

Alternatively, comments may be submitted via facsimile to the Chief of Records at 202/622-1657 or via OFAC's Web site <http://www.treas.gov/offices/enforcement/ofac/comment.html>.

FOR FURTHER INFORMATION CONTACT:

OFAC's Chief of Licensing, tel. 202/622-2480, Chief of Policy Planning and Program Management, tel. 202/622-2500, or Chief Counsel, tel. 202/622-2410.

SUPPLEMENTARY INFORMATION:

Background

On August 2, 1990, upon Iraq's invasion of Kuwait, the President issued Executive Order 12722, declaring a national emergency with respect to Iraq. This order, issued under the authority of, *inter alia*, the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*), the National Emergencies Act (50 U.S.C. 1601 *et seq.*), and section 301 of title 3 of the U.S. Code, imposed economic sanctions, including a complete trade embargo, against Iraq. In keeping with United Nations Security Council Resolution 661 of August 6, 1990, and under the United Nations Participation Act (22 U.S.C. 287c), the President also issued Executive Order 12724 of August 9, 1990, which imposed additional restrictions. The Iraqi Sanctions Regulations, 31 CFR part 575, implement Executive Orders 12722 and 12724 and are administered by the Treasury Department's Office of Foreign Assets Control ("OFAC").

In light of recent developments in Iraq, OFAC issued four general licenses on May 7, 2003, to authorize additional transactions involving Iraq. The new sections published today incorporate these four general licenses into the Iraqi Sanctions Regulations.

Paragraph (a) of new § 575.529 authorizes U.S. persons to transfer funds to any person in Iraq for non-commercial humanitarian purposes, including family remittances, provided that no U.S. person may transfer more than \$500 per month to any person in Iraq. Paragraph (b) authorizes U.S. financial institutions to engage in all transactions ordinarily incident to such transfers of funds. Paragraph (c) provides that this section does not authorize transfers from blocked accounts.

Paragraph (a) of new § 575.530 authorizes activities by the U.S. government and its contractors or grantees. Paragraph (b)(1) contains a restriction on the exportation or reexportation of any goods or technology (including technical data or other information) controlled by the

Department of Commerce under the Export Administration Regulations (15 CFR chapter VII, subchapter C) for exportation to Iraq; any such exports or reexports must be separately authorized by OFAC. Paragraph (b)(2) describes the circumstances in which some exports or reexports of goods to Iraq must be submitted to the United Nations "661 Committee." Paragraph (c) requires that all payments and funds transfers initiated pursuant to this authorization, and all related documentation, reference this section number. Note 1 to section 575.530 explains that the activities of any subcontractors or other persons who are engaged to perform activities within the scope of the relevant contract or grant are also authorized and subject to the same restrictions. Note 2 to section 575.530 provides information concerning the use of U.S. passports for travel to, in, or through Iraq.

New § 575.531 authorizes all transactions that are necessary to provide privately financed humanitarian support, or to plan or prepare for the provision of humanitarian support, to the Iraqi people in Iraq. Paragraph (a) includes examples of some of the newly-authorized transactions. The note to paragraph (a) references the definition of "humanitarian support" that appears elsewhere in the Iraqi Sanctions Regulations. Paragraphs (b) and (c) contain special provisions on the exportation or reexportation of goods or technology to Iraq. Paragraph (d) provides that this new section does not authorize any transactions with persons on the Department of Defense's 55-person Watch List. Paragraph (e) requires that all payments and funds transfers initiated pursuant to this authorization, and all related documentation, reference this section number. The note to § 575.531 provides information concerning the use of U.S. passports for travel to, in, or through Iraq.

New § 575.532 authorizes the exportation from the United States or, if subject to U.S. jurisdiction, the exportation or reexportation from a third country to Iraq of any goods, subject to two conditions. First, the exportation or reexportation of any goods or technology (including technical data or other information) controlled by the Department of Commerce under the Export Administration Regulations for exportation to Iraq, or listed on the United Nations Goods Review List, must be separately authorized by OFAC. Second, any exportation or reexportation of goods to Iraq must be submitted to the United Nations 661

Committee to the extent and in the manner required under applicable UN Security Council resolutions; for information concerning this second condition, exporters or reexporters should contact the State Department office identified in § 575.532.

These new authorizations do not eliminate the need to comply with other provisions of law, including any aviation, financial, or trade requirements of agencies other than OFAC.

OFAC also is amending § 575.330, which defines the terms "humanitarian activities," "humanitarian purposes," and "humanitarian support." OFAC is amending section 575.330 to remove the phrase "[f]or purposes of §§ 575.527 and 575.528," so that the definition is not limited only to those two sections of the Iraqi Sanctions Regulations.

Request for Comments

Because amendment of these regulations involves a foreign affairs function, the provisions of Executive Order 12866 and the Administrative Procedure Act (5 U.S.C. 553) (the "APA") requiring notice of proposed rulemaking, opportunity for public participation, and delay in effective date, are inapplicable. However, because of the importance of the issues addressed in these regulations, this rule is being issued in interim form and comments will be considered in the development of a final rule.

Accordingly, OFAC encourages interested persons who wish to comment to do so at the earliest possible time to permit the fullest consideration of their views. Comments may address the impact of the regulations on the submitter's activities, whether of a commercial, non-commercial or humanitarian nature, as well as changes that would improve the clarity and organization of the regulations.

The period for submission of comments will close July 28, 2003. The address for submitting comments appears near the beginning of this document. OFAC will consider all comments received before the close of the comment period in developing final regulations. Comments received after the end of the comment period will be considered if possible, but their consideration cannot be assured. OFAC will not accept public comments accompanied by a request that a part or all of the submission be treated confidentially because of its business proprietary nature or for any other reason. OFAC will return such a submission to the originator without considering the comments in the development of final regulations. In the