Monday, January 4, 1999

Volume 34, Issue 53; ISSN: 0511-4187

Letter to Congressional leaders reporting on economic sanctions against Libya

William J Clinton

December 30, 1998

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

I hereby report to the Congress on the developments since my last report of July 6, 1998, 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 December 30, 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 Government of Libya in the United States or in the possession or control of United States persons are blocked.

2. There have been no amendments to the Libyan Sanctions Regulations, 31 C.F.R. Part 550 (the "Regulations"), administered by the Office of Foreign Assets Control (OFAC) of the Department of the Treasury, since my last report of July 6, 1998.

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 (26) involved types of financial transactions that are consistent with U.S. policy. Most of these licenses authorized personal remittances not involving Libya between persons who are not blocked parties to flow through Libyan banks located outside Libya. Seven licenses were issued to U.S. firms to allow them to protect their intellectual property rights in Libya. One license was issued in connection with law enforcement activities and one authorized certain travel-- related transactions. A total of 35 licenses were 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 Office worked closely with the banks to assure the effectiveness of interdiction software systems used to identify such payments. During the reporting period, more than 87 transactions potentially involving Libya, totaling more than $7.9 million, were interdicted.

5. Since my last report, OFAC has collected 4 civil monetary penalties totaling more than $15,000 for violations of the U.S. sanctions against Libya. Three of the violations involved the failure of U.S. banks to block payments or letters of credit transactions relating to Libyan-owned or Libyan-- controlled financial institutions. One U.S. individual paid an OFAC penalty for dealing in Government of Libya property.

On October 16, 1998, two Canadian corporations entered a guilty plea acknowledging IEEPA violations charged in a March 8, 1995, indictment. Pursuant to the plea agreement, the defendants each paid $65,000 in criminal fines and $10,000 in OFAC civil penalties.

Various enforcement actions carried over from previous reporting periods have continued to be aggressively pursued. 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, 1998, through January 6, 1999, that are directly attributable to the exercise of powers and authorities conferred by the declaration of the Libyan national emergency are estimated at approximately $500,000. 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