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which dealt primarily in Libyan crude oil and in which the Government of Libya had acquired a majority ownership interest. In addition, a foreign national and two foreign firms for whom that individual acted as agent were indicated by a Federal grand jury for illegally transshipping agricultural equipment from the United States to Libya.

FAC has worked closely with the Departments of State and Justice to identify several U.S. persons who had entered into contracts or other agreements with the Government of Libya, or other third-country parties, to lobby United States Government officials and to engage in public relations work on behalf of the Government of Libya without obtaining FAC authorization, in violation of the Regulations. In one such case, FAC levied civil penalties totaling \$35,000 against three individuals who had engaged in such activity.

In addition, during this reporting period, FAC blocked a foreign merchant vessel under the management and control of a Specially Designated National of Libya, following the vessel's unauthorized entry into a U.S. port. FAC imposed and received a civil penalty in the amount of \$10,000 from agents of the shipping company prior to authorizing release of the vessel and its departure from the U.S. port.

FAC has continued to pursue its Operation Roadblock initiative, issuing an additional 70 warning letters and demands for information during the reporting period to persons believed to have travelled to and worked in Libya, or made travel-related payments to Libya in violation of U.S. law. To date, Operation Roadblock's ongoing investigative efforts have resulted in one criminal conviction and several civil penalty assessments. In addition, these investigations have

yielded substantial information concerning alleged criminal violations of the embargo by businesses and individuals. FAC is aggressively pursuing its investigations of such suspected violators in cooperation with other agencies of the United States Government, including the Departments of State and Justice, the Treasury Department's Financial Crimes Enforcement Network (FinCEN), the Federal Bureau of Investigation, and the U.S. Customs Service.

4. The expenses incurred by the Federal Government in the 6-month period from January 7 through July 6, 1993, that are directly attributable to the exercise of powers and authorities conferred by the declaration of the Libyan national emergency are estimated at approximately \$2.7 million. Personnel costs were largely centered in the Department of the Treasury (particularly in the Office of Foreign Assets Control, the Office of the General Counsel, and the U.S. Customs Service), the Department of State, and the Department of Commerce.

5. The policies and actions of the Government of Libya continue to pose an unusual and extraordinary threat to the national security and foreign policy of the United States. I shall continue to exercise the powers at my disposal to apply economic sanctions against Libya fully and effectively, so long as those measures are appropriate, and will continue to report periodically to the Congress on significant developments as required by law.

Sincerely,

WILLIAM J. CLINTON

NOTE: Identical letters were sent to Thomas S. Foley, Speaker of the House of Representatives, and Albert Gore, Jr., President of the Senate.

## Letter to Congressional Leaders on Economic Sanctions Against Haiti

July 12, 1993

*Dear Mr. Speaker: (Dear Mr. President:)*

1. In December 1990, the Haitian people elected Jean-Bertrand Aristide as their President in a free and fair election. The United States applauded this remarkable achievement and actively supported the new government. However, Haiti's progress toward democracy was thwarted

in September 1991, when the Haitian military illegally and violently ousted President Aristide.

2. The United States, on its own and with the Organization of American States ("OAS"), immediately imposed sanctions against the illegal regime. The United States has also actively supported the efforts of the OAS and the United

Nations to restore democracy to Haiti and return President Aristide through negotiations between the Haitian parties. In March, Secretary of State Christopher named Ambassador Lawrence Pezzullo as our Special Envoy on Haiti. In addition the United States and the international community offered material assistance to facilitate the return to democracy, build constitutional structures, and foster economic well-being.

3. When the *de facto* regime rebuffed the international community's efforts, I ordered several measures to increase our pressure on it. On June 4, I barred the entry into the United States of individuals associated with the *de facto* regime who have been impeding a settlement. I also ordered that their assets under U.S. jurisdiction be frozen and that transactions with them be prohibited. With strong U.S. backing, the OAS voted to tighten its embargo. We took the lead in the successful effort to have the United Nations Security Council adopt mandatory oil, arms, and financial sanctions on Haiti on June 16; these came into effect June 23.

4. On June 30, 1993, I issued Executive Order No. 12853, which broadens U.S. authority to block all property of and prohibit transactions involving Haitian nationals providing substantial financial or material contributions to, or doing substantial business with, the *de facto* regime in Haiti. The Executive order also prohibits the sale or supply from the United States of petroleum, petroleum products, arms, or related materiel of all types. The order also prohibits the carriage on U.S.-registered vessels of petroleum or petroleum products, or arms and related materiel, with entry into, or with the intent to enter, the territory or territorial waters of Haiti.

Issuance of this Executive order demonstrates continued U.S. leadership of the international community's use of strong sanctions to reinforce the negotiations process being sponsored by the United Nations and the OAS.

5. This report details the measures we have instituted and enforced pursuant to the requirements of the International Emergency Economic Powers Act. I am committed to the restoration of democracy in Haiti, and I am confident that the measures we have taken will help achieve that outcome.

6. On October 4, 1991, in Executive Order No. 12775, President Bush declared a national emergency to deal with the threat to the national security, foreign policy, and economy of

the United States caused by events that had occurred in Haiti to disrupt the legitimate exercise of power by the democratically elected government of that country (56 *Fed. Reg.* 50641). In that order, the President ordered the immediate blocking of all property and interests in property of the Government of Haiti (including the Banque de la Republique d'Haiti) then or thereafter located in the United States or within the possession or control of a U.S. person, including its overseas branches. The Executive order also prohibited any direct or indirect payments or transfers to the *de facto* regime in Haiti of funds or other financial or investment assets or credits by any U.S. person or any entity organized under the laws of Haiti and owned or controlled by a U.S. person.

Subsequently, on October 28, 1991, the President issued Executive Order No. 12779, adding trade sanctions against Haiti to the sanctions imposed on October 4 (56 *Fed. Reg.* 55975). This order prohibited exportation from the United States of goods, technology, and services, and importation into the United States of Haitian-origin goods and services, after November 5, 1991, with certain limited exceptions. The order exempts trade in publications and other informational materials from the import, export, and payment prohibitions and permits the exportation to Haiti of donations to relieve human suffering as well as commercial sales of five food commodities: rice, beans, sugar, wheat flour, and cooking oil. In order to permit the return to the United States of goods being prepared for U.S. customers by Haiti's substantial "assembly sector," the order also permitted, through December 5, 1991, the importation into the United States of goods assembled or processed in Haiti that contained parts or materials previously exported to Haiti from the United States. On February 5, 1992, it was announced that specific licenses could be applied for on a case-by-case basis by U.S. persons wishing to resume a pre-embargo import/export relationship with the assembly sector in Haiti.

7. The declaration of the national emergency on October 4, 1991, was made pursuant to the authority vested in the President by the Constitution and laws of the United States, including the International Emergency Economic Powers Act (50 U.S.C. 1701 *et seq.*) ("IEEPA"), the National Emergencies Act (50 U.S.C. 1601 *et seq.*), and section 301 of title 3 of the United States Code. The emergency declaration was re-

ported to the Congress on October 4, 1991, pursuant to section 204(b) of IEEPA (50 U.S.C. 1703(b)). The additional sanctions set forth in the Executive order of October 28, 1991, were imposed pursuant to the authority vested in the President by the Constitution and laws of the United States, including the statutes cited above, and represent the response by the United States to Resolution MRE/RES. 2/91, adopted by the Ad Hoc Meeting of Ministers of Foreign Affairs of the OAS on October 8, 1991, which called on Member States to impose a trade embargo on Haiti and to freeze Government of Haiti assets. The current report is submitted pursuant to 50 U.S.C. 1641(c) and 1703(c), and discusses Administration actions and expenses since the last report that are directly related to the national emergency with respect to Haiti declared in Executive Order No. 12775, as implemented pursuant to that order and Executive Order No. 12779.

8. On March 31, 1992, the Office of Foreign Assets Control of the Department of the Treasury ("FAC"), after consultation with the Department of State and other Federal agencies, issued the Haitian Transactions Regulations ("HTR") (31 C.F.R. Part 580 *Fed. Reg.* 10820, March 31, 1992), to implement the prohibitions set forth in Executive Orders No. 12775 and No. 12779. Since the last report, there has been one amendment to the HTR and one policy statement issued concerning the HTR.

On January 13, 1993, FAC, in consultation with the Department of State and other Federal agencies, amended section 580.510 of the HTR (58 *Fed. Reg.* 4080) to provide general authorization for the commercial exportation from the United States to Haiti of medicine and medical supplies. New section 580.517 of the HTR also provides for specific licensing on a case-by-case basis authorizing the exportation of (1) personal hygiene items and ingredients used in the manufacture of medicines; (2) paper and school supplies; and (3) generators and generator parts intended for use in humanitarian projects. A copy of the amendment is attached to this report.

Early in the embargo an exception to the export ban had been made with respect to medicines and medical supplies. Prior to the recent amendment, such exportations could be authorized only by specific licenses issued on a case-by-case basis. The general license provided by the amendment applies only to finished medi-

cines and medical supplies. The exportation to Haiti of components and materials used in the manufacture of medicines and medical supplies, and personal hygiene items, requires specific licensing on a case-by-case basis.

Although significant quantities of school supplies have been donated to Haiti by various U.S. organizations since the inception of the embargo, supplies of many basic items have remained chronically low. Applications for specific export licenses are carefully screened to ensure that goods intended primarily for entertainment and other non-educational uses are denied authorization. Qualifying shipments of paper are limited to paper that will be used as writing paper, notebooks, tablets, and texts.

In order to operate medical apparatus, refrigeration units, and communications devices, hospitals, schools, and various charitable and religious organizations require alternative energy sources to augment the often intermittent supply available from the government-run utility. To meet this need, specific licenses are issued for generators and generator parts and only where the humanitarian application of the equipment is definitively established.

9. On January 8, 1993, FAC published a policy statement extending all then-current licenses issued under section 580.515 of the HTR (58 *Fed. Reg.* 3228). Those licenses, which authorize transactions in connection with both the exportation to Haiti of articles containing specified parts or materials, and the importation into the United States of specified articles assembled in Haiti containing materials or parts exported from the United States, were extended to January 31, 1994. The policy statement also clarified reporting requirements pursuant to these licenses. A copy of the policy statement is attached to this report.

10. In implementing the Haitian sanctions program, FAC has made extensive use of its authority to specifically license transactions with respect to Haiti in an effort to mitigate the effects of the sanctions on the legitimate Government of Haiti and on the livelihood of Haitian workers employed by Haiti's export assembly sector having established relationships with U.S. firms, and to ensure the availability of necessary medicines and medical supplies and the uninterrupted flow of humanitarian donations to Haiti's poor. For example, specific licenses have been issued (1) permitting expenditures from blocked assets for the operations of the legiti-

mate Government of Haiti; (2) permitting U.S. firms with pre-embargo relationships with product assembly operations in Haiti to resume those relationships in order to continue employment for their workers or, if they choose to withdraw from Haiti, to return to the United States assembly equipment, machinery, and parts and materials previously exported to Haiti; (3) permitting U.S. companies operating in Haiti to establish, under specified circumstances, interest-bearing blocked reserve accounts in commercial or investment banking institutions in the United States for deposit of amounts owed the *de facto* regime; (4) permitting the continued material support of U.S. and international religious, charitable, public health, and other humanitarian organizations and projects operating in Haiti; and (5) authorizing commercial sales of agricultural inputs such as fertilizer and foodcrop seeds.

11. The widespread supply of embargoed goods, particularly petroleum products, to Haiti by foreign-flag vessels led to the adoption on May 17, 1992, by the Ad Hoc Meeting of Ministers of Foreign Affairs of the OAS of Resolution MRE/RES. 3/92 urging, among other things, a port ban on vessels engaged in trade with Haiti in violation of the OAS embargo. There was broad consensus among OAS member representatives, as well as European permanent observer missions, on the importance of preventing oil shipments to Haiti. Vessels from some non-OAS Caribbean ports and European countries have been involved in trade, particularly in oil supplies, that undermines the embargo. As previously reported, section 580.211 was added to the HTR (57 *Fed. Reg.* 23954, June 5, 1992) prohibiting vessels calling in Haiti on or after the effective date from entering the United States without authorization by FAC.

Strict enforcement of the vessel regulation issued to implement Resolution MRE/RES. 3/92 has benefitted from the close coordination between FAC, the U.S. Embassy at Port-au-Prince, the U.S. Customs Service, the U.S. Navy, and the U.S. Coast Guard in monitoring vessel traffic to and from Haiti.

This coordination has resulted in the identification of some 60 vessels involved in the shipment or transshipment of unauthorized goods to or from Haiti. Enforcement coordination with the U.S. Customs Service in Miami has led to increased inspection of all outbound vessels to Haiti, thus preventing as many as 20 unauthor-

ized shipments. Three vessels, large quantities of motor oil, electronics equipment, and miscellaneous cargo have been seized.

More than 60 cases, some involving ships flying foreign flags-of-convenience of at least 9 countries, have been referred to FAC for investigation during the reporting period. These cases involve a variety of illegal trade transactions, including third-country transshipments. Among these is one criminal case involving the shipment of petroleum products. Enforcement efforts have identified a number of transshipment routes utilized by violators throughout the Caribbean. Numerous illegal shipments have been deterred as a result of heightened scrutiny of vessels bound for suspect destinations. One such route has been successfully terminated as a result of intensified activity and close coordination among enforcement agencies.

Similarly, enforcement efforts have curtailed the previously widespread practice of mixing unauthorized goods with licensed or exempted merchandise. Many shipments, nearly all originating in Miami and fraudulently described as "humanitarian goods," were found to be commercial in nature. The legitimacy of recipients of identified donated goods is now verified, and use of this ruse has been significantly reduced. This unified enforcement effort on the part of numerous Federal agencies has been a deterrent to would-be violators.

To further strengthen the economic sanctions, on June 4, 1993, FAC issued General Notice No. 1, announcing the names of 35 entities and 83 individuals who have been determined to be Specially Designated Nationals of the *de facto* regime in Haiti. The persons identified have been so designated for one or more of the following reasons: (1) they seized power illegally from the democratically elected government of President Jean-Bertrand Aristide on September 30, 1991; (2) they are substantially owned or controlled by the *de facto* regime in Haiti; or (3) they have, since 12:23 e.d.t., October 4, 1991, acted or purported to act directly or indirectly on behalf of the *de facto* regime in Haiti or under the asserted authority thereof. This listing is not all-inclusive and will be updated from time to time.

U.S. persons are generally prohibited from engaging in transactions with these entities and individuals unless the transactions are authorized by FAC. Additionally, all assets within U.S. jurisdiction owned or controlled by these entities

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or individuals are blocked. U.S. persons are not prohibited, however, from paying funds owed to these entities or individuals into the blocked Government of Haiti account at the Federal Reserve Bank of New York, or, pursuant to specific licenses issued by FAC, into blocked accounts held in the names of the blocked parties in domestic U.S. financial institutions.

12. Since the last report, two penalties have been collected from U.S. banks for violations involving unlicensed transfers from blocked Government of Haiti accounts or failure to block payments to the *de facto* regime, and a penalty of \$40,000 has been assessed and paid by a corporate entity for other violations of the HTR. As of March 16, 1993, payments of penalties assessed against the masters of vessels for unauthorized trade transactions or violations of entry restrictions totalled about \$48,000, bringing total collections for the period to nearly \$93,000.

As an enforcement initiative devised in response to the U.N. oil embargo against Haiti, FAC's civil penalties staff has developed an expedited procedure for the processing of administrative civil monetary penalties with respect to Haiti. The primary subject civil penalty actions under the Haitian Transactions Regulations will be vessels used in Haitian trade in violation of the embargo and the Regulations.

13. The expenses incurred by the Federal Government in the 6-month period from October 4, 1992, through April 3, 1993, that are directly attributable to the authorities conferred by the declaration of a national emergency with respect to Haiti are estimated at about \$2.1 million, most of which represent wage and salary costs for Federal personnel. Personnel costs were largely centered in the Department of the

Treasury (particularly in FAC, the U.S. Customs Service, and the Office of the General Counsel), the Department of State, the U.S. Coast Guard, and the Department of Commerce.

14. The assault on Haiti's democracy represented by the military's forced exile of President Aristide continues to pose an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States. The United States remains committed to a multilateral resolution of this crisis through its actions implementing the resolutions of the OAS with respect to Haiti. We are unequivocally committed to the early return of constitutional democracy and President Aristide to Haiti. The United States has launched an energetic diplomatic campaign to help accelerate the momentum of the ongoing United Nations/OAS negotiations to achieve peaceful restoration of democracy. The United States is prepared to consider additional tougher sanctions should the negotiations stall. These measures include, but are not limited to, targeted sanctions against particular intransigent groups, a further tightening and globalization of the trade embargo, and even more vigorous enforcement measures against violators. I shall continue to exercise the powers at my disposal to apply economic sanctions against Haiti as long as these measures are appropriate, and will continue to report periodically to the Congress on significant developments pursuant to 50 U.S.C. 1703(c).

Sincerely,

WILLIAM J. CLINTON

NOTE: Identical letters were sent to Thomas S. Foley, Speaker of the House of Representatives, and Albert Gore, Jr., President of the Senate.

## Nomination for Asian Development Bank Executive Director and an Assistant Secretary of State

July 12, 1993

The President announced his intention today to nominate Linda Tsao Yang to be Executive Director of the Asian Development Bank and Robert Gelbard to be the Assistant Secretary of State for International Narcotics Matters.

"As I return from my successful trip to Asia, I am pleased to make these two significant for-

ign policy nominations," said the President. "Linda Tsao Yang will bring impressive skills in capital development and a strong knowledge of Asia's economy to her post at the Asian Development Bank. Robert Gelbard has the