

*To the Congress of the United States:*

I hereby report to the Congress on the developments concerning the national emergency with respect to organizations that threaten to disrupt the Middle East peace process that was declared in Executive Order No. 12947 of January 23, 1995. This report is submitted pursuant to 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 (IEEPA), 50 U.S.C. 1703(c).

1. On January 23, 1995, I signed Executive Order 12947, "Prohibiting Transactions with Terrorists Who Threaten to Disrupt the Middle East Peace Process" (the "order") (60 *Fed. Reg.* 5079, January 25, 1995). The order blocks all property subject to U.S. jurisdiction in which there is any interest of 12 terrorist organizations that threaten the Middle East peace process as identified in an Annex to the order. The order also blocks the property and interests in property subject to U.S. jurisdiction of persons designated by the Secretary of State, in coordination with the Secretary of the Treasury and the Attorney General, who are found (1) to have committed, or to pose a significant risk of committing, acts of violence that have the purpose or effect of disrupting the Middle East peace process, or (2) to assist in, sponsor or provide financial, material, or technological support for, or services in support of, such acts of violence. In addition, the order blocks all property and interests in property subject to U.S. jurisdiction in which there is any interest of persons determined by the Secretary of the Treasury, in coordination with the Secretary of State and the Attorney General, to be owned or controlled by, or to act for or on behalf of, any other person designated pursuant to the order (collectively "Specially Designated Terrorists" or "STDs").

The order further prohibits any transaction or dealing by a United States person or within the United States in property or interests in property of STDs, including the making or receiving of any contribution of funds, goods, or services to or for the benefit of such persons. This prohibition includes donations that are intended to relieve human suffering.

Designations of persons blocked pursuant to the order are effective upon the date of determination by the Secretary of State or his delegate, or the Director of the Office of Foreign Assets Control (FAC) acting under authority delegated by the Secretary of the Treasury. Public notice of blocking is effective upon the date of filing with the *Federal Register*, or upon prior actual notice.

2. On January 25, 1995, the Department of the Treasury issued a notice listing persons blocked pursuant to Executive Order No. 12947 who have been designated by the President as terrorist organizations threatening the Middle East peace process or who have been found to be owned or controlled

by, or to be acting for or on behalf of, these terrorist organizations (60 *Fed. Reg.* 5084, January 25, 1995). The notice identified 31 entities that act for or on behalf of the 12 Middle East terrorist organizations listed in the Annex to Executive Order No. 12947, as well as 18 individuals who are leaders or representatives of these groups. In addition the notice provides 9 name variations or pseudonyms used by the 18 individuals identified. The list identifies blocked persons who have been found to have committed, or to pose a risk of committing, acts of violence that have the purpose of disrupting the Middle East peace process or to have assisted in, sponsored, or provided financial, material or technological support for, or service in support of, such acts of violence, or are owned or controlled by, or to act for or on behalf of other blocked persons. The Department of the Treasury issued three additional notices adding the names of three individuals, as well as their pseudonyms, to the List of STDs (60 *Fed. Reg.* 41152-53, August 11, 1995; 60 *Fed. Reg.* 44932-33, August 29, 1995; and 60 *Fed. Reg.* 58435-36, November 27, 1995). Copies of the notices are attached to this report. The FAC, in coordination with the Secretary of State and the Attorney General, is continuing to expand the list of Specially Designated Terrorists, including both organizations and individuals, as additional information is developed.

3. The expenses incurred by the Federal Government in the 6-month period from July 23, 1995, through January 22, 1996, that are directly attributable to the exercise of powers and authorities conferred by the declaration of the national emergency with respect to organizations that disrupt the Middle East peace process are estimated at approximately \$2.6 million. (The expenses for the previous period, incorrectly stated in the report of July 27, 1995, to be approximately \$55,000, were about \$2.5 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 Justice.

4. Executive Order No. 12947 provides this Administration with a new tool for combating fundraising in this country on behalf of organizations that use terror to undermine the Middle East peace process. The order makes it harder for such groups to finance these criminal activities by cutting off their access to sources of support in the United States and to U.S. financial facilities. It is also intended to reach charitable contributions to designated organizations and individuals to preclude diversion of such donations to terrorist activities.

In addition, the Congress has pending before it comprehensive counterterrorism legislation proposed by the Administration that would strengthen our ability to prevent terrorist acts, identify those who carry them out, and

bring them to justice. The combination of Executive Order No. 12947 and the proposed legislation demonstrate the U.S. determination to confront and combat those who would seek to destroy the Middle East peace process, and our commitment to the global fight against terrorism.

I shall continue to exercise the powers at my disposal to apply economic sanctions against extremists seeking to destroy the hopes of peaceful coexistence between Arabs and Israelis 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).

WILLIAM J. CLINTON.

THE WHITE HOUSE, February 9, 1996.

#### COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER pro tempore laid before the House the following communication from the Clerk of the House of Representatives:

OFFICE OF THE CLERK,  
U.S. HOUSE OF REPRESENTATIVES,  
Washington, DC, February 13, 1996.

Hon. NEWT GINGRICH,  
*The Speaker, U.S. House of Representatives,*  
Washington, DC.

DEAR MR. SPEAKER: Pursuant to the permission granted in Clause 5 of Rule III of the Rules of the U.S. House of Representatives, I have the honor to transmit a sealed envelope received from the White House on Friday, February 9 at 11:45 a.m. and said to contain a message from the President whereby he notifies the Congress that Japan has conducted whaling activities that diminish the effectiveness of the International Whaling Commission with respect to minke whales.

With warm regards,

ROBIN H. CARLE,  
*Clerk, House of Representatives.*

#### REPORT ON ACTIVITIES OF JAPAN'S DIMINISHING EFFECTIVENESS OF THE INTERNATIONAL WHALING COMMISSION CONSERVATION PROGRAM—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 104-174)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, without objection, referred to the Committee on International Relations and the Committee on Resources and ordered to be printed:

*To the Congress of the United States:*

On December 11, 1995, Secretary of Commerce Ronald Brown certified under section 8 of the Fishermen's Protective Act of 1967, as amended (the "Pelly Amendment") (22 U.S.C. 1978), that Japan has conducted research whaling activities that diminish the effectiveness of the International Whaling Commission (IWC) conservation program. This message constitutes my report to the Congress pursuant to subsection (b) of the Pelly Amendment.

The certification of the Secretary of Commerce was based on Japanese research whaling activities in both the

North Pacific and the Southern Ocean Whale Sanctuary. In 1994, Japan expanded its research whaling activities into the North Pacific by permitting the taking of 100 minke whales, 21 of which were taken. The IWC found that this North Pacific whaling failed to satisfy applicable criteria for lethal research and was therefore inconsistent with the IWC's conservation program. Nevertheless, Japan continued its whaling activities in the North Pacific, taking 100 minke whales in 1995. In addition, during 1995, Japan increased the number of minke whales to be harvested in the Southern Ocean Whale Sanctuary by 33 percent, despite a 1994 finding by the IWC that this lethal research program did not meet all applicable criteria.

In his letter to me of December 11, 1995, Secretary Brown conveyed his concerns not only over the whales that have been killed in this program to date but also over any further expansion of lethal research. While noting that the Japanese have informed us they have no plans for a further expansion of lethal research in the Southern Ocean Whale Sanctuary, he expressed particular concern over whaling activity in that area. I share these concerns.

At this stage, I do not believe that the use of trade sanctions is the most constructive approach to resolving our differences over research whaling activities with the Government of Japan. However, I have instructed the Department of State to convey my very strong concerns to the Government of Japan. We will also vigorously pursue high-level efforts to persuade Japan to reduce the number of whales killed in its research program and act consistently with the IWC conservation program. We hope to achieve significant progress on these issues by the beginning of the next Antarctic whaling season and will keep these issues under review. I have instructed the Department of Commerce to continue to monitor closely Japan's research whaling and to report promptly on any further inconsistencies between Japanese whaling activities and the guidelines of the IWC conservation program.

WILLIAM J. CLINTON.

THE WHITE HOUSE, February 9, 1996.

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OFFICE OF THE CLERK,  
HOUSE OF REPRESENTATIVES,  
Washington, DC, February 13, 1996.

Hon. NEWT GINGRICH,  
Speaker, U.S. House of Representatives, Washington, DC.

DEAR MR. SPEAKER: Pursuant to the permission granted in Clause 5 of Rule III of the Rules of the U.S. House of Representatives, I have the honor to transmit a sealed envelope received from the White House on Friday, February 9 at 11:45 a.m. and said to contain a message from the President whereby he

transmits a 6-month periodic report on the national emergency with Iraq.

With warm regards,

ROBIN H. CARLE,

Clerk, House of Representatives.

#### REPORT ON CONTINUING NATIONAL EMERGENCY WITH RESPECT TO IRAQ—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 104-175)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, without objection, referred to the Committee on International Relations and ordered to be printed:

#### To the Congress of the United States:

I hereby report to the Congress on the developments since my last report of August 1, 1995, concerning the national emergency with respect to Iraq that was declared in Executive Order No. 12722 of August 2, 1990. This report is submitted pursuant to 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).

Executive Order No. 12722 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. That order also prohibited the importation into the United States of goods and services of Iraqi origin, as well as the exportation of goods, services, and technology from the United States to Iraq. The order prohibited travel-related transactions to or from 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.

The foregoing prohibitions (as well as the blocking of Government of Iraq property) were continued and augmented on August 9, 1990, by Executive Order No. 12724, which was issued in order to align the sanctions imposed by the United States with United Nations Security Council Resolution 661 of August 6, 1990.

Executive Order No. 12817 was issued on October 21, 1992, to implement in the United States measures adopted in United Nations Security Council Resolution 778 of October 2, 1992. Resolution 778 requires U.N. Member States to transfer to a U.N. escrow account any funds (up to \$200 million apiece) representing Iraqi oil sale proceeds paid by purchasers after the imposition of U.N. sanctions on Iraq, to finance Iraq's obligations for U.N. activities with respect to Iraq, such as expenses to verify Iraqi weapons destruction, and to provide humanitarian assistance in Iraq on a nonpartisan basis. A portion of the escrowed funds also funds the activities of the U.N. Compensation

Commission in Geneva, which handles claims from victims of the Iraqi invasion and occupation of Kuwait. Member States also may make voluntary contributions to the account. The funds placed in the escrow account are to be returned, with interest, to the Member States that transferred them to the United Nations, as funds are received from future sales of Iraqi oil authorized by the U.N. Security Council. No Member State is required to fund more than half of the total transfers or contributions to the escrow account.

This report discusses only matters concerning the national emergency with respect to Iraq that was declared in Executive Order No. 12722 and matters relating to Executive Orders No. 12724 and 12817 (the "Executive orders"). The report covers events from August 2, 1995, through February 1, 1996.

1. During the reporting period, there were no amendments to the Iraqi Sanctions Regulations.

2. The Department of the Treasury's Office of Foreign Assets Control (FAC) continues its involvement in lawsuits seeking to prevent the unauthorized transfer of blocked Iraqi assets. In *Consarc Corporation v. Iraqi Ministry of Industry and Minerals*, No. 94-5390 (D.C. Cir. Dec. 15, 1995), the U.S. Court of Appeals for the D.C. Circuit issued its second opinion in this case, finding in FAC's favor on all issues presented to the court. The court ordered the district court judge to direct Consarc Corporation to restore the status quo by returning \$6.4 million plus interest to the blocked Iraqi government account from which it was withdrawn after the district court erroneously held that these funds were not blocked Iraqi government property. The court also found that the unsold furnace manufactured for the Iraqi government and sales proceeds of a second furnace were blocked property. Finally, the court reversed the district court's ruling that Consarc held a specific claim against a blocked Iraqi government account for \$6.4 million, holding that any claim Consarc had against the Government of Iraq was as a general creditor only.

Investigations of possible violations of the Iraqi sanctions continue to be pursued and appropriate enforcement actions taken. Several cases from prior reporting periods are continuing and recent additional allegations have been referred by FAC to the U.S. Customs Service for investigation. Additional FAC civil penalty notices were prepared during the reporting period for violations of the International Emergency Economic Powers Act and Iraqi Sanctions Regulations with respect to transactions involving Iraq. One *de minimis* penalty has been collected from an organization for unlicensed exports in violation of the prohibitions against transactions involving Iraq. Several other penalty proceedings are pending completion.

3. Investigation also continues into the roles played by various individuals