

November 25, 2003

IRAN: TRAVEL EXEMPTION

FAC No. [text deleted]

[text deleted]

[text deleted]

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[text deleted]

[text deleted]

Dear [text deleted]:

This is with regard to your letters of January 9, 2003, June 6, 2003, and June 12, 2003 to the Department of the Treasury's Office of Foreign Assets Control ("OFAC") on behalf of [a U.S. person]. In your letters you inquired whether the travel exemption provisions contained in § 560.210(d) of the Iranian Transactions Regulations, 31 C.F.R. Part 560 (the "Regulations"), authorize [U.S. persons] to engage in the following activities involving the arrangement of air travel between the United States and Iran:

- 1) Publication of schedules of flights between Europe and Iran;
- 2) Publication of interline airfares;
- 3) Acceptance of reservations for travel between the United States and Iran;
- 4) Issuance of airline tickets for the entire trip between the United States and Iran; and
- 5) Advertisement of air service between the United States and Iran.

Section 560.204 of the Regulations prohibits the exportation, reexportation, sale, or supply, directly or indirectly, from the United States, or by a United States person, wherever located, of any goods, technology, or services to Iran or the Government of Iran. However, § 560.210(c) of the Regulations provides that the prohibitions do not apply to the importation from and the exportation to any country of information and informational materials fully created and in existence at the time of the transaction. In addition, § 560.210(d) of the Regulations provides that the prohibitions contained in § 560.204 do not apply to transactions ordinarily incident to travel to or from any country, including importation of accompanied baggage for personal use, maintenance within any country including payment of living expenses and acquisition of goods or services for personal use, and arrangement or facilitation of such travel including nonscheduled air, sea, or land voyages. Section 560.210(d) of the Regulations further provides that the exemption

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extends to transactions with Iranian carriers and those involving group tours and payments in Iran made for transactions directly incident to travel.

Based upon the information submitted, we have concluded that, with the exceptions noted below, the exemptions set forth in § 560.210(c and d) of the Regulations are applicable to all of the above listed activities involving airline travel between the United States and Iran.

With respect to the advertisement of air service between the United States and Iran, the Regulations do not prohibit such transactions unless they are undertaken at the behest of a person in Iran or an Iranian entity. The Regulations would prohibit advertising-related transactions undertaken at the behest of a person or entity in Iran, unless the information or informational materials exemption applies. To fall within the scope of the information and informational materials exemption, such transactions must be limited to the direct dissemination of copy-ready materials. A U.S. person cannot provide any other related services to Iran, such as the development of advertising materials or an advertising campaign or serving as an agent for the buying or brokering of advertising space, without OFAC authorization. Such activities do not fall within the scope of the information and informational materials exemption. Such activities also would not fall within the scope of the travel exemption, as they are not directly incident to travel.

Although the travel exemption set forth in § 560.210(d) of the Regulations applies regardless of whether the connecting carrier is Iran Air or another Iranian air carrier, it applies only to arranging travel and should not be construed to authorize transactions not directly incident to travel, such as the creation or enhancement of a travel reservation service in Iran. Further, while [U.S. persons] are authorized to accept reservations, issue tickets for travel on Iranian carriers, and advertise air service between the United States and Iran (subject to the caveats referenced above), any U.S. origin financial services used to exchange payments with Iran must fall within the scope of the authorizations set forth in § 560.516 of the Regulations, which necessitate the use of non-U.S., non-Iranian financial institutions as intermediaries to such transactions.

If you have any additional questions about the economic sanctions programs administered by OFAC, you may refer to our web site at www.treas.gov/ofac or call our office at (202)622-2480.

Sincerely,



R. Richard Newcomb
Director
Office of Foreign Assets Control