

Letter to Congressional Leaders Reporting on the National Emergency With Respect to Libya January 13, 1998

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

I hereby report to the Congress on the developments since my last report of June 26, 1997, concerning the national emergency with respect to Libya that was declared in Executive Order 12543 of January 7, 1986. This report is submitted pursuant to section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c); section 204(c) of the International Emergency Economic Powers Act (IEEPA), 50 U.S.C. 1703(c); and section 505(c) of the International Security and Development Cooperation Act of 1985, 22 U.S.C. 2349aa-9(c).

1. On January 2, 1998, 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 Libyan government in the United States or in the possession or control of U.S. persons are blocked.

2. There have been two amendments to the Libyan Sanctions Regulations, 31 C.F.R. Part 550 (the "LSR" or the "Regulations"), administered by the Office of Foreign Assets Control (OFAC) of the Department of the Treasury, since my report of June 26, 1997. The Regulations were amended on August 25, 1997. General reporting, record-keeping, licensing, and other procedural regulations were moved from the Regulations to a separate part (31 C.F.R. Part 501) dealing solely with such procedural matters (62 *Fed. Reg.* 45098, August 25, 1997). A copy of the amendment is attached.

On September 15, 1997, the Regulations were amended to add to appendices A and B to 31 C.F.R. chapter V the name of one entity and one individual who have been determined to act for or on behalf of, or to be owned or controlled by, the Government of Libya (62 *Fed. Reg.* 48177, September 15, 1997). A copy of the amendment is 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 (32) concerned requests by non-Libyan persons or entities to unblock transfers interdicted because of what appeared to be Government of Libya interests. Five licenses authorized the provision of legal services to the Government of Libya in connection with actions in U.S. courts in which the Government of Libya was named as defendant. Licenses were also issued authorizing diplomatic and U.S. government transactions, and to permit U.S. companies to engage in transactions with respect to intellectual property protection in Libya. A total of 49 licenses was issued during the reporting period.

4. During the current 6-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. The OFAC worked closely with the banks to assure the effectiveness of interdiction software systems used to identify such payments. During the reporting period, more than 70 transactions potentially involving Libya, totaling more than \$4.4 million, were interdicted. As of November 10, 1997, 8 transactions had been authorized for release, leaving a net amount of more than \$4.3 million blocked for the period.

5. Since my last report, OFAC collected 7 civil monetary penalties totaling more than \$77,000 for violations of the U.S. sanctions against Libya. Five of the violations involved the failure of banks to block funds transfers or loan syndication payments to Libyan-owned or -controlled financial institutions or commercial entities in Libya. One U.S. corporation and one law firm paid OFAC penalties for export and payment to the Government of Libya violations, respectively. Fifty-five other cases are in active penalty processing.

Various enforcement actions carried over from previous reporting periods have continued to be aggressively pursued. On June 26, 1997, a Federal grand jury for the Middle District of Florida returned an indictment charging a St. Petersburg, Florida man with one count of conspiring

to violate IEEPA and the Libyan Sanctions Regulations, two counts of dealing in property in which the Government of Libya has an interest, one count of purchasing goods (airline tickets) for export from Libya, and one count for transactions to evade and avoid the prohibitions of the LSR. The defendant remains a fugitive and warrants have been issued for his arrest. 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, 1997, through January 6, 1998, that are directly attributable to the exercise of powers and authorities conferred by the declaration of the Libyan national emergency are estimated at approximately \$620,000.00. 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 policies and actions of the Government of Libya continue to pose an unusual and extraordinary threat to the national security and foreign policy of the United States. In adopting UNSCR 883 in November 1993, the United Nations Security Council determined that the continued failure of the Government of Libya to

demonstrate by concrete actions its renunciation of terrorism, and in particular its continued failure to respond fully and effectively to the requests and decisions of the Security Council in Resolutions 731 and 748, concerning the bombing of the Pan Am 103 and UTA 772 flights, constituted a threat to international peace and security. The United States will continue to coordinate its comprehensive sanctions enforcement efforts with those of other U.N. member states. We remain determined to ensure that the perpetrators of the terrorist acts against Pan Am 103 and UTA 772 are brought to justice. The families of the victims in the murderous Lockerbie bombing and other acts of Libyan terrorism deserve nothing less. I shall continue to exercise the powers at my disposal to apply economic sanctions against Libya fully and effectively, so long as those measures are appropriate, and will continue to report periodically to the Congress on significant developments as required by law.

Sincerely,

WILLIAM J. CLINTON

NOTE: Identical letters were sent to Newt Gingrich, Speaker of the House of Representatives, and Albert Gore, Jr., President of the Senate. This letter was released by the Office of the Press Secretary on January 14.

Remarks Supporting Health Care Bill of Rights Legislation and an Exchange With Reporters

January 14, 1998

The President. Thank you very much. Thank you, Mr. Vice President. Thank you, Mr. Gephardt, Senator Daschle. Mr. Bowles, thanks for hanging around. That will minimize our health care bills around here, I can assure you. *[Laughter]* I thank the Members of Congress for being here, and Deputy Secretary Higgins and Secretary Shalala. I'd like to especially thank two Members who are here, Congressman Dingell and Congressman Stark, for their leadership on this vitally important issue.

If I could, just very briefly, I'd like to put this issue into the larger context of what we're doing as a nation at this moment in history.

If you look at the history of America, I think it's fair to say that we have not only survived, but prospered and grown increasingly stronger over 200 years because we have found a way, at every moment of challenge and change, to make the adjustments necessary to preserve our enduring values in a new set of circumstances. And we have done it by strengthening our Union and by applying the elemental principles of the Constitution and the fundamental values of the country to a new time. That's essentially what we're being called upon to do today.

I have said for 6 years now that, to me, all of our policies should be able to be explained