

OFFICE OF FOREIGN ASSETS CONTROL

REPORT OF LICENSING ACTIVITIES

PURSUANT TO

THE TRADE SANCTIONS REFORM AND EXPORT ENHANCEMENT ACT OF 2000

July-September 2001

I. Overview

This report covers activities undertaken by the Treasury Department's Office of Foreign Assets Control ("OFAC") under Section 906(a)(1) of the Trade Sanctions Reform and Export Enhancement Act of 2000 ("TSRA") from July through September 2001. On July 12, 2001, OFAC issued interim regulations with a request for public comment, implementing the TSRA. The regulations went into effect on July 26, 2001. Prior to TSRA, a similar licensing program was in effect pursuant to a presidential policy initiative. In implementing these regulations, OFAC worked with the Commerce Department's Bureau of Export Administration to implement jointly-devised procedures for handling export authorization requests subject to the TSRA. Under these procedures OFAC processes license applications requesting authorization to export agricultural commodities, medicine, and medical devices to Iran, Libya, and Sudan under the one-year specific licensing regime set forth in Section 906 of the TSRA.

OFAC accomplishments in effectively implementing the TSRA during its first quarter of operation (last fiscal quarter for 2001) include the following:

- ◆ Clear and concise license application guidelines were published on the World Wide Web shortly after the regulations were published in the Federal Register;
- ◆ Efficient and innovative electronic processing procedures were established by OFAC to refer license applications to the State Department for interagency review;
- ◆ The established time limits for license application review by OFAC and the State Department were strictly adhered to;
- ◆ The backlog of applications (45 in total) pending at the State Department from the previous program was cleared up under the TSRA procedures; and
- ◆ The average number of business days for the OFAC Licensing Division to issue a licensing determination¹ under the TSRA regulations was only eight (8) business days.

II. Program Operation

From July 26, 2001, the effective date of the TSRA regulations, to the end of the last fiscal quarter of 2001, OFAC's Licensing Division processed a total of 143 license applications pursuant to Section 906(a)(1) of the TSRA, 98 of which were new license applications received

¹A licensing determination is defined as any action, either intermediate or final, that OFAC takes on a license application. It may take the form of a license, a "return-without-action" letter, a general information letter, a denial letter, or in rare instances, a phone call.

after the effective date of the TSRA regulations and 45 of which were previously submitted under the predecessor program. During this period, OFAC issued licensing determinations on 139 of the 143 license applications. A total of 56 licenses were issued under the TSRA regulations from July through September (**See Charts 1 and 2**). On average, licenses were issued within 12.8 business days of receipt of the application. With respect to the remaining license applications, OFAC issued 19 general information letters (average turnaround: five business days), 27 “return-without-action” letters (“RWA letters”) (average turnaround: 2.8 business days), two denial letters (average turnaround: 18 business days), and two Congressional letters (average turnaround: 5.5 business days) (**See Graph 1**). The average number of business days for the Licensing Division to issue a licensing determination in response to submissions to OFAC on any license application under the TSRA regulations was eight business days. The total of licenses issued, general information letters, “return-without-action” letters, and denial letters is fewer than the number of license applications received because in some instances multiple applications from the same license applicant were combined into one license, and two cases were handled via telephone.

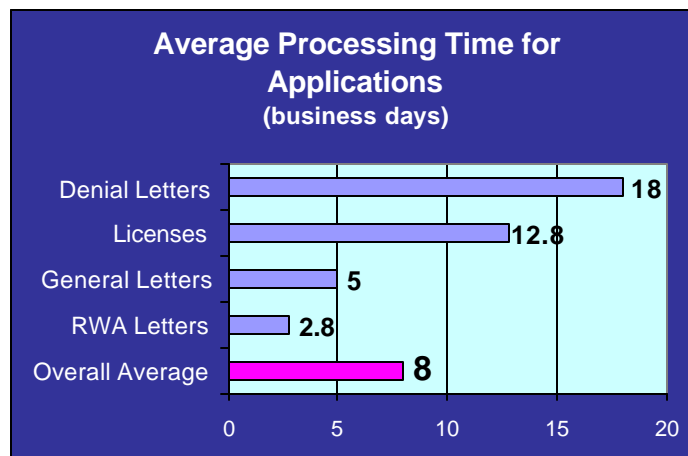
CHART 1
Number of License Applications and Licenses Issued by Product

	Agricultural Commodities	Medicine	Medical Devices	TOTAL
License Applications	56	9	78	143
Licenses Issued	24	3	29	56
Applications Denied	0	2	0	2

CHART 2
Number of License Applications and Licenses Issued by Country

	Iran	Libya	Sudan	TOTAL
License Applications	114	21	8	143
Licenses Issued	48	8	0	56
Applications Denied	2	0	0	2

GRAPH 1



III. Conclusion

We consider implementation of the TSRA in its first quarter of operation a success. We believe this was due in large part to the efficient manner by which OFAC processed license applications and forwarded them when appropriate for review by the State Department.² Average processing time for issuing licenses was 12.8 days, facilitated by efficient and innovative use of electronic processing capabilities both within OFAC and as a means to refer license applications to the State Department. Subsequent to September 11, a variety of factors, most significantly a substantial diversion of resources to the President's initiative on terrorism, has had an impact on the expedited processing of these applications. Nonetheless, license determinations are still being issued within 30 days on average.

²OFAC's Licensing Division only forwards complete and eligible applications to the State Department.