

Letter to Congressional Leaders Reporting on Economic Sanctions Against Libya

January 10, 1997

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

I hereby report to the Congress on the developments since my last report of July 22, 1996, 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 January 2, 1997, 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 have been two 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 on July 22, 1996. The Libyan Sanctions Regulations were amended on August 22, 1996, to add the Antiterrorism and Effective Death Penalty Act of 1996 (Public Law 104-132; 110 Stat. 1214-1319 (the "Antiterrorism Act") as an authority for the Regulations. (61 *Fed. Reg.* 43460, August 23, 1996). On April 24, 1996, I signed into law the Antiterrorism Act. Section 321 of the Antiterrorism Act (18 U.S.C. 2332d) makes it a criminal offense for United States persons, except as provided in regulations issued by the Secretary of the Treasury in consultation with the Secretary of State, to engage in financial transactions with the governments of countries designated under section 6(j) of the Export Administration Act (50 U.S.C. App. 2405) as supporting international terrorism. United States persons who engage in such transactions are subject to criminal fines under title 18, United States Code, imprisonment for up to 10 years,

or both. Because the Regulations already prohibited such transactions, with minor exceptions for transactions found to be in the public interest, no substantive change to the prohibitions of the Regulations was necessary. A copy of the amendment is attached.

The Regulations were amended on October 21, 1996 (61 *Fed. Reg.* 54936, October 23, 1996), to implement section 4 of the Federal Civil Penalties Inflation Adjustment Act of 1990, as amended by the Debt Collection Improvement Act of 1996, by adjusting for inflation the amount of the civil monetary penalties that may be assessed under the Regulations. The Regulations, as amended, increase the maximum civil monetary penalty provided by law from \$10,000 to \$11,000 per violation.

The amended Regulations also reflect an amendment to 18 U.S.C. 1001 contained in section 330016(1)(L) of Public Law 103-322; 108 Stat. 2147. The amendment strikes the \$10,000 maximum on fines imposed for fraudulent dealing with Federal agencies. Finally, the amendment notes the availability of higher criminal fines pursuant to the formulas set forth in 18 U.S.C. 3571. A copy of the amendment is attached.

3. During the current 6-month 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 (49) concerned requests by non-Libyan persons or entities to unblock transfers interdicted because of what appeared to be Government of Libya interests. Several previously issued licenses were amended to authorize the provision of legal services to the Government of Libya in connection with actions in U.S. courts in which the Government of Libya was named as defendant.

Minister Louis Farrakhan and the Nation of Islam applied for a license to receive a gift of up to \$1 billion from the Government of Libya as well as for Minister Farrakhan to collect \$250,000 in prize money that accompanied the Ghadafi Prize for Human Rights awarded to