Monday, November 9, 1998

Volume 34, Issue 45; ISSN: 0511-4187

Letter to Congressional leaders reporting on the national emergency with respect to Sudan

William J Clinton

Letter to Congressional Leaders Reporting on the National Emergency With Respect to Sudan

November 6,1998

Dear Mr. Speaker: (Dear Mr. President:) I hereby report to the Congress on developments concerning the national emergency with respect to Sudan that was declared in Executive Order 13067 of November 3, 1997, and matters relating to the measures in that order. This report is submitted pursuant to section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c) (IEEPA), and section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c). This report discusses only matters concerning the national emergency with respect to Sudan that was declared in Executive Order 13067.

1. On November 3, 1997, I issued Executive Order 13067 (62 Fed. Reg. 59989, November 5,1997-the "Order to declare a national emergency with respect to Sudan pursuant to IEEPA. A copy of the Order was provided to the Congress by message dated November 3, 1997.

2. Executive Order 13067 became effective at 12:01 a.m., eastern standard time on November 4, 1997. On July 1, 1998, the Department of the Treasury's Office of Foreign Assets Control (OFAC) issued the Sudanese Sanctions Regulations (the "SSR" or the "Regulations" (63 Fed. Reg. 35809, July 1, 1998)). The Regulations block all property and interests in property of the Government of Sudan, its agencies, instrumentalities, and controlled entities, including the Central Bank of Sudan, that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of United States persons, including their overseas branches. The SSR also prohibit: (1) the importation into the United States of any goods or services of Sudanese origin except for information or informational materials; (2) the exportation or reexportation of goods, technology, or services to Sudan or the Government of Sudan except for information or informational materials and donations of humanitarian aid; (3) the facilitation by a United States person of the exportation or reexportation of goods, technology, or services to or from Sudan; (4) the performance by any United States person of any contract, including a financing contract, in support of an industrial, commercial, public utility, or governmental project in Sudan; (5) the grant or extension of credits or loans by any United States person to the Government of

Sudan; and (6) transactions relating to the transportation of cargo. A copy of the Regulations is attached to this report

3. Since the issuance of Executive Order 13067, OFAC has made numerous decisions with respect to applications for authorizations to engage in transactions under the Regulations. As of September 16, 1998, OFAC has issued 62 authorizations to nongovernmental organizations engaged in the delivery of humanitarian aid and 141 licenses to others. OFAC has denied many requests for licenses. The majority of denials were in response to requests to authorize commercial exports to Sudan–particularly of machinery and equipment for various industries–and the importation of Sudanese-origin goods. The majority of licenses issued permitted the unblocking of financial transactions for individual remitters who routed their funds through blocked Sudanese banks. Other licenses authorized the completion of diplomatic transfers, preeffective date trade transactions, intellectual property protection, the performance of certain legal services, and transactions relating to air and sea safety policy.

4. At the time of signing Executive Order 13067, I directed the Secretary of the Treasury to block all property and interests in property of persons determined, in consultation with the Secretary of State, to be owned or controlled by, or to act for or on behalf of, the Government of Sudan. On November 5, 1997, OFAC disseminated details of this program to the financial, securities, and international trade communities by both electronic and conventional media. This information included the names of 62 entities owned or controlled by the Government of Sudan. The list includes 12 financial institutions and 50 other enterprises. As of September 10, 1998, OFAC has blocked nearly $610,000 during this reporting period.

5. Since my last report, OFAC has collected one civil monetary penalty in the amount of $5,500 from a U.S. financial institution for its violation of IEEPA and the SRR relating to a funds transfer. Another 12 cases are undergoing penalty action. OFAC, in cooperation with the U.S. Customs Service, is closely monitoring potential violations of the import prohibitions of the Regulations by businesses and individuals. Various reports of violations are being aggressively pursued.

6. The expenses incurred by the Federal Government in the 6-month period from May 3 through November 2, 1998, that are directly attributable to the exercise of powers and authorities conferred by the declaration of a national emergency with respect to Sudan are reported to be approximately $375,000, 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 Bureaus of Economic and Business Affairs, African Affairs, Near Eastern Affairs, Consular Affairs, and the Office of the Legal Adviser), and

the Department of Commerce (the Bureau of Export Administration and the General Counsel's Office).

7. The situation in Sudan continues to present an extraordinary and unusual threat to the national security and foreign policy of the United States. The declaration of the national emergency with respect to Sudan contained in Executive Order 13067 underscores the United States Government's opposition to the actions and policies of the Government of Sudan, particularly its support of international terrorism and its failure to respect basic human rights, including freedom of religion. The prohibitions contained in Executive Order 13067 advance important objectives in promoting the antiterrorism and human rights policies of the United States. I shall exercise the powers at my disposal to deal with these problems and will continue to report periodically to the Congress on significant developments.

Sincerely,

William J. Clinton.