

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. 1703(c)



MARCH 13, 2001.—Referred to the Committee on International Relations
and ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE

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 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, 2001.*

PRESIDENT'S PERIODIC REPORT ON THE NATIONAL EMERGENCY WITH
RESPECT TO IRAN

I hereby report to the Congress on developments over the course of the past six months concerning the national emergency with respect to Iran that was declared in Executive Order 12957 of March 15, 1995, and matters relating to the measures in that order and in Executive Order 12959 of May 6, 1995 and 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 this period, 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. Sixty-three licenses were granted; of which 11 were issued authorizing commercial sales and exportation to Iran of bulk agricultural commodities. In addition, licenses were also issued authorizing 31 sales of medicines or medical equipment. Other licenses that were issued authorized certain licensable transactions involving air and marine safety, cultural exchanges, and diplomatic, legal, and financial activities, as well as film making, humanitarian, journalistic, and research activities, and the importation of art objects for public exhibition. Pursuant to Sections 3 and 4 of Executive Order 12959, 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 prior to issuing licenses.

For the period September 15, 2000, through March 14, 2001, on OFAC's instructions, U.S. banks refused to process approximately 1,300 commercial transactions, the majority involving foreign financial institutions that would have been contrary to U.S. sanctions against Iran. The transactions rejected amounted to nearly \$59 million worth of business denied Iran by virtue of U.S. economic sanctions.

Since the last report, OFAC has collected 32 civil monetary penalties totaling nearly \$275,000 for violations of IEEPA and the Regulations. The violators included 2 insurers, 5 carriers, 7 companies, 8 U.S. financial institutions, and 8 individuals. An additional 128

cases are undergoing penalty action for violations of IEEPA and the Regulations.

2. On August 23, 2000, in the Northern District of Georgia, a Georgia corporation was ordered to pay a criminal fine of \$250,000 as a result of a guilty plea entered on May 10, 2000, to one count of violating IEEPA by exporting automobile parts from the United States to Iran through third countries. Two company officials were each sentenced to six months in federal prison and an additional five months of home confinement as a result of their guilty pleas on May 10 to making false statements to the United States Government in connection with the illegal shipments.

On October 20, 2000, in the District of Maryland, a guilty plea was entered for a California corporation to one count of a criminal information charging violations of IEEPA for the attempted exportation of gas chromatographs from the United States to Iran. The corporation was ordered to pay a fine of \$25,000. On October 20, the corporation's principal officer entered a guilty plea to one count of making a false statement to the United States Government concerning the attempted exportation as charged in a March 1997 superseding indictment and was placed on probation for one year.

Various enforcement actions carried over from previous reporting periods are continuing and new reports of violations are being aggressively pursued.

3. The expenses incurred by the Federal Government in the six-month period from September 15, 2000, through March 14, 2001, that are directly attributable to the exercise of powers and authorities conferred by the declaration of a national emergency with respect to Iran are reported to be approximately \$1.15 million, 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 (particularly the Bureau of Economic and Business Affairs, the Bureau of Near Eastern Affairs, the Bureau of Intelligence and Research, and the Office of the Legal Adviser), and the Department of Commerce (the Bureau of Export Administration and the Chief Counsel's Office).

4. The situation reviewed above 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 Iranian Transactions Regulations issued pursuant to Executive Orders 12957, 12959, and 13059 continue to advance important objectives in furthering the nonproliferation and anti-terrorism policies of the United States. I shall exercise the powers at my disposal to

deal with these problems and will report periodically to the Congress, as required by statute, on significant developments.

