

Letter to Congressional Leaders Reporting on the National Emergency  
With Respect to Libya  
January 13, 1998

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

I hereby report to the Congress on the developments since my last report of June 26, 1997, 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, 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 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 "LSR" or the "Regulations"), administered by the Office of Foreign Assets Control (OFAC) of the Department of the Treasury, since my report of June 26, 1997. The Regulations were amended on August 25, 1997. General reporting, record-keeping, licensing, and other procedural regulations were moved from the Regulations to a separate part (31 C.F.R. Part 501) dealing solely with such procedural matters (62 *Fed. Reg.* 45098, August 25, 1997). A copy of the amendment is attached.

On September 15, 1997, the Regulations were amended to add to appendices A and B to 31 C.F.R. chapter V the name of one entity and one individual who have been determined to act for or on behalf of, or to be owned or controlled by, the Government of Libya (62 *Fed. Reg.* 48177, September 15, 1997). A copy of the amendment is attached.

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 (32) concerned requests by non-Libyan persons or entities to unblock transfers interdicted because of what appeared to be Government of Libya interests. Five licenses authorized 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. Licenses were also issued authorizing diplomatic and U.S. government transactions, and to permit U.S. companies to engage in transactions with respect to intellectual property protection in Libya. A total of 49 licenses was 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 OFAC worked closely with the banks to assure the effectiveness of interdiction software systems used to identify such payments. During the reporting period, more than 70 transactions potentially involving Libya, totaling more than \$4.4 million, were interdicted. As of November 10, 1997, 8 transactions had been authorized for release, leaving a net amount of more than \$4.3 million blocked for the period.

5. Since my last report, OFAC collected 7 civil monetary penalties totaling more than \$77,000 for violations of the U.S. sanctions against Libya. Five of the violations involved the failure of banks to block funds transfers or loan syndication payments to Libyan-owned or -controlled financial institutions or commercial entities in Libya. One U.S. corporation and one law firm paid OFAC penalties for export and payment to the Government of Libya violations, respectively. Fifty-five other cases are in active penalty processing.

Various enforcement actions carried over from previous reporting periods have continued to be aggressively pursued. On June 26, 1997, a Federal grand jury for the Middle District of Florida returned an indictment charging a St. Petersburg, Florida man with one count of conspiring