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Fr. Doc. E7-6155

DEPARTMENT OF THE TREASURY

Office of Foreign Assets Control

31 CFR Parts 538 and 560

Sudanese Sanctions Regulations; Iranian Transactions Regulations

AGENCY: Office of Foreign Assets Control, Treasury.

ACTION: Final rule.

SUMMARY: The Office of Foreign Assets Control of the U.S. Department of the Treasury is amending the Sudanese Sanctions Regulations, 31 CFR part 538, and the Iranian Transactions Regulations, 31 CFR part 560, to authorize the exportation or reexportation, directly or indirectly, from the United States or by a U.S. person, wherever located, of any goods or technology to a third-country government, or to its contractors or agents, for shipment to, respectively, Sudan or Iran via a diplomatic pouch.

DATES: Effective Date: April 3, 2007.

FOR FURTHER INFORMATION CONTACT: Assistant Director for Compliance Outreach & Implementation, tel.: 202/622-2490, Assistant Director for Licensing, tel.: 202/622-2480, Assistant Director for Policy, tel.: 202/622-4855, or Chief Counsel, tel.: 202/622-2410, Office of Foreign Assets Control, Department of the Treasury, Washington, DC 20220.

SUPPLEMENTARY INFORMATION:

Electronic and Facsimile Availability

This document and additional information concerning the Office of Foreign Assets Control are available from OFAC's Web site (<http://www.treas.gov/ofac>) or via facsimile through a 24-hour fax-on-demand service, tel.: (202) 622-0077.

Background

The Sudanese Sanctions Regulations, 31 CFR part 538 (the "SSR"), were promulgated to implement Executive Order 13067 of November 3, 1997 ("E.O. 13067"), in which the President declared a national emergency with respect to the policies and actions of the Government of Sudan. To deal with that emergency, E.O. 13067 imposed comprehensive trade sanctions with respect to Sudan and blocked all property and interests in property of the Government of Sudan in the United States or within the possession or control of United States persons. Subsequently, the President issued Executive Order 13412 of October 13, 2006 ("E.O. 13412"), to take additional steps with respect to the emergency declared in E.O. 13067. While it exempted specific areas of Sudan from certain prohibitions in E.O. 13067, E.O. 13412 continued

the blocking of the Government of Sudan's property and interests in property and imposed a prohibition on transactions relating to Sudan's petroleum or petrochemical industries. E.O. 13412 also removed the regional government of Southern Sudan from the definition of the Government of Sudan.

Existing § 538.516 of the SSR authorizes all transactions in connection with the importation into the United States from Sudan, or the exportation from the United States to Sudan, of diplomatic pouches and their contents. OFAC is amending this general license to expand the scope of authorized transactions relating to the importation and exportation of diplomatic pouches and their contents. Specifically, OFAC is revising § 538.516 of the SSR by re-designating the original section as § 538.516(a) and by adding a new paragraph (b). New § 538.516(b) authorizes the exportation or reexportation, directly or indirectly, from the United States or by a U.S. person, wherever located, of any goods or technology to a third-country government, or to its contractors or agents, for shipment to Sudan via a diplomatic pouch. In addition, § 538.516(b) clarifies that, to the extent necessary, the shipment by a third-country government to Sudan of U.S.-origin goods or technology in a diplomatic pouch is authorized.

The Iranian Transactions Regulations, 31 CFR part 560 (the "ITR"), implement a series of Executive orders, beginning with Executive Order 12957 of March 15, 1995, in which the President declared a national emergency with respect to the actions and policies of the Government of Iran. To deal with that threat, Executive Order 12957 imposed prohibitions on certain transactions with respect to the development of Iranian petroleum resources. On May 6, 1995, the President issued Executive Order 12959 imposing comprehensive trade sanctions to further respond to the threat, and on August 19, 1997, the President issued Executive Order 13059 consolidating and clarifying the previous orders.

Existing § 560.521 of the ITR authorizes all transactions in connection with the importation into the United States from Iran, or the exportation from the United States to Iran, of diplomatic pouches and their contents. As with § 538.516 of the SSR, OFAC is revising § 560.521 of the ITR by re-designating the original section as § 560.521(a) and by adding a new paragraph (b). New § 560.521(b) authorizes the exportation, reexportation, sale, or supply, directly or indirectly, from the United States or by a U.S. person, wherever located, of any goods or technology to a third-country government, or to its contractors or agents, for shipment to Iran via a diplomatic pouch. It also authorizes, to the extent necessary, the shipment by a third-country government to Iran of U.S.-origin goods or technology in a diplomatic pouch.

Public Participation

Because the amendments of the SSR and the ITR involve a foreign affairs function, Executive Order 12866 and the provisions of the Administrative Procedure Act (5 U.S.C. 553) requiring notice of proposed rulemaking, opportunity for public participation, and delay in effective date are inapplicable. Because no notice of proposed rulemaking is required for this rule, the Regulatory Flexibility Act (5 U.S.C. 601-612) does not apply.

Paperwork Reduction Act

The collections of information related to the SSR and the ITR are contained in 31 CFR part 501 (the "Reporting, Procedures and Penalties Regulations"). Pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3507), those collections of information have been approved by the Office of Management and Budget under control number 1505-0164. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid control number.

List of Subjects

31 CFR part 538

Administrative practice and procedure, Banks, Banking, Blocking of assets, Exports, Foreign trade, Humanitarian aid, Imports, Penalties, Reporting and recordkeeping requirements, Specially designated nationals, Sudan, Terrorism, Transportation.

31 CFR part 560

Administrative practice and procedure, Banks, Banking, Brokers, Foreign Trade, Investments, Iran, Loans, Securities.

For the reasons set forth in the preamble, the Office of Foreign Assets Control amends 31 CFR parts 538 and 560 as follows:

PART 538-SUDANESE SANCTIONS REGULATIONS

1. The authority citation for part 538 continues to read as follows:

Authority: 3 U.S.C. 301; 31 U.S.C. 321(b); 18 U.S.C. 2339B, 2332d; 50 U.S.C. 1601-1651, 1701-1706; Pub. L. 106-387, 114 Stat. 1549; E.O. 13067, 62 FR 59989, 3 CFR, 1997 Comp., p. 230.

Subpart E-Licenses, Authorizations, and Statements of Licensing Policy

2. Revise § 538.516 to read as follows:

§ 538.516 Diplomatic pouches.

The following transactions are authorized:

(a) The importation into the United States from Sudan, or the exportation from the United States to Sudan, of diplomatic pouches and their contents; and

(b) The exportation or reexportation, directly or indirectly, from the United States or by a U.S. person, wherever located, of any goods or technology to a third-country government, or to its contractors or agents, for shipment to Sudan via a diplomatic pouch. To the extent necessary, this section also authorizes the shipment of such goods or technology by the third-country government to Sudan via a diplomatic pouch.

Note to paragraph (b) of § 538.516: The exportation or reexportation of certain U.S.-origin goods or technology to a third-country government, or to its contractors or agents, may require authorization by the U.S. Department of Commerce under the Export

Administration Regulations (15 CFR parts 730 et seq.).

PART 560-IRANIAN TRANSACTIONS REGULATIONS

3. Revise the authority citation for part 560 to read as follows:

Authority: 3 U.S.C. 301; 18 U.S.C. 2339B, 2332d; 22 U.S.C. 2349aa-9; 31 U.S.C. 321(b); 50 U.S.C. 1601-1651, 1701-1706; Pub. L. 101-410, 104 Stat. 890 (28 U.S.C. 2461 note); Pub. L. 106-387, 114 Stat. 1549; E.O. 12957, 60 FR 14615, 3 CFR, 1995 Comp., p. 332; E.O. 12959, 60 FR 24757, 3 CFR, 1995 Comp., p. 356; E.O. 13059, 62 FR 44531, 3 CFR, 1997 Comp., p. 217.

Subpart E-Licenses, Authorizations, and Statements of Licensing Policy

4. Revise § 560.521 to read as follows:

§ 560.521 Diplomatic pouches.

The following transactions are authorized:

(a) The importation into the United States from Iran, or the exportation from the United States to Iran, of diplomatic pouches and their contents; and

(b) The exportation, reexportation, sale, or supply, directly or indirectly, from the United States or by a U.S. person, wherever located, of any goods or technology to a third-country government, or to its contractors or agents, for shipment to Iran via a diplomatic pouch. To the extent necessary, this section also authorizes the shipment of such goods or technology by the third-country government to Iran via a diplomatic pouch.

Note to paragraph (b) of § 560.521: The exportation or reexportation of certain U.S.-origin goods or technology to a third-country government, or to its contractors or agents, may require authorization by the U.S. Department of Commerce under the Export Administration Regulations (15 CFR parts 730 et seq.).

Dated: February 23, 2007.

Adam J. Szubin,

Director, Office of Foreign Assets Control.

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[FR Doc. E7-6155 Filed 4-2-07; 8:45 am]

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