

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)



MAY 10, 2001.—Message and accompanying papers referred to the
Committee on International Relations and ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE

To the Congress of the United States:

As required by section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), and section 204(c) of the International Emergency Economic Powers Act, 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.

GEORGE W. BUSH.

THE WHITE HOUSE, *May 9, 2001.*

PRESIDENT'S PERIODIC REPORT ON THE NATIONAL EMERGENCY WITH
RESPECT TO THE 1979 IRANIAN EMERGENCY AND ASSETS BLOCKING

I hereby report to the Congress on developments over the past six months concerning the national emergency with respect to Iran that was declared in Executive Order 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 March 31, 2001.

1. 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 the last report, the Tribunal has rendered one award as well as one decision. This brings the total number of awards rendered by the Tribunal to 598, the majority of which have been in favor of U.S. claimants. As of March 31, 2001, the value of awards to successful U.S. claimants paid from the Security Account held by the NV Settlement Bank was \$2,515,743,535.71.

Since the last report, Iran has continued to fail 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 March 31, 2001, the total amount in the Security Account was \$93,246,103.11, and the total amount in the Interest Account was \$45,691,423.82. On December 19, 2000, the Tribunal issued its decision in Case A/28, holding that Iran has been in non-compliance with its replenishment obligation since late 1992. The Tribunal declined to issue an order directing Iran to replenish the Security Account, but stated its expectation that Iran would comply with its obligation. The United States continues to pursue Case 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.

On January 4, 2001, the United States filed a challenge to the continued tenure of Judge Bengt Broms as a third-country arbitrator. The challenge stated that for many years the United States has harbored serious doubts as to the impartiality and independence of Mr. Broms and that his Concurring and Dissenting Opinion in Case A/28 confirmed the justifiability of those doubts and demonstrated his unfitness to continue as a member of the Tribunal. In accordance with the Tribunal Rules of Procedure, the challenge was referred to the Appointing Authority, Sir Robert Jennings. Iran and Mr. Broms responded to and opposed the challenge on February 15 and February 22, 2001, respectively. On March 10, 2001, the United States replied to those submissions, noting that Mr. Broms' response confirmed the doubts of the United States as to his impartiality and provided sound grounds for a second chal-

lenge. Iran filed its rejoinder to the United States response on April 3.

2. The Department of State continues to process payments to implement 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. As of March 31, 2001, the Department has authorized payment to U.S. nationals totaling \$17,721,549.19 for 58 claims against Iranian banks. In addition, since November 1998, the Department has authorized transfer of \$7,807,990.25 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 247 Iranian victims of the aerial incident, totaling \$61,350,000.00.

On March 15, Iran filed its 5-volume Brief and Evidence Concerning All Remaining Issues in Case A/15(IV) and A/24, Iran's claim against the United States Government for its alleged breach of the U.S. obligation in the Algiers Accords to terminate all litigation against Iran. The Tribunal ordered Iran to file this submission to provide further legal arguments and evidence concerning both liability and damages.

3. U.S. nationals continue to pursue claims against Iran at the Tribunal. Since the last report, the Tribunal has issued one award in a private claim. On November 28, 2000, Chamber Two issued the final award in *Aram Sabet, et al. v. Iran*, AWD. No. 598-815/816/817-2, awarding the claimants a total of \$6,382,433.70 as the value of the claimants' ownership interests in various entities as a consequence of Iran's expropriation of those interests.

4. 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 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.