

Private Calendar: Messrs. BOUCHER, MFUME, and Ms. DELAURO.

¶93.35 PRIVATE CALENDAR OBJECTORS—MINORITY

Mr. MICHEL announced the following Members on the part of the minority as the official objectors on the Private Calendar: Messrs. SENSENBRENNER, COBLE, and GOODLATTE.

¶93.36 HOUR OF MEETING

On motion of Mr. GEPHARDT, by unanimous consent,

Ordered, That when the House adjourns today, it adjourn to meet at 1 o'clock p.m. on Tuesday, August 3, 1993.

¶93.37 MESSAGE FROM THE PRESIDENT—NATIONAL EMERGENCY WITH RESPECT TO IRAQ

The SPEAKER pro tempore, Mr. MORAN, laid before the House a message from the President, which was read as follows:

To the Congress of the United States:

I hereby report to the Congress on the developments since my last report of February 16, 1993, concerning the national emergency with respect to Iraq that was declared in Executive Order No. 12722 of August 2, 1990. This report is submitted pursuant to 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).

Executive Order No. 12722 ordered the immediate blocking of all property and interests in property of the Government of Iraq (including the Central Bank of Iraq), then or thereafter located in the United States or within the possession or control of a U.S. person. That order also prohibited the importation into the United States of goods and services of Iraqi origin, as well as the exportation of goods, services, and technology from the United States to Iraq. The order prohibited travel-related transactions to or from Iraq and the performance of any contract in support of any industrial, commercial, or governmental project in Iraq. U.S. persons were also prohibited from granting or extending credit or loans to the Government of Iraq.

The foregoing prohibitions (as well as the blocking of Government of Iraq property) were continued and augmented on August 9, 1990, by Executive Order No. 12724, which was issued in order to align the sanctions imposed by the United States with United Nations Security Council Resolution 661 of August 6, 1990.

Executive Order No. 12817 was issued on October 21, 1992, to implement in the United States measures adopted in United Nations Security Council Resolution 778 of October 2, 1992. Resolution 778 requires U.N. member states temporarily to transfer to a U.N. escrow account up to \$200 million apiece in Iraqi oil sale proceeds paid by purchasers after the imposition of U.N. sanctions on Iraq. These funds finance Iraq's obligations for U.N. activities with respect

to Iraq, including expenses to verify Iraqi weapons destruction, and to provide humanitarian assistance in Iraq on a nonpartisan basis. A portion of the escrowed funds will also fund the activities of the U.N. Compensation Commission in Geneva, which will handle claims from victims of the Iraqi invasion of Kuwait. The funds placed in the escrow account are to be returned, with interest, to the member states that transferred them to the United Nations, as funds are received from future sales of Iraqi oil authorized by the United Nations Security Council. No member state is required to fund more than half of the total contributions to the escrow account.

This report discusses only matters concerning the national emergency with respect to Iraq that was declared in Executive Order No. 12722 and matters relating to Executive Orders Nos. 12724 and 12817 (the "Executive Orders"). The report covers events from February 2, 1993, through August 1, 1993.

1. There have been no amendments to the Iraqi Sanctions Regulations during the reporting period.

2. Investigations of possible violations of the Iraqi sanctions continue to be pursued and appropriate enforcement actions taken. These are intended to deter future activities in violation of the sanctions. Additional civil penalty notices were prepared during the reporting period for violations of the International Emergency Economic Powers Act and Iraqi Sanctions Regulations with respect to transactions involving Iraq.

3. Investigation also continues into the roles played by various individuals and firms outside Iraq in the Iraqi government procurement network. These investigations may lead to additions to the Office of Foreign Assets Control's listing of individuals and organizations determined to be Specially Designated Nationals of the Government of Iraq.

4. Pursuant to Executive Order No. 12817 implementing United Nations Security Council Resolution 778, on October 26, 1992, the Office of Foreign Assets Control directed the Federal Reserve Bank of New York to establish a blocked account for receipt of certain post-August 6, 1990, Iraqi oil sales proceeds, and to hold, invest, and transfer these funds as required by the order. On May 18, 1993, following the payment of \$1,492,537.30 by the Government of the United Kingdom to a special United Nations-controlled account, entitled United Nations Security Council Resolution 778 Escrow Account, the Federal Reserve Bank of New York was directed to transfer a corresponding amount of \$1,492,537.30 from the blocked account it holds to the United Nations-controlled account. Future transfers from the blocked Federal Reserve Bank of New York account will be made on a matching basis up to the \$200 million for which the United States is potentially obligated pursuant to United Nations Security Council Resolution 778.

5. Since the last report, there have been developments in two cases filed against the Government of Iraq. Another ruling was issued in *Consarc Corporation v. Iraqi Ministry of Industry and Minerals et al.*, No. 90-2269 (D.D.C., March 9, 1993), which arose out of a contract for the sale of furnaces by plaintiff to the Iraqi Ministry of Industry and Minerals, an Iraqi governmental entity. In connection with the contract, the Iraqi defendants opened an irrevocable letter of credit with an Iraqi bank in favor of Consarc, which was advised by Pittsburgh National Bank, with the Bank of New York entering into a confirmed reimbursement agreement with the advising bank. Funds were set aside at the Bank of New York, in an account of the Iraqi bank, for reimbursement of the Bank of New York if Pittsburgh National Bank made a payment to Consarc on the letter of credit and sought reimbursement from the Bank of New York. Consarc received a down payment from the Iraqi Ministry of Industry and Minerals and substantially manufactured the furnaces. No goods were shipped prior to imposition of sanctions on August 2, 1990, and the United States asserted that the funds on deposit in the Iraqi bank account at the Bank of New York, as well as the furnaces manufactured for the Iraqi government or the process of any sale of those furnaces to third parties, were blocked. The district court ruled on December 29, 1992, that the furnaces or their sales proceeds were properly blocked pursuant to the declaration of the national emergency and blocking of Iraqi government property interests. However, according to the court, due to fraud on the part of the Ministry of Industry and Minerals in concluding the sales contract, the funds on deposit in an Iraqi bank account at the Bank of New York were not the property of the Government of Iraq. The court ordered the Office of Foreign Assets Control to unblock these funds, and required Consarc to block the proceeds from the sale of one furnace and to hold the remaining furnace as blocked property. On January 27, 1993, the Office of Foreign Assets Control complied with the court's order and licensed the unblocking of \$6.4 million plus interest to Consarc. On March 9, 1993, the court affirmed its ruling in response to Consarc's motion to clarify the December 29 order and the Office of Foreign Assets Control's motion to correct the judgment to conform to the December 29 opinion. The Office of Foreign Assets Control and Consarc have each appealed the district court's ruling.

In *Brewer v. The Socialist People's Republic of Iraq*, No. 91-5325 (D.C. Cir., 1993) the United States Court of Appeals for the District of Columbia Circuit affirmed the district court's ruling denying appellant's motion to attach U.S.-located assets of the Government of Iraq and its state tourism organization. Following the holding of *Dames & Moore v. Regan*, 453 U.S. 654 (1981), the court upheld the power of the Presi-