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A REPORT ON THE NATIONAL EMERGENCY WITH RESPECT TO IRAN

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

A 6-MONTH PERIODIC REPORT ON THE NATIONAL EMERGENCY WITH RESPECT TO IRAN THAT WAS DECLARED IN EXECUTIVE ORDER 12170 OF NOVEMBER 14, 1979, PURSUANT TO 50 U.S.C. 1641 (c)

NOVEMBER 17, 1999.—Referred to the Committee on International Relations and ordered to be printed

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To the Congress of the United States:

As required by section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c) of the International Emergency Economic Powers Act (IEEPA), 50 U.S.C. 1703(c), I transmit herewith a 6-month periodic report on the national emergency with respect to Iran that was declared in Executive Order 12170 of November 14, 1979.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *November 16, 1999.*

PRESIDENT'S PERIODIC REPORT ON THE NATIONAL EMERGENCY
WITH RESPECT TO IRAN AND IRANIAN ASSETS BLOCKING

I hereby report to the Congress on developments since the last Presidential report of May 26, 1999, concerning the national emergency with respect to Iran that was declared in Executive Order No. 12170 of November 14, 1979. This report is submitted pursuant to section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c) ("IEEPA"). This report covers events through September 30, 1999. My last report, dated May 26, 1999, covered events through March 31, 1999.

1. There have been no amendments to the Iranian Assets Control Regulations, 31 CFR Part 535 (the "IACR"), since my last report.

2. The Iran-United States Claims Tribunal (the "Tribunal"), established at The Hague pursuant to the Algiers Accords, continues to make progress in arbitrating the claims before it. Since the period covered in my last report, the Tribunal has rendered two awards. This brings the total number of awards rendered by the Tribunal to 593, the majority of which have been in favor of U.S. claimants. As of September 30, 1999, the value of awards to successful U.S. claimants paid from the Security Account held by the Naamloze Venootschop Settlement Bank was $2,504,365,655.22.

Since my last report, Iran has failed to replenish the Security Account established by the Algiers Accords to ensure payment of awards to successful U.S. claimants. Thus, since November 5, 1992, the Security Account has continuously remained below the $500 million balance required by the Algiers Accords. As of September 30, 1999, the total amount in the Security Account was $104,713,705.15 and the total amount in the Interest Account was $32,828,446.27. Therefore, the United States continues to pursue Case No. A/28, filed in September 1993, to require Iran to meet its obligation under the Algiers Accords to replenish the Security Account.

Oral argument on Case A/28 had been scheduled to take place on June 28-30, 1999; however, the hearing was postponed by the Tribunal due to the then-pending challenge to Judge Skubiszewski (discussed below). The hearing in case A/28 has been rescheduled for November 17-19, 1999.

On May 20, 1999, Iran filed a challenge to the continued tenure of Judge Krysztof Skubiszewski as a third-country arbitrator and the President of the Tribunal. In accordance with the Tribunal Rules of Procedure, the challenge was referred to the Appointing Authority, a position held by Judge Charles M.J.A. Moons since

shortly after the inception of the Tribunal in 1981. The United States vigorously opposed Iran's challenge as groundless, and as a strategic maneuver designed to delay the imminent hearing of Case A/28. Before Judge Moons could address the merits of Iran's arguments, Iran filed a second challenge based on statements made by Judge Skubiszewski in the course of responding to the first challenge. At this point, Judge Moons resigned his position as Appointing Authority. On July 1, 1999, in accordance with the Tribunal Rules of Procedure, the Permanent Court of Arbitration ("PCA") designated Sir Robert Jennings, a former Judge and President of the International Court of Justice, as the new Appointing Authority. On August 30, 1999, Jennings issued a decision rejecting both challenges to Judge Skubiszewski. In conjunction with its designation of Jennings, the PCA also designated Judge Gilbert Guillaume, a Judge of the International Court of Justice, as "Deputy Appointing Authority." The PCA stated that Deputy Appointing Authority has no formal role, but that he would be designated as the Appointing Authority in the event of the Jenning's resignation or inability to act.

The United States also continues to pursue Case No. A/29 to require Iran to meet its obligation of timely payment of its equal share of advances for Tribunal expenses when directed to do so by the Tribunal.

3. The Department of State continues to present other United States Government claims against Iran and to respond to claims brought against the United States by Iran, in coordination with concerned government agencies.

Under the February 22, 1996, settlement agreement related to the Iran Air case before the International Court of Justice and Iran's bank-related claims against the United States before the Tribunal (see report of May 17, 1996), the Department of State has been processing payments. As of September 30, 1999, the Department has authorized payment to U.S. nationals totaling $17,615,113.84 for 56 claims against Iranian banks. In addition, since November 1998, the Department has authorized transfer of $4,269,538.50 to the Tribunal for payment of Iran's share of the Tribunal's operating expenses. The Department has also authorized payments to surviving family members of 242 Iranian victims of the aerial incident, totaling $60,600,000.00.

On July 2, 1999, Iran filed a 33-volume response to the United States' August 1995 submission in Case No. B/61. Case B/61 involves a claim by Iran for compensation with respect to primarily military equipment that Iran alleges it did not receive. The equipment was purchased pursuant to commercial contracts with more than 50 private American companies. Iran alleges that it suffered direct losses and consequential damages

in excess of $2 billion because of the United States Government's refusal to allow the export of the equipment after January 19, 1981, in alleged contravention of the Algiers Accords.

4. U.S. nationals continue to pursue claims against Iran at the Tribunal. Since my last report, the Tribunal has issued awards in two private claims. On June 11, 1999, Chamber Two issued an award in Kay Lerner v. Iran, Award No. 592-242-2, giving effect to a settlement agreement between the parties, under which the claimant was paid $2,000,000.

On June 30, 1999, Chamber Two issued a partial award in Aram Sabet, et al. v. Iran, AWD No. 593-815/816/817-1, determining that the three claimants' dominant and effective nationality was that of the United States; that Iran was liable to compensate the claimants for the expropriation of certain of their claimed ownership interests in various entities; that their claims are not barred by the Tribunal's caveat, expressed in Case A/18, with respect to claimants' nationality; and that the Tribunal would determine the amount of compensation owed by Iran in a subsequent award.

5. The situation reviewed above continues to implicate important diplomatic, financial, and legal interests of the United States and its nationals and presents an unusual challenge to the national security and foreign policy of the United States. The Iranian Assets Control Regulations issued pursuant to Executive Order No. 12170 continue to play an important role in structuring our relationship with Iran and in enabling the United States to implement properly the Algiers Accords. I shall continue to exercise the powers at my disposal to deal with these problems and will continue to report periodically to the Congress on significant developments.

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