department of State continues to process payments to implement the February 22, 1996 settlement agreement related to the Iran Air case before the International Court of Justice and Iran's bank-related claims against the United States before the Tribunal. As of March 31, 2003, the Department has authorized payments to surviving family members of 247 Iranian victims of the aerial incident, totaling \$61,950,000.00. The settlement agreement also provides for payments to U.S. nationals related to claims against Iranian banks. The Department has authorized payments to U.S. nationals totaling \$17,721,549.19 for 58 such claims. In addition, since November 1998, the Department has authorized the transfer of \$12,542,111.50 to the tribunal for payment of Iran's share of the Tribunal's operating expenses.

5. The situation reviewed above continues to implicate important diplomatic, financial, and legal interests of the United States and its nationals and presents an unusual and extraordinary threat to the national security and foreign policy of the United States. The IACR issued pursuant to Executive Order 12170 continue to play an important role in structuring our relationship with Iran and in enabling the United States to implement properly the Algiers Accords.