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Message to the Congress on Libya. (Bill Clinton) (Transcript)
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To the Congress of the United States:

I hereby report to the Congress on the developments since my last report of July 18, 1994, concerning the national emergency with respect to Libya that was declared in Executive Order No. 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 22, 1994, 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, 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 has been one amendment to the Libyan Sanctions Regulations, 31 C.F.R. Part 550 (the "Regulations"), administered by the Office of Foreign Assets Control (FAC) of the Department of the Treasury, since my last report on July 18, 1994. The amendment (59 Fed. Reg. 51106, October 7, 1994) identified Arab Hellenic Bank (AHB), an Athens-based financial institution, 4 other entities, and 10 individuals as Specially Designated Nationals (SDNs) of Libya. (In addition to the recent SDN action against AHB, the Greek central bank has recently announced that AHB's banking license has been revoked.) Included among the individuals are three Italian shareholders in Oil invest (Netherlands) B.V., who increased their positions in the Libyan government-controlled firm shortly before United Nations Security Council Resolution (UNSCR) 883 directed a freeze on certain Libyan assets owned or controlled by the Government or public authorities of Libya.

Pursuant to section 550.304(a) of the Regulations, FAC has determined that these entities and individuals designated as SDNs are owned or controlled by, or acting or purporting to act directly or indirectly on behalf of, the Government of Libya, or are agencies, instrumentalities, or entities of that government. By virtue of this determination, all property and interests in property of these entities or persons that are in the United States or in the possession or control of U.S. persons are blocked. Further, U.S. persons are prohibited from engaging in

transactions with these individuals or entities unless the transactions are licensed by FAC. The designations were made in consultation with the Department of State and announced by FAC in notices issued on June 17 and July 22 and 25, 1994. A copy of the amendment is attached to this report.

3. During the current 6-month period, FAC made numerous decisions with respect to applications for licenses to engage in transactions under the Regulations, issuing 136 licensing determinations - both approvals and denials. Consistent with FAC's ongoing scrutiny of banking transactions, the largest category of license approvals (73) concerned requests by non-Libyan persons or entities to unblock bank accounts initially blocked because of an apparent Government of Libya interest. The largest category of denials (41) was for banking transactions in which FAC found a Government of Libya interest. Three licenses were issued authorizing intellectual property protection in Libya.

In addition, FAC issued eight determinations with respect to applications from attorneys to receive fees and reimbursement of expenses for provision of legal services to the Government of Libya in connection with wrongful death civil actions arising from the Pan Am 103 bombing. Civil suits have been filed in the U.S. District Court for the District of Columbia and in the Southern District of New York. Representation of the Government of Libya when named as a defendant in or otherwise made a party to domestic U.S. legal proceedings is authorized by section 550.517(b)(2) of the Regulations under certain conditions.

4. During the current 6-month period, FAC 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 FAC worked closely with the banks to implement new interdiction software systems to identify such payments. As a result, during the reporting period, more than 210 transactions involving Libya, totaling more than $14.8 million, were blocked. As of December 9, 1994, 13 of these transactions had been licensed to be released, leaving a net amount of more than $14.5 million blocked.

Since my last report, FAC collected 15 civil monetary penalties totaling more than $76,000 for violations of the U.S. sanctions against Libya. Nine of the violations involved the failure of banks to block funds transfers to Libyan-owned or -controlled banks. Two other penalties were received for corporate export violations. Four additional penalties were paid by U.S. citizens engaging in Libyan oilfield-related transactions while another 76 cases of similar violations are in active penalty processing.

In October 1994, two U.S. businessmen, two U.S. corporations, and several foreign corporations were indicted by a Federal grand jury in Connecticut on three counts of violating the Regulations and IEEPA for their roles in the illegal exportation of U.S. origin fuel pumps to Libya. Various enforcement actions carried over from previous reporting

periods have continued to be aggressively pursued. The FAC has continued its efforts under the Operation Roadblock initiative. This ongoing program seeks to identify U.S. persons who travel to and/or work in Libya in violation of U.S. law.

Several new investigations of potentially significant violations of the Libyan sanctions have been initiated by FAC and cooperating U.S. law enforcement agencies, primarily the U.S. Customs Service. Many of these cases are believed to involve complex conspiracies to circumvent the various prohibitions of the Libyan sanctions, as well as the utilization of international diversionary shipping routes to and from Libya. The FAC has continued to work closely with the Departments of State and Justice to identify U.S. persons who enter into contracts or agreements with the Government of Libya, or other third-country parties, to lobby United States Government officials or to engage in public relations work on behalf of the Government of Libya without FAC authorization. In addition, during the period FAC hosted or attended several bilateral and multilateral meetings with foreign sanctions authorities, as well as with private foreign institutions, to consult on issues of mutual interest and to encourage strict adherence to the U.N.-mandated sanctions.

5. The expenses incurred by the Federal Government in the 6-month period from July 7, 1994, through January 6, 1995, that are directly attributable to the exercise of powers and authorities conferred by the declaration of the Libyan national emergency are estimated at approximately $1.4 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 Commerce.

6. 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 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 UNSCRs 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 continues to believe that still stronger international measures than those mandated by UNSCR 883, possibly including a worldwide oil embargo, should be imposed if Libya continues to defy the will of the international community as expressed in UNSCR 731. 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.

William J. Clinton

The White House, January 30, 1995.