

by Resolution 864 (1993) shall cease to have effect. The President issued Executive Order 13298 of May 6, 2003, giving domestic effect to UNSCR 1448 and revoked Executive Order 12865. As a result, all license applications and other requests for approval authorizing the export or transfer of defense articles or services to Angola will be reviewed on a case-by-case basis, as is true of all other license applications.

Executive Order 12722 of August 2, 1990, and Executive Order 12724 of August 9, 1990, imposed an export embargo on Iraq. Also, Iraq was added to the proscribed destination list at section 126.1 of the ITAR on October 29, 1991, because it provided support for acts of international terrorism (56 FR 55630). Section 1503 of the Emergency Wartime Supplemental Appropriations Act 2003 (Pub. L. 108-11) (the Act) authorizes the President to suspend the Iraq Sanctions Act and to make inapplicable with respect to Iraq section 620A of the FAA and any other provision of law that applies to countries that have supported terrorism. Section 1504 of the Act authorized the export to Iraq of any nonlethal military equipment if the President determines and notifies within 5 days to applicable Congressional committees that the export of such nonlethal military equipment is in the national interest of the United States. However, this limitation regarding nonlethal military equipment does not apply for use by a reconstituted (or interim) Iraqi military or police force. Paragraph (d) of section 126.1 removes Iraq as a country identified as supporting acts of international terrorism in accordance with the "Determination and Certification Under Section 40A of the Arms Export Control Act" (68 FR 28041, May 15, 2003). Further, paragraph (f) of section 126.1 is amended to address the partial lifting of the denial policy with regard to Iraq.

Also, this rule will remove from § 126.1(a) of the ITAR the use of an exemption § 125.4(b)(13) for technical data approved for public release by the cognizant U.S. Government department or agency or Directorate for Freedom of Information and Security Review to be exported to a proscribed country without a license.

This amendment involves a foreign affairs function of the United States and therefore, is not subject to the procedures required by 5 U.S.C. 553 and 554. It is exempt from review under Executive Order 12866 but has been reviewed internally by the Department to ensure consistency with the purposes thereof. This rule does not require analysis under the Regulatory

Flexibility Act or the Unfunded Mandates Reform Act.

It has been found not to be a major rule within the meaning of the Small Business Regulatory Enforcement Act of 1996. It will not have substantial direct effects on the States, the relationship between the National Government and the States, or on the distribution of power and responsibilities among the various levels of government. Therefore, in accordance with section 6 of Executive Order 13132, it is determined that this rule does not have sufficient federalism implications to warrant application of Executive Orders 12372 and 13123.

List of Subjects in 22 CFR Part 126

Arms and munitions, Exports.

■ Accordingly, for the reasons set forth above, Title 22, Chapter I, Subchapter M, Part 126, is amended as follows:

PART 126—GENERAL POLICIES AND PROVISIONS

■ 1. The authority citation for Part 126 continues to read as follows:

Authority: Secs. 2, 38, 40, 42, and 71, Pub. L. 90-629, 90 Stat. 744 (22 U.S.C. 2752, 2778, 2780, 2791, and 2797); 22 U.S.C. 2778; E.O. 11958, 42 FR 4311; 3 CFR, 1977 Comp., p. 79; 22 U.S.C. 2658; 22 U.S.C. 287c; E.O. 12918, 59 FR 28205, 3 CFR, 1994 Comp., p. 899.

■ 2. Section 126.1 is amended by revising paragraphs (a), (d) and (f) to read as follows:

§ 126.1 Prohibited exports and sales to certain countries.

(a) *General.* It is the policy of the United States to deny licenses, other approvals, exports and imports of defense articles and defense services, destined for or originating in certain countries. This policy applies to Belarus, Cuba, Iran, Libya, North Korea, Syria, and Vietnam. This policy also applies to countries with respect to which the United States maintains an arms embargo (*e.g.*, Burma, China, Haiti, Liberia, Somalia, Sudan and Democratic Republic of the Congo (formerly Zaire)) or whenever an export would not otherwise be in furtherance of world peace and the security and foreign policy of the United States. Information regarding certain other embargoes appears elsewhere in this section. Comprehensive arms embargoes are normally the subject of a State Department notice published in the **Federal Register**. The exemptions provided in the regulations in this subchapter, except § 123.17 of this subchapter, do not apply with respect to articles originating in or for export to

any proscribed countries, areas, or persons in this § 126.1.

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(d) *Terrorism.* Exports to countries which the Secretary of State has determined to have repeatedly provided support for acts of international terrorism are contrary to the foreign policy of the United States and are thus subject to the policy specified in paragraph (a) of this section and the requirements of section 40 of the Arms Export Control Act (22 U.S.C. 2780) and the Omnibus Diplomatic Security and Anti-Terrorism Act of 1986 (22 U.S.C. 4801, note). The countries in this category are: Cuba, Iran, Libya, North Korea, Sudan and Syria.

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(f) *Iraq.* It is the policy of the United States to deny licenses, other approvals, exports and imports of defense articles and defense services, destined for or originating in Iraq except for any nonlethal military equipment or lethal military equipment for use in support of a reconstituted (or interim) Iraqi military or police force required by the Coalition Provisional Authority in accordance with section 1504 of Public Law 108-11, Emergency Wartime Supplemental Appropriations Act, 2003.

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Dated: October 11, 2003.

John R. Bolton,

Under Secretary, Arms Control and International Security, Department of State.

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DEPARTMENT OF THE TREASURY

Internal Revenue Service

26 CFR Part 1

[TD 9095]

RIN 1545-BA91

Transfers To Provide for Satisfaction of Contested Liabilities

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Final and temporary regulations.

SUMMARY: This document contains regulations relating to transfers of money or other property to provide for the satisfaction of contested liabilities. The regulations affect taxpayers that are contesting an asserted liability and that transfer their own stock or indebtedness, the stock or indebtedness of a related party, or a promise to