

got total confidence that we are prevailing. It is working well. And that's what the American people need to know now, and I don't have anything to contribute beyond that.

*Note: The President spoke at 3:45 p.m. in the Rose Garden at the White House. Prior*

*to his remarks, the President was briefed by Secretary of Defense Dick Cheney and Gen. Colin L. Powell, Chairman of the Joint Chiefs of Staff, on their recent meetings in Saudi Arabia with Gen. H. Norman Schwarzkopf, commander of the U.S. forces in the Persian Gulf, and other allied officers.*

## Letter to Congressional Leaders Reporting on the National Emergency With Respect to Iraq February 11, 1991

*Dear Mr. Speaker: (Dear Mr. President:)*

1. On August 2, 1990, in Executive Order No. 12722, I declared a national emergency to deal with the threat to the national security and foreign policy of the United States caused by Iraq's invasion of Kuwait. (55 FR 31803.) In that order, I ordered the immediate blocking of all property and interests in property of the Government of Iraq (including the Central Bank of Iraq) then or thereafter located in the United States or within the possession or control of a U.S. person. I also prohibited the importation of goods or services of Iraqi origin into the United States and the exportation of goods, technology, and services to Iraq from the United States. In addition, I prohibited travel-related transactions and transportation transactions from or to Iraq and the performance of any contract in support of any industrial, commercial, or governmental project in Iraq. U.S. persons were also prohibited from granting or extending credit or loans to the Government of Iraq.

At the same time, at the request of the Government of Kuwait, I issued Executive Order No. 12723 (55 FR 31805), blocking all property of the Government of Kuwait then or thereafter in the United States or in the possession or control of a U.S. person.

Subsequently, on August 9, 1990, I issued Executive Orders Nos. 12724 and 12725 (55 FR 33089), to ensure that the sanctions imposed by the United States were consistent with United Nations Security Council Resolution 661 of August 6, 1990. Under these orders, additional steps were taken

with regard to Iraq, and sanctions were applied to Kuwait as well to insure that no benefit to Iraq resulted from the military occupation of Kuwait.

2. The declaration of the national emergency on August 2, 1990, was made pursuant to the authority vested in me as President by the Constitution and laws of the United States, including the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*), the National Emergencies Act (50 U.S.C. 1601 *et seq.*), and section 301 of title 3 of the United States Code. I reported the declaration to the Congress on August 3, 1990, pursuant to section 204(b) of the International Emergency Economic Powers Act (50 U.S.C. 1703(b)). The additional sanctions of August 9, 1990, were imposed pursuant to the authority vested in me by the Constitution and laws of the United States, including the statutes cited above and the United Nations Participation Act (22 U.S.C. 287c). The present report is submitted pursuant to 50 U.S.C. 1641(c) and 1703(c). This report discusses only Administration actions and expenses directly related to the national emergency with respect to Iraq declared in Executive Order No. 12722, as implemented pursuant to that order and Executive Orders Nos. 12723, 12724, and 12725.

3. The Office of Foreign Assets Control of the Department of the Treasury ("FAC"), after consultation with other Federal agencies, issued the Kuwaiti Assets Control Regulations, 31 C.F.R. Part 570 (55 FR 49857, November 30, 1990), and the Iraqi Sanc-

tions Regulations, 31 C.F.R. Part 575 (56 FR 2112, January 18, 1991), to implement the prohibitions contained in Executive Orders Nos. 12722–12725.

Prior to the issuance of the final regulations, FAC issued a number of general licenses to address emergency situations affecting U.S. persons and the legitimate Government of Kuwait. Those general licenses have been incorporated, as appropriate, into the Kuwaiti Assets Control Regulations and the Iraqi Sanctions Regulations as general licenses, which permit transactions that would otherwise be prohibited by the Executive orders and regulations. U.S. persons, including U.S. financial institutions, are authorized to complete certain securities, foreign exchange, and similar transactions on behalf of the Government of Kuwait that were entered into prior to August 2, 1990. Similarly, certain import and export transactions commenced prior to August 2, 1990, were allowed to be completed, provided that any payments owed to Iraq or Kuwait were paid into a blocked account in a U.S. financial institution. The regulations also allow for the investment and reinvestment of blocked Kuwaiti and Iraqi assets. Consistent with United Nations Security Council Resolutions 661 and 666, the regulations also outline licensing procedures permitting the donation to Iraq or Kuwait of food in humanitarian circumstances, and of medical supplies, where it is demonstrated to FAC that the proposed export transaction meets the requirements for exemption under United Nations Security Council Resolution 661.

With this report I am enclosing a copy of the Department of the Treasury's Kuwaiti Assets Control Regulations and Iraqi Sanctions Regulations.

4. Worldwide outrage over the invasion of Kuwait by Saddam Hussein has resulted in the imposition of sanctions by nearly every country of the world. To an extent unprecedented in the history of peacetime economic sanctions, the community of nations has worked together to make the sanctions effective in isolating Saddam Hussein and in cutting him off from the support he needs in order to continue his illegal occupation of Kuwait. This cooperation has occurred through the United Nations Sanc-

tions Committee, established by United Nations Security Council Resolution 661, diplomatic channels, and day-to-day working contact among the national authorities responsible for implementing and administering the sanctions.

5. As of January 24, 1991, FAC had issued 158 specific licenses to Kuwaiti governmental entities operating assets or direct investments in the United States, enabling continued operation and the preservation of Kuwaiti government assets in the United States, as well as addressing certain expenditures by or on behalf of the Government of Kuwait in exile. In addition, 68 specific licenses were issued regulating transactions involving the Government of Iraq or its assets. Authorizations were granted enabling the Iraqi Embassy to conduct diplomatic representation in the United States. Specific licenses were also issued to non-Iraqi entities determining or authorizing the disposition of pre-embargo imports and exports on the high seas, authorizing the payment under confirmed letters of credit for pre-embargo exports, and permitting the conduct of procedural transactions such as the filing of lawsuits and payment for legal representation. In all cases involving Iraqi property, steps were taken to ensure that no financial benefit accrued to Iraq as a result of a licensing decision. In order to ensure compliance with the terms and conditions of licenses, reporting requirements have been imposed that are closely monitored. Licensed accounts are regularly audited by FAC compliance personnel and by deputized auditors from other regulatory agencies. Compliance analyses are prepared monthly for major licensed Kuwaiti governmental entities.

6. Upon issuance of Executive Orders Nos. 12722 and 12723 on August 2, 1990, FAC initiated an intensive effort to identify and enforce the blocked status of all property within the United States in which the Government of Iraq has an interest. On Sunday, August 5, 1990, in a nationwide law enforcement effort coordinated by FAC, notices of blocking were served on agents of Iraqi Airways, Inc., at four locations—two in New York, one in Southfield, Michigan, and one in Los Angeles, California—and all

operations of Iraqi Airways in the United States were shut down.

On August 27, 1990, a notice of blocking was served on a company in Newbury, Ohio, which had in its possession a scintillation detector belonging to the Iraqi Atomic Energy Commission. The detector had been sold to the Iraqi government by the firm in February 1990 and returned to the United States for repair in July 1990.

On September 17, 1990, in a law enforcement effort coordinated by FAC with assistance from the Federal Bureau of Investigation and the Customs Service, a notice of blocking was served and actions were taken pursuant thereto at the office of a machine tool distributing company in Solon, Ohio. This corporation is a wholly owned subsidiary of an English company and was blocked based on information that the English company was ultimately owned and controlled by an Iraqi government-controlled trading company in Baghdad, Iraq. Enforcement of the blocked status of the Ohio company's property, including its bank assets, forced the shutdown of the firm.

FAC is continuing to coordinate enforcement actions and investigate reports of violations of the sanctions against Iraq and occupied Kuwait. These efforts will continue to ensure that no activities in violation of the sanctions are allowed to confer any benefit on Iraq.

The enforcement efforts of the United States Government complement the efforts worldwide to enforce sanctions against Iraq. The United States has utilized a wide variety of diplomatic, administrative, and enforcement tools to deter circumvention of the global trade and financial embargoes established under United Nations Security Council resolutions. The enforcement efforts of the United States have been augmented through ongoing contacts with the United Nations, the Organization of Economic Cooperation and Development, the European Community and member states' central banks through the Bank for Inter-

national Settlements, as well as with representatives of individual governments.

7. The expenses incurred by the Federal Government in the 6-month period from August 2, 1990, through February 1, 1991, that are directly attributable to the exercise of the authorities conferred by the declaration of a national emergency with respect to Iraq (including sanctions against Iraq and occupied Kuwait) are estimated at \$1,226,338.80, most of which represents wage and salary costs for Federal personnel. Personnel costs were largely centered in the Department of the Treasury (particularly in FAC, the U.S. Customs Service, Office of the Assistant Secretary for Enforcement, the Office of the Assistant Secretary for International Affairs, and the Office of the General Counsel), the Department of State, the Federal Reserve Board, the National Security Council, the Department of Agriculture, and the Department of Transportation.

8. The invasion of Kuwait and the continuing illegal occupation of that country by Saddam Hussein continue to pose an unusual and extraordinary threat to the national security and foreign policy of the United States. The United States remains committed to a multilateral resolution of this crisis through its actions implementing the binding decisions of the United Nations Security Council with respect to Iraq and Kuwait. I shall continue to exercise the powers at my disposal to apply economic sanctions against Iraq and occupied Kuwait as long as these measures are appropriate, and will continue to report periodically to the Congress on significant developments, pursuant to 50 U.S.C. 1703(c).

Sincerely,

GEORGE BUSH

*Note: Identical letters were sent to Thomas S. Foley, Speaker of the House of Representatives, and Dan Quayle, President of the Senate.*