

■ 3. Section 948.16 is amended by removing and reserving paragraphs (rrrr), (ssss), (tttt), (uuuu), (vvvv), (xxxx), (yyyy), (zzzz), (bbbbb), (ccccc), (ddddd), (eeee), (ggggg), (hhhhh), (mmmmm), (nnnnn), and (qqqqq).

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DEPARTMENT OF THE TREASURY

Office of Foreign Assets Control

31 CFR Part 575

Iraqi Sanctions Regulations; Authorization of Certain New Transactions

AGENCY: Office of Foreign Assets Control, Treasury.

ACTION: Interim final rule.

SUMMARY: The Office of Foreign Assets Control ("OFAC") of the U.S. Department of the Treasury is amending the Iraqi Sanctions Regulations, 31 CFR part 575, to include a general license authorizing certain new transactions. The general license reflects United Nations Security Council Resolution 1483 and authorizes all transactions otherwise prohibited by subpart B of the Iraqi Sanctions Regulations, with four exceptions: Accounts and other property that were blocked as of May 23, 2003, remain blocked, certain exports and reexports to Iraq will continue to require an OFAC license, transactions with certain persons are not authorized, and transactions in certain Iraqi cultural property are not authorized. With those four exceptions, this general license effectively lifts the economic sanctions administered by OFAC with respect to Iraq.

DATES: Effective May 23, 2003. Written comments must be received no later than August 26, 2003.

ADDRESSES: Comments may be submitted to the Chief of Records, ATTN: Request for Comments, Office of Foreign Assets Control, Department of the Treasury, 1500 Pennsylvania Avenue, NW., Washington, DC 20220. 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, with respect to 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 (the "Regulations"), implement Executive Orders 12722 and 12724 and are administered by the Treasury Department's Office of Foreign Assets Control ("OFAC").

On May 22, 2003, the United Nations Security Council adopted Resolution 1483, which substantially lifted the multilateral economic sanctions with respect to Iraq. On May 23, 2003, OFAC issued a general license that reflected Resolution 1483. This general license is published today as new section 575.533 of the Regulations.

Paragraph (a) of section 575.533 authorizes all transactions that are otherwise prohibited by subpart B of the Regulations, with four exceptions addressed in paragraph (b). Paragraph (b)(1) provides that all property and interests in property, including accounts, that were blocked pursuant to subpart B of the Regulations as of the effective date of this section remain blocked and subject to the prohibitions and requirements of the Regulations.

Paragraph (b)(2) provides that 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 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 must be separately authorized by OFAC. The note to paragraph (b)(2) explains the scope of the term "controlled by the Department of Commerce" and requests that exporters and reexporters contact the Department of Commerce, Bureau of Industry and Security, to inquire whether particular goods or technology are so controlled.

Paragraph (b)(3) provides that the general license does not authorize transactions with three classes of persons: (i) Specially-designated nationals or "SDNs" of the Government of Iraq, (ii) persons on the Defense Department's 55-person Watch List, or (iii) persons identified by the 661 Committee pursuant to paragraphs 19 and 23 of United Nations Security Council Resolution 1483, adopted May 22, 2003. To the extent that such transactions would otherwise be prohibited by the Regulations, they remain prohibited.

Paragraph (b)(4) provides that the general license does not authorize transactions with respect to Iraqi cultural property or other items of archaeological, historical, cultural, rare scientific, and religious importance illegally removed from the Iraq National Museum, the National Library, and other locations in Iraq since August 6, 1990. Any trade in or transfer of such items, including items with respect to which reasonable suspicion exists that they have been illegally removed, remains prohibited by subpart B of the Regulations. The note to paragraph (b)(4) refers inquiries concerning particular Iraqi cultural property to the Cultural Property Office at the Department of State.

Paragraph (c) provides that the effective date of the section is May 23, 2003.

Examples of newly-authorized transactions include investment by U.S. persons in Iraq, the importation of goods or services of Iraqi origin (with the exception of the cultural properties described in paragraph (b)(4)), travel-related transactions involving Iraq, the transfer of funds to or from Iraq, and transactions related to transportation to or from Iraq. This authorization, however, does not eliminate the need to comply with other provisions of 31 CFR chapter V or with other applicable provisions of law, including any aviation, financial, or trade requirements of agencies other than OFAC. Such requirements include the International Traffic in Arms Regulations (22 CFR chapters 120-130) administered by the Department of State.

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,