

DEVELOPMENTS CONCERNING NATIONAL
EMERGENCY WITH RESPECT TO IRAN

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

A REPORT ON DEVELOPMENTS CONCERNING THE NATIONAL
EMERGENCY WITH RESPECT TO IRAN THAT WAS DECLARED IN
EXECUTIVE ORDER NO. 12170 OF NOVEMBER 14, 1979, PURSU-
ANT TO 50 U.S.C. 1703(c)



MAY 13, 1998.—Message and accompanying papers referred to the
Committee on International Relations and ordered to be printed

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To the Congress of the United States:

I hereby report to the Congress on developments since the last Presidential report of November 25, 1997, 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 (IEEPA), 50 U.S.C. 1703(c). This report covers events through March 31, 1998. My last report, dated November 25, 1997, covered events through September 30, 1997.

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 one award. This brings the total number of awards rendered by the Tribunal to 585, the majority of which have been in favor of U.S. claimants. As of March 31, 1998, the value of awards to successful U.S. claimants paid from the Security Account held by the NV Settlement Bank was \$2,480,897,381.53.

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 March 31, 1998, the total amount in the Security Account was \$125,888,588.35, and the total amount in the Interest Account was \$21,716,836.85. 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.

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. Iran filed its Rejoinder in this case on February 9, 1998.

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

On January 16, 1998, the United States filed a major submission in Case No. B/1, a case in which Iran seeks repayment for alleged wrongful charges to Iran over the life of its Foreign Military Sales (FMS) program, including the costs of terminating the program. The January filing primarily addressed Iran's allegation that its FMS Trust Fund should have earned interest.

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 16, 1996), the Department of State has been processing payments. As of March 31, 1998, the Department of State has authorized payment to U.S. nationals totaling \$13,901,776.86 for 49 claims against Iranian banks. The Department of State has also authorized payments to serving family members of 220 Iranian victims of the aerial incident, totaling \$54,300,000.

During this reporting period, the full Tribunal held a hearing in Case No. A/11 from February 16 through 18. Case No. A/11 concerns Iran's allegations that the United States violated its obligations under Point IV of the Algiers Accords by failing to freeze and gather information about property and assets purportedly located in the United States and belonging to the estate of the late Shah of Iran or his close relatives.

4. U.S. nationals continue to pursue claims against Iran at the Tribunal. Since my last report, the Tribunal has issued an award in one private claim. On March 5, 1998, Chamber One issued an award in *George E. Davidson versus Iran*, AWD No. 585-457-1, ordering Iran to pay the claimant \$227,556 plus interest for Iran's interference with the claimant's property rights in three buildings in Teheran. The Tribunal dismissed the claimant's claims with regard to other property for lack of proof. The claimant received \$20,000 in arbitration costs.

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 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.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *May 13, 1998.*