

OFAC

Office of Foreign Assets Control

IRAQ:

An Overview of the Iraq Stabilization and Insurgency Sanctions Regulations

This document is explanatory only and does not have the force of law. Executive Order 13303, Executive Order 13315, Executive Order 13350, Executive Order 13364, Executive Order 13438 and the implementing regulations pertaining to Iraq (31 C.F.R. part 576) contain the legally binding provisions governing the sanctions. This document does not supplement or modify the Executive Orders or regulations from a legal perspective.



An Overview of the Iraq Stabilization and Insurgency Sanctions Regulations

I. INTRODUCTION

In response to Iraq's invasion of Kuwait on August 2, 1990, the United States imposed comprehensive sanctions, including a trade embargo against Iraq and a freeze of the assets of the then-Iraqi government, which were implemented in the Iraqi Sanctions Regulations, 31 C.F.R. part 575. Over the years, a series of Executive orders adjusted the sanctions in response to events in Iraq. On September 13, 2010, the Department of the Treasury's Office of Foreign Assets Control ("OFAC") published final rules removing the Iraqi Sanctions Regulations from 31 C.F.R. chapter V and adding the Iraq Stabilization and Insurgency Sanctions Regulations, 31 C.F.R. part 576 ("ISISR"), in implementation of Executive Order 13303 of May 22, 2003 ("[E.O. 13303](#)"), Executive Order 13315 of August 28, 2003 ("[E.O. 13315](#)"), Executive Order 13350 of July 29, 2004 ("[E.O. 13350](#)"), Executive Order 13364 of November 29, 2004 ("[E.O. 13364](#)"), and Executive Order 13438 of July 17, 2007 ("[E.O. 13438](#)"). A summary of the provisions of these Executive orders can be found in the Preamble of the final rule promulgating the ISISR (75 Fed. Reg. 55464, September 13, 2010). The ISISR contain all of the current OFAC restrictions involving Iraq and Iraqi property. This brochure summarizes these new regulations.

There currently are no broad-based sanctions in place against Iraq, but there are certain prohibitions and asset freezes against specific individuals and entities associated with the former Saddam Hussein regime, as well as parties determined to have committed, or to pose a significant risk of committing, an act of violence that has the purpose or effect of threatening the peace or stability of Iraq or the Government of Iraq or undermining efforts to promote economic reconstruction and political reform in Iraq or to provide humanitarian assistance to the Iraqi people. The Secretary of the Treasury is authorized to name all such individuals and entities. These names are included in OFAC's list of Specially Designated Nationals and Blocked Persons ("SDN List"). In addition to these targeted sanctions, the ISISR impose some specific prohibitions designed to protect certain Iraqi property and contain certain provisions dealing with residual restrictions from the 1990 Iraqi sanctions.

II. BLOCKING OF PROPERTY

Persons designated by OFAC pursuant to the Executive Orders related to Iraq are named on OFAC's SDN List. This list is accessible via OFAC's Web site at www.treas.gov/offices/enforcement/ofac/sdn/index.shtml. With certain exceptions, U.S. persons are prohibited from transferring, paying, exporting, withdrawing, or otherwise dealing in the property and interests in property of an entity or individual listed on the SDN List. Entities which a designated party owns (defined as an ownership interest of 50% or more) are also blocked, regardless of whether that entity is separately named on OFAC's SDN List.

III. UNBLOCKING OF CERTAIN BLOCKED PROPERTY

The ISISR authorize the unblocking of all remaining property blocked pursuant to Executive Orders 12722 and 12724, which was blocked in response to Iraq's invasion of Kuwait in August, 1990. OFAC no longer asserts jurisdiction over this property under its sanctions involving Iraq, and, unless blocked pursuant to other authorities, it may now be transferred, paid, exported, withdrawn, or otherwise dealt in by U.S. persons without having to obtain an OFAC license.

IV. EXPORTING TO IRAQ

Unless a transaction involves a party blocked under OFAC's authorities, no OFAC authorization is needed for exports to Iraq. There may, however, be certain restrictions and licensing requirements administered by other U.S. Government agencies, such as the Department of Commerce.

V. FINANCIAL TRANSACTIONS

Unless a transaction involves a party blocked under OFAC's authorities, financial transactions with Iraq are allowed, including the opening of correspondent accounts for Iraqi financial institutions.

VI. IRAQI CULTURAL PROPERTY

The ISISR prohibit the trade in or transfer of ownership or possession of Iraqi cultural property or other items of archeological, historical, cultural, rare scientific, and religious importance that were illegally removed, or for which a reasonable suspicion exists that they were illegally removed, from the Iraq National Museum, the National Library, and other locations in Iraq since August 6, 1990. Questions concerning Iraqi cultural property should be directed to: Cultural Property Office, U.S. Department of State, tel: 202-619-6612, fax: 202-260-4893, Web site www.exchanges.state.gov/culprop, e-mail culprop@pd.state.gov.

VII. IMMUNITY FROM ATTACHMENT

The President has determined that the threat of attachment or other judicial process against the Central Bank of Iraq, the Development Fund for Iraq, and Iraqi petroleum and petroleum products constitutes an obstacle to the orderly reconstruction of Iraq, the restoration and maintenance of peace and security in that country, and the development of political, administrative, and economic institutions in Iraq. Accordingly, absent an authorization from OFAC, any accounts, assets, investments, or any other property of any kind owned by, belonging to, or held by the Central Bank of Iraq or the Development Fund of Iraq, are immune from attachment, judgment, execution, or other judicial process in the United States. Likewise, consistent with United Nations Security Council Resolutions ("UNSCR") 1483 and 1546, dated May 22, 2003, and June 8, 2004, respectively, Iraqi petroleum and petroleum products and interests are immune from attachment, judgment, execution, or other judicial processes until title passes to the initial purchaser of those products. These immunities from attachment, which are set out in ISISR § 576.206, do not apply with respect to any final judgment arising out of a contractual obligation entered into by the Government of Iraq, including any of its agencies or instrumentalities, after June 30, 2004. In addition, consistent with UNSCR 1483, OFAC may issue specific licenses on a case-by-case basis to authorize the attachment, judgment, decree, lien, execution, garnishment, or other judicial process against property and interests in property protected by § 576.206 to satisfy liability for damages assessed in connection with an ecological accident (including an oil spill) that occurred after May 22, 2003.

VIII. U.S. MILITARY FORCES AND THEIR COALITION PARTNERS IN IRAQ EXEMPT

Property and interests in property that come under the control of U.S. military forces and their coalition partners in Iraq under the command or operational control of the commander of the United States Central Command are authorized or exempt from the blocking provisions in the ISISR.

IX. PENALTIES

Civil penalties of up to \$250,000 or twice the amount of the underlying transaction may be imposed administratively against any person who violates, attempts to violate, conspires to violate, or causes a violation of the ISISR. Upon conviction, criminal penalties of up to \$1,000,000, or imprisonment for up to 20 years, or both, may be imposed on any person who willfully attempts to commit, or willfully conspires to commit, or aids or abets in the commission of a violation of the ISISR.

If you have information regarding possible violations of any of the regulations, please call the Treasury Department's Office of Foreign Assets Control at 202/622-2430. Your call will be handled confidentially.

This document is explanatory only and does not have the force of law. The Executive Orders and implementing regulations dealing with Iraq contain the legally binding provisions governing the sanctions and this document does not supplement or modify those Executive Orders or regulations.

The Office of Foreign Assets Control also administers sanctions programs involving Belarus, Burma (Myanmar), Cote d'Ivoire, Cuba, Democratic Republic of the Congo, Iran, Lebanon, Liberia, North Korea, Somalia, Sudan, Syria, Zimbabwe, certain targets in the Western Balkans, highly enriched uranium transactions, diamond trading, designated terrorists and international narcotics traffickers, Foreign Terrorist Organizations, and designated foreign persons who have engaged in activities relating to the proliferation of weapons of mass destruction. For additional information about these programs or about the Iraqi sanctions program, please contact the:

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