

George W. Bush Presidential Library

Collection: Executive Clerk, Office of The

Series: Saunders, G. Timothy (Tim) – Bill Files

Folder Title: 08/03/2001 [H. R. 1954]

Withdrawn/Redacted Material

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DOCUMENT NO.	FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
002	Draft	Statement By The President [H.R. 1954]	2	N.D.	P5;
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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

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T001	Statement	[Re: H. R. 1954] [page 2]	1	08/03/2001	Transferred

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APPROVED
AUG - 3 2001

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Enrolled Bill H.R. 1954 - ILSA Extension Act of 2001
Sponsors - Rep. Gilman (R) NY and 249 others

Last Day for Action

August 13, 2001 - Monday. The State Department informally requests that H.R. 1954 be signed no later than August 5th, the expiration date of the Iran and Libya Sanctions Act of 1996.

Purpose

Extends the Iran and Libya Sanctions Act (ILSA) for five years until August 5, 2006.

Agency Recommendations

Office of Management and Budget

Approval (Signing statement
attached)

Department of State

Approval (Signing statement
attached)

National Security Council (NSC)

Approval (Informally)

Department of Commerce

No objection (Informally)

Department of Energy

No objection (Informally)

Department of the Treasury

No objection (Informally)

Department of Defense

Defers (Informally)

Central Intelligence Agency

No comment (Informally)

Discussion

The Iran and Libya Sanctions Act (ILSA) of 1996, in part, requires the President to impose certain sanctions on individuals or entities that: (1) invest \$20 million or more in any 12-month period in Iran's oil industry, or \$40 million in Libya's oil industry, that would directly and significantly enhance either country's ability to develop its petroleum resources; or (2) provide Libya goods, services, or technology prohibited by U.N. Security Resolutions 748 or 883, if these items would contribute significantly or materially to Libya's weapons capability, petroleum development, or aviation capabilities. The President may waive imposition of sanctions if important to the national interest. Absent a waiver, the President must impose at least two of seven sanctions specified in ILSA, such as denial of licenses to the sanctioned person for exports of controlled items, restricting imports from the sanctioned person, and prohibiting the U.S. Government from entering into procurement contracts with the sanctioned person. ILSA expires on August 5, 2001.

H.R. 1954 would extend ILSA for an additional five years, until August 5, 2006. The enrolled bill also would:

- lower from \$40 million to \$20 million the threshold amount for investment in Libya to trigger imposition of specified economic and trade sanctions;
- revise the definition of investment such that any amendment or other modification made on or after June 13, 2001, to existing (pre-ILSA) agreements or contracts for the development of Libya's petroleum resources would be considered new investment for purposes of the imposition of sanctions; and
- require a Presidential report to Congress within 24 to 30 months of enactment on: (1) the effectiveness of the Act's sanctions and its effect on humanitarian interests; and (2) the Act's impact on other national security, economic, and foreign-policy interests of the United States, including relations with countries friendly to the United States. This report may include a recommendation on modifying or terminating ILSA.

Conclusion and Recommendations

The Department of State advises that the Administration supported a two-year extension of ILSA, without changes to the conditions in current law. The Department recommends approval of the enrolled bill "given the overwhelming margins by which the extension bills were approved in both Houses."

We join State and NSC in recommending the approval of H.R. 1954, which passed the House by a vote of 409-6 and the Senate by unanimous consent. The Senate passed an earlier version of this legislation by a vote of 96-2.

Attached for your consideration is a signing statement based on language prepared by State. It notes that sanctions should be reviewed frequently and expresses appreciation for the bill's invitation to report on ILSA's effectiveness, including a recommendation to modify or terminate the Act. The statement notes concern over the objectionable policies and behavior of Iran and Libya and the Administration's efforts to address these concerns. The statement has been reviewed and approved by State, NSC, Justice, the Office of White House Counsel, the Office of the Vice President, and this Office.

Mitchell E. Daniels, Jr.
Director

Enclosures

LRD:ARooney:dmc 8/2/01

STATEMENT BY THE PRESIDENT

Today, I have signed into law H.R. 1954, the "ILSA Extension Act of 2001." This Act provides for a 5-year extension of the Iran and Libya Sanctions Act (ILSA) with amendments that affect certain of the investment provisions.

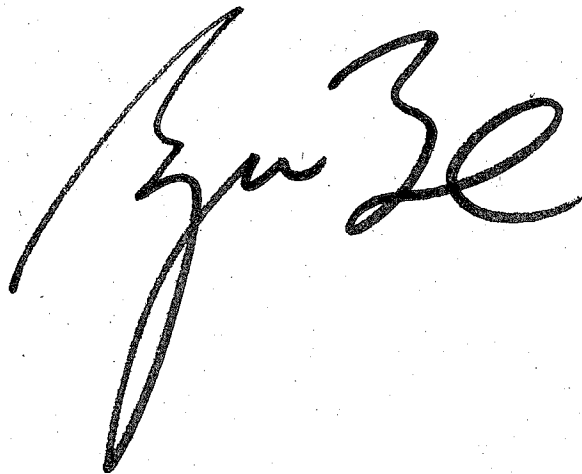
I believe that we should review sanctions frequently to assess their effectiveness and continued suitability. A new provision in this bill mandates a report on the impact of certain actions taken pursuant to the Act. I approve of this statutorily mandated requirement to periodically assess the effectiveness of sanctions and to recommend whether the Congress should terminate or modify the Act. The Act also continues the President's power to waive sanctions in the national interest.

My Administration shares the Congress' deep concerns about the objectionable policies and behavior of Iran and Libya. We are addressing these concerns in a number of ways. In particular, we are strengthening our efforts with other countries, whose cooperation is essential to pursuing the most effective approaches to solving the problems of proliferation and terrorism addressed by ILSA.

Libya must address its obligations under U.N. Security Council Resolutions. These relate to the 1988 Lockerbie bombing and require Libya to accept responsibility for the actions of Libyan officials, disclose all it knows about the bombing, renounce terrorism, and pay appropriate compensation. Cooperative action by Libya on these four issues would make it possible for us to begin to move toward a more constructive relationship.

With respect to Iran, we continue to have serious concerns over its support for terrorism, opposition to the Middle East peace process, and pursuit of weapons of mass destruction. I hope that the Iranian people's recently expressed desire

for a freer, more open, and more prosperous society will give our two countries an opportunity to identify areas where our interests converge, and where we can work together constructively for our mutual benefit.

A handwritten signature in dark ink, appearing to read "G. W. Bush". The signature is fluid and cursive, with a large, sweeping initial "G" and a stylized "W".

THE WHITE HOUSE,

August 3, 2001.

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(1) whether the member states of the European Union, the Republic of Korea, Australia, Israel, or Japan have legislative or administrative standards providing for the imposition of trade sanctions on persons or their affiliates doing business or having investments in Iran or Libya;

(2) the extent and duration of each instance of the application of such sanctions; and

(3) the disposition of any decision with respect to such sanctions by the World Trade Organization or its predecessor organization.

SEC. 5. IMPOSITION OF SANCTIONS.

(a) **SANCTIONS WITH RESPECT TO IRAN.**—Except as provided in subsection (f), the President shall impose 2 or more of the sanctions described in paragraphs (1) through (6) of section 6 if the President determines that a person has, with actual knowledge, on or after the date of the enactment of this Act, made an investment of \$40,000,000 or more (or any combination of investments of at least \$10,000,000 each, which in the aggregate equals or exceeds \$40,000,000 in any 12-month period), that directly and significantly contributed to the enhancement of Iran's ability to develop petroleum resources of Iran.

President.
50 USC 1701
note.

(b) **MANDATORY SANCTIONS WITH RESPECT TO LIBYA.**—

(1) **VIOLATIONS OF PROHIBITED TRANSACTIONS.**—Except as provided in subsection (f), the President shall impose 2 or more of the sanctions described in paragraphs (1) through (6) of section 6 if the President determines that a person has, with actual knowledge, on or after the date of the enactment of this Act, exported, transferred, or otherwise provided to Libya any goods, services, technology, or other items the provision of which is prohibited under paragraph 4(b) or 5 of Resolution 748 of the Security Council of the United Nations, adopted March 31, 1992, or under paragraph 5 or 6 of Resolution 883 of the Security Council of the United Nations, adopted November 11, 1993, if the provision of such items significantly and materially—

(A) contributed to Libya's ability to acquire chemical, biological, or nuclear weapons or destabilizing numbers and types of advanced conventional weapons or enhanced Libya's military or paramilitary capabilities;

(B) contributed to Libya's ability to develop its petroleum resources; or

(C) contributed to Libya's ability to maintain its aviation capabilities.

(2) **INVESTMENTS THAT CONTRIBUTE TO THE DEVELOPMENT OF PETROLEUM RESOURCES.**—Except as provided in subsection (f), the President shall impose 2 or more of the sanctions described in paragraphs (1) through (6) of section 6 if the President determines that a person has, with actual knowledge, on or after the date of the enactment of this Act, made an investment of \$40,000,000 or more (or any combination of investments of at least \$10,000,000 each, which in the aggregate equals or exceeds \$40,000,000 in any 12-month period), that directly and significantly contributed to the enhancement of Libya's ability to develop its petroleum resources.

(c) PERSONS AGAINST WHICH THE SANCTIONS ARE TO BE IMPOSED.—The sanctions described in subsections (a) and (b) shall be imposed on—

(1) any person the President determines has carried out the activities described in subsection (a) or (b); and

(2) any person the President determines—

(A) is a successor entity to the person referred to in paragraph (1);

(B) is a parent or subsidiary of the person referred to in paragraph (1) if that parent or subsidiary, with actual knowledge, engaged in the activities referred to in paragraph (1); or

(C) is an affiliate of the person referred to in paragraph (1) if that affiliate, with actual knowledge, engaged in the activities referred to in paragraph (1) and if that affiliate is controlled in fact by the person referred to in paragraph (1).

For purposes of this Act, any person or entity described in this subsection shall be referred to as a “sanctioned person”.

(d) PUBLICATION IN FEDERAL REGISTER.—The President shall cause to be published in the Federal Register a current list of persons and entities on whom sanctions have been imposed under this Act. The removal of persons or entities from, and the addition of persons and entities to, the list, shall also be so published.

(e) PUBLICATION OF PROJECTS.—The President shall cause to be published in the Federal Register a list of all significant projects which have been publicly tendered in the oil and gas sector in Iran.

(f) EXCEPTIONS.—The President shall not be required to apply or maintain the sanctions under subsection (a) or (b)—

(1) in the case of procurement of defense articles or defense services—

(A) under existing contracts or subcontracts, including the exercise of options for production quantities to satisfy requirements essential to the national security of the United States;

(B) if the President determines in writing that the person to which the sanctions would otherwise be applied is a sole source supplier of the defense articles or services, that the defense articles or services are essential, and that alternative sources are not readily or reasonably available; or

(C) if the President determines in writing that such articles or services are essential to the national security under defense coproduction agreements;

(2) in the case of procurement, to eligible products, as defined in section 308(4) of the Trade Agreements Act of 1979 (19 U.S.C. 2518(4)), of any foreign country or instrumentality designated under section 301(b)(1) of that Act (19 U.S.C. 2511(b)(1));

(3) to products, technology, or services provided under contracts entered into before the date on which the President publishes in the Federal Register the name of the person on whom the sanctions are to be imposed;

(4) to—

(A) spare parts which are essential to United States products or production;

(B) component parts, but not finished products, essential to United States products or production; or

(C) routine servicing and maintenance of products, to the extent that alternative sources are not readily or reasonably available;

(6) to information and technology essential to United States products or production; or

(7) to medicines, medical supplies, or other humanitarian items.

SEC. 6. DESCRIPTION OF SANCTIONS.

50 USC 1701
note.

The sanctions to be imposed on a sanctioned person under section 5 are as follows:

(1) EXPORT-IMPORT BANK ASSISTANCE FOR EXPORTS TO SANCTIONED PERSONS.—The President may direct the Export-Import Bank of the United States not to give approval to the issuance of any guarantee, insurance, extension of credit, or participation in the extension of credit in connection with the export of any goods or services to any sanctioned person.

(2) EXPORT SANCTION.—The President may order the United States Government not to issue any specific license and not to grant any other specific permission or authority to export any goods or technology to a sanctioned person under—

(i) the Export Administration Act of 1979;

(ii) the Arms Export Control Act;

(iii) the Atomic Energy Act of 1954; or

(iv) any other statute that requires the prior review and approval of the United States Government as a condition for the export or reexport of goods or services.

(3) LOANS FROM UNITED STATES FINANCIAL INSTITUTIONS.—The United States Government may prohibit any United States financial institution from making loans or providing credits to any sanctioned person totaling more than \$10,000,000 in any 12-month period unless such person is engaged in activities to relieve human suffering and the loans or credits are provided for such activities.

(4) PROHIBITIONS ON FINANCIAL INSTITUTIONS.—The following prohibitions may be imposed against a sanctioned person that is a financial institution:

(A) PROHIBITION ON DESIGNATION AS PRIMARY DEALER.—Neither the Board of Governors of the Federal Reserve System nor the Federal Reserve Bank of New York may designate, or permit the continuation of any prior designation of, such financial institution as a primary dealer in United States Government debt instruments.

(B) PROHIBITION ON SERVICE AS A REPOSITORY OF GOVERNMENT FUNDS.—Such financial institution may not serve as agent of the United States Government or serve as repository for United States Government funds.

The imposition of either sanction under subparagraph (A) or (B) shall be treated as 1 sanction for purposes of section 5, and the imposition of both such sanctions shall be treated as 2 sanctions for purposes of section 5.

(5) PROCUREMENT SANCTION.—The United States Government may not procure, or enter into any contract for the procurement of, any goods or services from a sanctioned person.

(6) **ADDITIONAL SANCTIONS.**—The President may impose sanctions, as appropriate, to restrict imports with respect to a sanctioned person, in accordance with the International Emergency Economic Powers Act (50 U.S.C. 1701 and following).

50 USC 1701
note.

SEC. 7. ADVISORY OPINIONS.

The Secretary of State may, upon the request of any person, issue an advisory opinion to that person as to whether a proposed activity by that person would subject that person to sanctions under this Act. Any person who relies in good faith on such an advisory opinion which states that the proposed activity would not subject a person to such sanctions, and any person who thereafter engages in such activity, will not be made subject to such sanctions on account of such activity.

50 USC 1701
note.

SEC. 8. TERMINATION OF SANCTIONS.

(a) **IRAN.**—The requirement under section 5(a) to impose sanctions shall no longer have force or effect with respect to Iran if the President determines and certifies to the appropriate congressional committees that Iran—

(1) has ceased its efforts to design, develop, manufacture, or acquire—

(A) a nuclear explosive device or related materials and technology;

(B) chemical and biological weapons; and

(C) ballistic missiles and ballistic missile launch technology; and

(2) has been removed from the list of countries the governments of which have been determined, for purposes of section 6(j) of the Export Administration Act of 1979, to have repeatedly provided support for acts of international terrorism.

(b) **LIBYA.**—The requirement under section 5(b) to impose sanctions shall no longer have force or effect with respect to Libya if the President determines and certifies to the appropriate congressional committees that Libya has fulfilled the requirements of United Nations Security Council Resolution 731, adopted January 21, 1992, United Nations Security Council Resolution 748, adopted March 31, 1992, and United Nations Security Council Resolution 883, adopted November 11, 1993.

50 USC 1701
note.

SEC. 9. DURATION OF SANCTIONS; PRESIDENTIAL WAIVER.

(a) **DELAY OF SANCTIONS.**—

(1) **CONSULTATIONS.**—If the President makes a determination described in section 5(a) or 5(b) with respect to a foreign person, the Congress urges the President to initiate consultations immediately with the government with primary jurisdiction over that foreign person with respect to the imposition of sanctions under this Act.

(2) **ACTIONS BY GOVERNMENT OF JURISDICTION.**—In order to pursue consultations under paragraph (1) with the government concerned, the President may delay imposition of sanctions under this Act for up to 90 days. Following such consultations, the President shall immediately impose sanctions unless the President determines and certifies to the Congress that the government has taken specific and effective actions, including, as appropriate, the imposition of appropriate penalties, to terminate the involvement of the foreign person in the activi-

ties that resulted in the determination by the President under section 5(a) or 5(b) concerning such person.

(3) **ADDITIONAL DELAY IN IMPOSITION OF SANCTIONS.**—The President may delay the imposition of sanctions for up to an additional 90 days if the President determines and certifies to the Congress that the government with primary jurisdiction over the person concerned is in the process of taking the actions described in paragraph (2).

(4) **REPORT TO CONGRESS.**—Not later than 90 days after making a determination under section 5(a) or 5(b), the President shall submit to the appropriate congressional committees a report on the status of consultations with the appropriate foreign government under this subsection, and the basis for any determination under paragraph (3).

(b) **DURATION OF SANCTIONS.**—A sanction imposed under section 5 shall remain in effect—

(1) for a period of not less than 2 years from the date on which it is imposed; or

(2) until such time as the President determines and certifies to the Congress that the person whose activities were the basis for imposing the sanction is no longer engaging in such activities and that the President has received reliable assurances that such person will not knowingly engage in such activities in the future, except that such sanction shall remain in effect for a period of at least 1 year.

(c) **PRESIDENTIAL WAIVER.**—

(1) **AUTHORITY.**—The President may waive the requirement in section 5 to impose a sanction or sanctions on a person described in section 5(c), and may waive the continued imposition of a sanction or sanctions under subsection (b) of this section, 30 days or more after the President determines and so reports to the appropriate congressional committees that it is important to the national interest of the United States to exercise such waiver authority.

Reports.

(2) **CONTENTS OF REPORT.**—Any report under paragraph (1) shall provide a specific and detailed rationale for the determination under paragraph (1), including—

(A) a description of the conduct that resulted in the determination under section 5(a) or (b), as the case may be;

(B) in the case of a foreign person, an explanation of the efforts to secure the cooperation of the government with primary jurisdiction over the sanctioned person to terminate or, as appropriate, penalize the activities that resulted in the determination under section 5(a) or (b), as the case may be;

(C) an estimate as to the significance—

(i) of the provision of the items described in section 5(a) to Iran's ability to develop its petroleum resources, or

(ii) of the provision of the items described in section 5(b)(1) to the abilities of Libya described in subparagraph (A), (B), or (C) of section 5(b)(1), or of the investment described in section 5(b)(2) on Libya's ability to develop its petroleum resources,

as the case may be; and

(D) a statement as to the response of the United States in the event that the person concerned engages in other activities that would be subject to section 5(a) or (b).

(3) **EFFECT OF REPORT ON WAIVER.**—If the President makes a report under paragraph (1) with respect to a waiver of sanctions on a person described in section 5(c), sanctions need not be imposed under section 5(a) or (b) on that person during the 30-day period referred to in paragraph (1).

President.
50 USC 1701
note.

SEC. 10. REPORTS REQUIRED.

(a) **REPORT ON CERTAIN INTERNATIONAL INITIATIVES.**—Not later than 6 months after the date of the enactment of this Act, and every 6 months thereafter, the President shall transmit a report to the appropriate congressional committees describing—

(1) the efforts of the President to mount a multilateral campaign to persuade all countries to pressure Iran to cease its nuclear, chemical, biological, and missile weapons programs and its support of acts of international terrorism;

(2) the efforts of the President to persuade other governments to ask Iran to reduce the presence of Iranian diplomats and representatives of other government and military or quasi-governmental institutions of Iran and to withdraw any such diplomats or representatives who participated in the takeover of the United States embassy in Tehran on November 4, 1979, or the subsequent holding of United States hostages for 444 days;

(3) the extent to which the International Atomic Energy Agency has established regular inspections of all nuclear facilities in Iran, including those presently under construction; and

(4) Iran's use of Iranian diplomats and representatives of other government and military or quasi-governmental institutions of Iran to promote acts of international terrorism or to develop or sustain Iran's nuclear, chemical, biological, and missile weapons programs.

(b) **OTHER REPORTS.**—The President shall ensure the continued transmittal to the Congress of reports describing—

(1) the nuclear and other military capabilities of Iran, as required by section 601(a) of the Nuclear Non-Proliferation Act of 1978 and section 1607 of the National Defense Authorization Act for Fiscal Year 1993; and

(2) the support provided by Iran for acts of international terrorism, as part of the Department of State's annual report on international terrorism.

50 USC 1701
note.

SEC. 11. DETERMINATIONS NOT REVIEWABLE.

A determination to impose sanctions under this Act shall not be reviewable in any court.

50 USC 1701
note.

SEC. 12. EXCLUSION OF CERTAIN ACTIVITIES.

Nothing in this Act shall apply to any activities subject to the reporting requirements of title V of the National Security Act of 1947.

50 USC 1701
note.

SEC. 13. EFFECTIVE DATE; SUNSET.

(a) **EFFECTIVE DATE.**—This Act shall take effect on the date of the enactment of this Act.

(b) **SUNSET.**—This Act shall cease to be effective on the date that is 5 years after the date of the enactment of this Act.

SEC. 14. DEFINITIONS.

50 USC 1701
note.

As used in this Act:

(1) ACT OF INTERNATIONAL TERRORISM.—The term “act of international terrorism” means an act—

(A) which is violent or dangerous to human life and that is a violation of the criminal laws of the United States or of any State or that would be a criminal violation if committed within the jurisdiction of the United States or any State; and

(B) which appears to be intended—

(i) to intimidate or coerce a civilian population;

(ii) to influence the policy of a government by intimidation or coercion; or

(iii) to affect the conduct of a government by assassination or kidnapping.

(2) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term “appropriate congressional committees” means the Committee on Finance, the Committee on Banking, Housing, and Urban Affairs, and the Committee on Foreign Relations of the Senate and the Committee on Ways and Means, the Committee on Banking and Financial Services, and the Committee on International Relations of the House of Representatives.

(3) COMPONENT PART.—The term “component part” has the meaning given that term in section 11A(e)(1) of the Export Administration Act of 1979 (50 U.S.C. App. 2410a(e)(1)).

(4) DEVELOP AND DEVELOPMENT.—To “develop”, or the “development” of, petroleum resources means the exploration for, or the extraction, refining, or transportation by pipeline of, petroleum resources.

(5) FINANCIAL INSTITUTION.—The term “financial institution” includes—

(A) a depository institution (as defined in section 3(c)(1) of the Federal Deposit Insurance Act), including a branch or agency of a foreign bank (as defined in section 1(b)(7) of the International Banking Act of 1978);

(B) a credit union;

(C) a securities firm, including a broker or dealer;

(D) an insurance company, including an agency or underwriter; and

(E) any other company that provides financial services.

(6) FINISHED PRODUCT.—The term “finished product” has the meaning given that term in section 11A(e)(2) of the Export Administration Act of 1979 (50 U.S.C. App. 2410a(e)(2)).

(7) FOREIGN PERSON.—The term “foreign person” means—

(A) an individual who is not a United States person or an alien lawfully admitted for permanent residence into the United States; or

(B) a corporation, partnership, or other nongovernmental entity which is not a United States person.

(8) GOODS AND TECHNOLOGY.—The terms “goods” and “technology” have the meanings given those terms in section 16 of the Export Administration Act of 1979 (50 U.S.C. App. 2415).

(9) INVESTMENT.—The term “investment” means any of the following activities if such activity is undertaken pursuant to an agreement, or pursuant to the exercise of rights under such an agreement, that is entered into with the Government of Iran or a nongovernmental entity in Iran, or with the Govern-

ment of Libya or a nongovernmental entity in Libya, on or after the date of the enactment of this Act:

(A) The entry into a contract that includes responsibility for the development of petroleum resources located in Iran or Libya (as the case may be), or the entry into a contract providing for the general supervision and guarantee of another person's performance of such a contract.

(B) The purchase of a share of ownership, including an equity interest, in that development.

(C) The entry into a contract providing for the participation in royalties, earnings, or profits in that development, without regard to the form of the participation.

The term "investment" does not include the entry into, performance, or financing of a contract to sell or purchase goods, services, or technology.

(10) IRAN.—The term "Iran" includes any agency or instrumentality of Iran.

(11) IRANIAN DIPLOMATS AND REPRESENTATIVES OF OTHER GOVERNMENT AND MILITARY OR QUASI-GOVERNMENTAL INSTITUTIONS OF IRAN.—The term "Iranian diplomats and representatives of other government and military or quasi-governmental institutions of Iran" includes employees, representatives, or affiliates of Iran's—

- (A) Foreign Ministry;
- (B) Ministry of Intelligence and Security;
- (C) Revolutionary Guard Corps;
- (D) Crusade for Reconstruction;
- (E) Qods (Jerusalem) Forces;
- (F) Interior Ministry;
- (G) Foundation for the Oppressed and Disabled;
- (H) Prophet's Foundation;
- (I) June 5th Foundation;
- (J) Martyr's Foundation;
- (K) Islamic Propagation Organization; and
- (L) Ministry of Islamic Guidance.

(12) LIBYA.—The term "Libya" includes any agency or instrumentality of Libya.

(13) NUCLEAR EXPLOSIVE DEVICE.—The term "nuclear explosive device" means any device, whether assembled or disassembled, that is designed to produce an instantaneous release of an amount of nuclear energy from special nuclear material (as defined in section 11(aa) of the Atomic Energy Act of 1954) that is greater than the amount of energy that would be released from the detonation of one pound of trinitrotoluene (TNT).

(14) PERSON.—The term "person" means—

- (A) a natural person;
- (B) a corporation, business association, partnership, society, trust, any other nongovernmental entity, organization, or group, and any governmental entity operating as a business enterprise; and
- (C) any successor to any entity described in subparagraph (B).

(15) PETROLEUM RESOURCES.—The term "petroleum resources" includes petroleum and natural gas resources.

(16) UNITED STATES OR STATE.—The term “United States” or “State” means the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, American Samoa, Guam, the United States Virgin Islands, and any other territory or possession of the United States.

(17) UNITED STATES PERSON.—The term “United States person” means—

(A) a natural person who is a citizen of the United States or who owes permanent allegiance to the United States; and

(B) a corporation or other legal entity which is organized under the laws of the United States, any State or territory thereof, or the District of Columbia, if natural persons described in subparagraph (A) own, directly or indirectly, more than 50 percent of the outstanding capital stock or other beneficial interest in such legal entity.

Approved August 5, 1996.

LEGISLATIVE HISTORY—H.R. 3107 (S. 1228):

HOUSE REPORTS: No. 104-523, Pt. 1 (Comm. on International Relations) and Pt. 2 (Comm. on Ways and Means).

SENATE REPORTS: No. 104-187 accompanying S. 1228 (Comm. on Banking, Housing, and Urban Affairs).

CONGRESSIONAL RECORD, Vol. 142 (1996):

June 18, 19, considered and passed House.

July 16, considered and passed Senate, amended.

July 23, House concurred in Senate amendment.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 32 (1996):

Aug. 5, Presidential remarks.

○

Public Law 104-172
104th Congress

An Act

To impose sanctions on persons making certain investments directly and significantly contributing to the enhancement of the ability of Iran or Libya to develop its petroleum resources, and on persons exporting certain items that enhance Libya's weapons or aviation capabilities or enhance Libya's ability to develop its petroleum resources, and for other purposes.

Aug. 5, 1996
[H.R. 3107]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Iran and Libya Sanctions Act of 1996".

Iran and Libya
Sanctions Act of
1996.
50 USC 1701
note.

SEC. 2. FINDINGS.

The Congress makes the following findings:

(1) The efforts of the Government of Iran to acquire weapons of mass destruction and the means to deliver them and its support of acts of international terrorism endanger the national security and foreign policy interests of the United States and those countries with which the United States shares common strategic and foreign policy objectives.

(2) The objective of preventing the proliferation of weapons of mass destruction and acts of international terrorism through existing multilateral and bilateral initiatives requires additional efforts to deny Iran the financial means to sustain its nuclear, chemical, biological, and missile weapons programs.

(3) The Government of Iran uses its diplomatic facilities and quasi-governmental institutions outside of Iran to promote acts of international terrorism and assist its nuclear, chemical, biological, and missile weapons programs.

(4) The failure of the Government of Libya to comply with Resolutions 731, 748, and 883 of the Security Council of the United Nations, its support of international terrorism, and its efforts to acquire weapons of mass destruction constitute a threat to international peace and security that endangers the national security and foreign policy interests of the United States and those countries with which it shares common strategic and foreign policy objectives.

50 USC 1701
note.

SEC. 3. DECLARATION OF POLICY.

(a) POLICY WITH RESPECT TO IRAN.—The Congress declares that it is the policy of the United States to deny Iran the ability to support acts of international terrorism and to fund the development and acquisition of weapons of mass destruction and the means to deliver them by limiting the development of Iran's ability to

50 USC 1701
note.

explore for, extract, refine, or transport by pipeline petroleum resources of Iran.

(b) **POLICY WITH RESPECT TO LIBYA.**—The Congress further declares that it is the policy of the United States to seek full compliance by Libya with its obligations under Resolutions 731, 748, and 883 of the Security Council of the United Nations, including ending all support for acts of international terrorism and efforts to develop or acquire weapons of mass destruction.

President.
50 USC 1701
note.

SEC. 4. MULTILATERAL REGIME.

(a) **MULTILATERAL NEGOTIATIONS.**—In order to further the objectives of section 3, the Congress urges the President to commence immediately diplomatic efforts, both in appropriate international fora such as the United Nations, and bilaterally with allies of the United States, to establish a multilateral sanctions regime against Iran, including provisions limiting the development of petroleum resources, that will inhibit Iran's efforts to carry out activities described in section 2.

(b) **REPORTS TO CONGRESS.**—The President shall report to the appropriate congressional committees, not later than 1 year after the date of the enactment of this Act, and periodically thereafter, on the extent that diplomatic efforts described in subsection (a) have been successful. Each report shall include—

(1) the countries that have agreed to undertake measures to further the objectives of section 3 with respect to Iran, and a description of those measures; and

(2) the countries that have not agreed to measures described in paragraph (1), and, with respect to those countries, other measures (in addition to that provided in subsection (d)) the President recommends that the United States take to further the objectives of section 3 with respect to Iran.

(c) **WAIVER.**—The President may waive the application of section 5(a) with respect to nationals of a country if—

(1) that country has agreed to undertake substantial measures, including economic sanctions, that will inhibit Iran's efforts to carry out activities described in section 2 and information required by subsection (b)(1) has been included in a report submitted under subsection (b); and

(2) the President, at least 30 days before the waiver takes effect, notifies the appropriate congressional committees of his intention to exercise the waiver.

(d) **ENHANCED SANCTION.**—

(1) **SANCTION.**—With respect to nationals of countries except those with respect to which the President has exercised the waiver authority of subsection (c), at any time after the first report is required to be submitted under subsection (b), section 5(a) shall be applied by substituting "\$20,000,000" for "\$40,000,000" each place it appears, and by substituting "\$5,000,000" for "\$10,000,000".

(2) **REPORT TO CONGRESS.**—The President shall report to the appropriate congressional committees any country with respect to which paragraph (1) applies.

(e) **INTERIM REPORT ON MULTILATERAL SANCTIONS; MONITORING.**—The President, not later than 90 days after the date of the enactment of this Act, shall report to the appropriate congressional committees on—

Notification.

One Hundred Seventh Congress of the United States of America

AT THE FIRST SESSION

*Begun and held at the City of Washington on Wednesday,
the third day of January, two thousand and one*

An Act

To extend the authorities of the Iran and Libya Sanctions Act of 1996 until 2006,
and for other purposes.

*Be it enacted by the Senate and House of Representatives of
the United States of America in Congress assembled,*

SECTION 1. SHORT TITLE.

This Act may be cited as the "ILSA Extension Act of 2001".

SEC. 2. IMPOSITION OF SANCTIONS WITH RESPECT TO LIBYA.

(a) IN GENERAL.—Section 5(b)(2) of the Iran and Libya Sanctions Act of 1996 (50 U.S.C. 1701 note; 110 Stat. 1543) is amended by striking "\$40,000,000" each place it appears and inserting "\$20,000,000".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to investments made on or after June 13, 2001.

SEC. 3. REPORTS REQUIRED.

Section 10 of the Iran and Libya Sanctions Act of 1996 (Public Law 104-172; 50 U.S.C. 1701 note) is amended—

- (1) by redesignating subsection (b) as subsection (c); and
- (2) by inserting after subsection (a) the following:

"(b) REPORT ON EFFECTIVENESS OF ACTIONS UNDER THIS ACT.—Not earlier than 24 months, and not later than 30 months, after the date of the enactment of the ILSA Extension Act of 2001, the President shall transmit to Congress a report that describes—

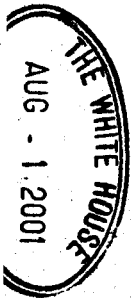
"(1) the extent to which actions relating to trade taken pursuant to this Act—

"(A) have been effective in achieving the objectives of section 3 and any other foreign policy or national security objectives of the United States with respect to Iran and Libya; and

"(B) have affected humanitarian interests in Iran and Libya, the country in which the sanctioned person is located, or in other countries; and

"(2) the impact of actions relating to trade taken pursuant to this Act on other national security, economic, and foreign policy interests of the United States, including relations with countries friendly to the United States, and on the United States economy.

The President may include in the report the President's recommendation on whether or not this Act should be terminated or modified."



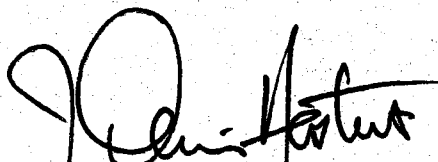
H. R. 1954—2

SEC. 4. EXTENSION OF IRAN AND LIBYA SANCTIONS ACT OF 1996.

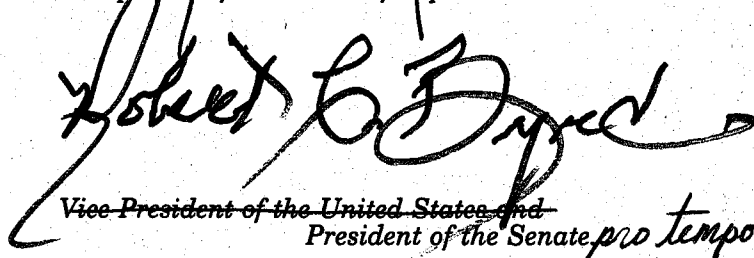
Section 13(b) of the Iran and Libya Sanctions Act of 1996 (Public Law 104-172; 50 U.S.C. 1701 note) is amended by striking "5 years" and inserting "10 years".

SEC. 5. REVISED DEFINITION OF INVESTMENT.

Section 14(9) of the Iran and Libya Sanctions Act of 1996 (50 U.S.C. 1701 note; 110 Stat. 1549) is amended by adding at the end the following new sentence: "For purposes of this paragraph, an amendment or other modification that is made, on or after June 13, 2001, to an agreement or contract shall be treated as the entry of an agreement or contract."



Speaker of the House of Representatives.

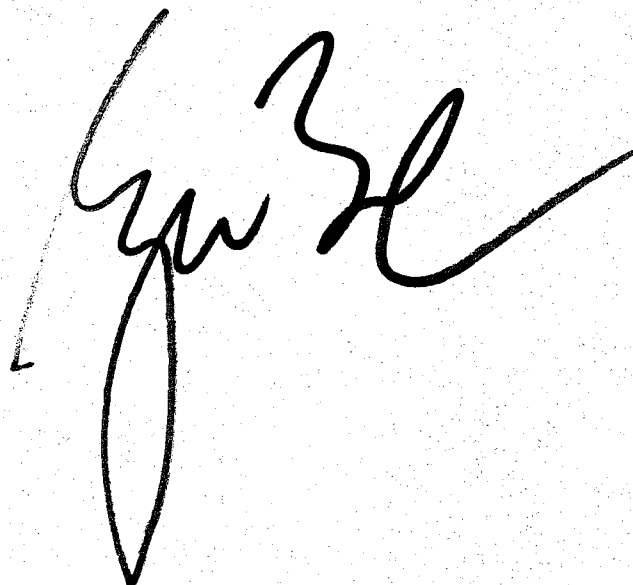


Vice President of the United States and

President of the Senate, pro tempore.

APPROVED

AUG - 3 2001



THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

August 3, 2001

STATEMENT BY THE PRESIDENT

Today, I have signed into law H.R. 1954, the "ILSA Extension Act of 2001." This Act provides for a 5-year extension of the Iran and Libya Sanctions Act (ILSA) with amendments that affect certain of the investment provisions.

I believe that we should review sanctions frequently to assess their effectiveness and continued suitability. A new provision in this bill mandates a report on the impact of certain actions taken pursuant to the Act. I approve of this statutorily mandated requirement to periodically assess the effectiveness of sanctions and to recommend whether the Congress should terminate or modify the Act. The Act also continues the President's power to waive sanctions in the national interest.

My Administration shares the Congress' deep concerns about the objectionable policies and behavior of Iran and Libya. We are addressing these concerns in a number of ways. In particular, we are strengthening our efforts with other countries, whose cooperation is essential to pursuing the most effective approaches to solving the problems of proliferation and terrorism addressed by ILSA.

Libya must address its obligations under U.N. Security Council Resolutions. These relate to the 1988 Lockerbie bombing and require Libya to accept responsibility for the actions of Libyan officials, disclose all it knows about the bombing, renounce terrorism, and pay appropriate compensation. Cooperative action by Libya on these four issues would make it possible for us to begin to move toward a more constructive relationship.

With respect to Iran, we continue to have serious concerns over its support for terrorism, opposition to the Middle East peace process, and pursuit of weapons of mass destruction. I hope that the Iranian people's recently expressed desire for a freer, more open, and more prosperous society will give our two countries an opportunity to identify areas where our interests converge, and where we can work together constructively for our mutual benefit.

GEORGE W. BUSH

THE WHITE HOUSE,
August 3, 2001.

#

OFFICE OF THE EXECUTIVE CLERK
TRACKING SHEET FOR PRESIDENTIAL DOCUMENTS

TITLE: HR 1954- Iran - Libya Sanctions
Act Extension

TYPE DOCUMENT:

PROCLAMATION

LETTER(S)

EXECUTIVE ORDER

MESSAGE TO THE CONGRESS/SENATE

MEMORANDUM

STATEMENT BY THE PRESIDENT

DECISION MEMORANDUM

SIGNING STATEMENT

DETERMINATION (numbered)

TREATY/CONVENTION/AGREEMENT, etc.

OTHER:

RECEIVED: (Advance: 8/2/01 Time: 6:15 a.m./p.m.)
In final: 1/01 Time: a.m./p.m.

SENT TO CORRESPONDENCE FOR TYPING IN FINAL: Bernice S.

(Advance: 8/3/01 Time: 1230 a.m./p.m.)
In final: 1/01 Time: a.m./p.m.

TO HARRIET MIERS' OFFICE:

(For staffing: 1/01 Time: a.m./p.m.)
In final: 8/3/01 Time: 400 a.m./p.m.

*INFO, INCLUDING STENCIL AND DISC, TO PRESS OFFICE:

Date: 1/01 Time: a.m./p.m.
POSTED: 8/3/01 Time: 5:48 a.m./p.m.

NOTIFICATIONS:

(Person/time) NSC (#____), when appropriate -- Desk Officer;
W.H. Situation Room -- x6-9425.

(Person/time) Ginger Gregory, x6-2230, Legislative Affairs
(for messages to the Congress)

(Person/time) _____ (Other)

(Person/time) _____ (Other)

OTHER INFORMATION:

WHITE HOUSE STAFFING MEMORANDUM

Date: 8-3-01 ACTION / CONCURRENCE / COMMENT DUE BY: 8-3-01 2:30 PMSubject: ENROLLED BILL H.R. 1954 - ILSA EXTENSION ACT OF 2001

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT <i>(MC)</i>	☒	☐	HUBBARD	☒	☐
CARD	☒	☐	IRASTORZA	☐	☐
HUGHES	☒	☐	JOHNSON	☒	☐
ROVE	☒	☐	LA MONTAGNE <i>ok</i>	☒	☐
BOLTEN <i>ok</i>	☒	☐	LINDSEY	☒	☐
HAGIN	☒	☐	MIERS <i>(See comments)</i>	☐	☐
DANIELS	☒	☐	RICE <i>concur</i>	☒	☐
BLAKEMAN	☐	☐	CONNAUGHTON	☐	☐
CALIO <i>ok</i>	☒	☐	DI IULIO	☐	☐
FLEISCHER	☒	☐	GERSON	☐	☐
GONZALES	☒	☐	CLERK	☐	☐
HAWKINS	☒	☐	_____	☐	☐

REMARKS:

PLEASE FORWARD YOUR COMMENTS TO THE STAFF SECRETARY BY 2:30 PM TODAY.
THANK YOU.

RESPONSE:

Harriet E. Miers
Assistant to the President
and Staff Secretary
Ext. 62702



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

August 3, 2001

01 AUG 3 AM 10:12

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Enrolled Bill H.R. 1954 - ILSA Extension Act of 2001
Sponsors - Rep. Gilman (R) NY and 249 others

Last Day for Action

August 13, 2001 - Monday. The State Department informally requests that H.R. 1954 be signed no later than August 5th, the expiration date of the Iran and Libya Sanctions Act of 1996.

Purpose

Extends the Iran and Libya Sanctions Act (ILSA) for five years until August 5, 2006.

Agency Recommendations

Office of Management and Budget

Approval (Signing statement attached)

Department of State

Approval (Signing statement attached)

National Security Council (NSC)

Approval (Informally)

Department of Commerce

No objection (Informally)

Department of Energy

No objection (Informally)

Department of the Treasury

No objection (Informally)

Department of Defense

Defers (Informally)

Central Intelligence Agency

No comment (Informally)

Discussion

The Iran and Libya Sanctions Act (ILSA) of 1996, in part, requires the President to impose certain sanctions on individuals or entities that: (1) invest \$20 million or more in any 12-month period in Iran's oil industry, or \$40 million in Libya's oil industry, that would directly and significantly enhance either country's ability to develop its petroleum resources; or (2) provide Libya goods, services, or technology prohibited by U.N. Security Resolutions 748 or 883, if these items would contribute significantly or materially to Libya's weapons capability, petroleum development, or aviation capabilities. The President may waive imposition of sanctions if important to the national interest. Absent a waiver, the President must impose at least two of seven sanctions specified in ILSA, such as denial of licenses to the sanctioned person for exports of controlled items, restricting imports from the sanctioned person, and prohibiting the U.S. Government from entering into procurement contracts with the sanctioned person. ILSA expires on August 5, 2001.

H.R. 1954 would extend ILSA for an additional five years, until August 5, 2006. The enrolled bill also would:

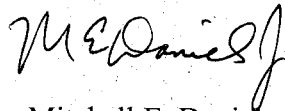
- lower from \$40 million to \$20 million the threshold amount for investment in Libya to trigger imposition of specified economic and trade sanctions;
- revise the definition of investment such that any amendment or other modification made on or after June 13, 2001, to existing (pre-ILSA) agreements or contracts for the development of Libya's petroleum resources would be considered new investment for purposes of the imposition of sanctions; and
- require a Presidential report to Congress within 24 to 30 months of enactment on: (1) the effectiveness of the Act's sanctions and its effect on humanitarian interests; and (2) the Act's impact on other national security, economic, and foreign-policy interests of the United States, including relations with countries friendly to the United States. This report may include a recommendation on modifying or terminating ILSA.

Conclusion and Recommendations

The Department of State advises that the Administration supported a two-year extension of ILSA, without changes to the conditions in current law. The Department recommends approval of the enrolled bill "given the overwhelming margins by which the extension bills were approved in both Houses."

We join State and NSC in recommending the approval of H.R. 1954, which passed the House by a vote of 409-6 and the Senate by unanimous consent. The Senate passed an earlier version of this legislation by a vote of 96-2.

Attached for your consideration is a signing statement based on language prepared by State. It notes that sanctions should be reviewed frequently and expresses appreciation for the bill's invitation to report on ILSA's effectiveness, including a recommendation to modify or terminate the Act. The statement notes concern over the objectionable policies and behavior of Iran and Libya and the Administration's efforts to address these concerns. The statement has been reviewed and approved by State, NSC, Justice, the Office of White House Counsel, the Office of the Vice President, and this Office.

A handwritten signature in dark ink, appearing to read "M E Daniels Jr", with a stylized flourish at the end.

Mitchell E. Daniels, Jr.
Director

Enclosures

Withdrawal Marker

The George W. Bush Library

FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Draft	Statement By The President [H.R. 1954]	2	N.D.	P5;

**This marker identifies the original location of the withdrawn item listed above.
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Withdrawal/Redaction Sheet at the front of the folder.**

COLLECTION:

Executive Clerk, Office Of the

SERIES:

Saunders, G. Timothy (Tim) - Bill Files

FOLDER TITLE:

08/03/2001 [H. R. 1954]

FRC ID:

778

OA Num.:

729

NARA Num.:

1455

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

Deed of Gift Restrictions

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WHITE HOUSE STAFFING MEMORANDUM

Date: 8-3-01 ACTION / CONCURRENCE / COMMENT DUE BY: 8-3-01 2:30 PM AUG 3 PM 2:51Subject: ENROLLED BILL H.R. 1954 - ILSA EXTENSION ACT OF 2001

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☒	☐	HUBBARD	☒	☐
CARD <i>okay</i>	☒	☐	IRASTORZA	☐	☐
HUGHES	☒	☐	JOHNSON	☒	☐
ROVE	☒	☐	LA MONTAGNE	☒	☐
BOLTEN	☒	☐	LINDSEY	☒	☐
HAGIN	☒	☐	MIERS	☐	☐
DANIELS	☒	☐	RICE	☒	☐
BLAKEMAN	☐	☐	CONNAUGHTON	☐	☐
CALIO	☒	☐	DIIULIO	☐	☐
FLEISCHER	☒	☐	GERSON	☐	☐
GONZALES	☒	☐	CLERK	☐	☐
HAWKINS	☒	☐		☐	☐

REMARKS:

PLEASE FORWARD YOUR COMMENTS TO THE STAFF SECRETARY BY 2:30 PM TODAY.
THANK YOU.

OK

RESPONSE:

Harriet E. Miers
Assistant to the President
and Staff Secretary
Ext. 62702



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

August 3, 2001

01 AUG 3 AM 10:12

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Enrolled Bill H.R. 1954 - ILSA Extension Act of 2001
Sponsors - Rep. Gilman (R) NY and 249 others

Last Day for Action

August 13, 2001 - Monday. The State Department informally requests that H.R. 1954 be signed no later than August 5th, the expiration date of the Iran and Libya Sanctions Act of 1996.

Purpose

Extends the Iran and Libya Sanctions Act (ILSA) for five years until August 5, 2006.

Agency Recommendations

Office of Management and Budget

Approval (Signing statement
attached)

Department of State

Approval (Signing statement
attached)

National Security Council (NSC)

Approval (Informally)

Department of Commerce

No objection (Informally)

Department of Energy

No objection (Informally)

Department of the Treasury

No objection (Informally)

Department of Defense

Defers (Informally)

Central Intelligence Agency

No comment (Informally)

Discussion

The Iran and Libya Sanctions Act (ILSA) of 1996, in part, requires the President to impose certain sanctions on individuals or entities that: (1) invest \$20 million or more in any 12-month period in Iran's oil industry, or \$40 million in Libya's oil industry, that would directly and significantly enhance either country's ability to develop its petroleum resources; or (2) provide Libya goods, services, or technology prohibited by U.N. Security Resolutions 748 or 883, if these items would contribute significantly or materially to Libya's weapons capability, petroleum development, or aviation capabilities. The President may waive imposition of sanctions if important to the national interest. Absent a waiver, the President must impose at least two of seven sanctions specified in ILSA, such as denial of licenses to the sanctioned person for exports of controlled items, restricting imports from the sanctioned person, and prohibiting the U.S. Government from entering into procurement contracts with the sanctioned person. ILSA expires on August 5, 2001.

H.R. 1954 would extend ILSA for an additional five years, until August 5, 2006. The enrolled bill also would:

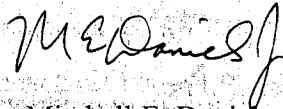
- lower from \$40 million to \$20 million the threshold amount for investment in Libya to trigger imposition of specified economic and trade sanctions;
- revise the definition of investment such that any amendment or other modification made on or after June 13, 2001, to existing (pre-ILSA) agreements or contracts for the development of Libya's petroleum resources would be considered new investment for purposes of the imposition of sanctions; and
- require a Presidential report to Congress within 24 to 30 months of enactment on: (1) the effectiveness of the Act's sanctions and its effect on humanitarian interests; and (2) the Act's impact on other national security, economic, and foreign-policy interests of the United States, including relations with countries friendly to the United States. This report may include a recommendation on modifying or terminating ILSA.

Conclusion and Recommendations

The Department of State advises that the Administration supported a two-year extension of ILSA, without changes to the conditions in current law. The Department recommends approval of the enrolled bill "given the overwhelming margins by which the extension bills were approved in both Houses."

We join State and NSC in recommending the approval of H.R. 1954, which passed the House by a vote of 409-6 and the Senate by unanimous consent. The Senate passed an earlier version of this legislation by a vote of 96-2.

Attached for your consideration is a signing statement based on language prepared by State. It notes that sanctions should be reviewed frequently and expresses appreciation for the bill's invitation to report on ILSA's effectiveness, including a recommendation to modify or terminate the Act. The statement notes concern over the objectionable policies and behavior of Iran and Libya and the Administration's efforts to address these concerns. The statement has been reviewed and approved by State, NSC, Justice, the Office of White House Counsel, the Office of the Vice President, and this Office.



Mitchell E. Daniels, Jr.
Director

Enclosures

Withdrawal Marker

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FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
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Executive Clerk, Office Of the

SERIES:

Saunders, G. Timothy (Tim) - Bill Files

FOLDER TITLE:

08/03/2001 [H. R. 1954]

FRC ID:

778

OA Num.:

729

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1455

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

August 3, 2001

01 AUG 3 AM 10:12

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Enrolled Bill H.R. 1954 - ILSA Extension Act of 2001
Sponsors - Rep. Gilman (R) NY and 249 others

Last Day for Action

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Purpose

Extends the Iran and Libya Sanctions Act (ILSA) for five years until August 5, 2006.

Agency Recommendations

Office of Management and Budget

Approval (Signing statement attached)

Department of State

Approval (Signing statement attached)

National Security Council (NSC)

Approval (Informally)

Department of Commerce

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Department of Defense

Defers (Informally)

Central Intelligence Agency

No comment (Informally)

Discussion

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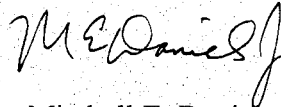
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Director

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Draft	Statement By The President [H.R. 1954]	2	N.D.	P5;

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Executive Clerk, Office Of the

SERIES:

Saunders, G. Timothy (Tim) - Bill Files

FOLDER TITLE:

08/03/2001 [H. R. 1954]

FRC ID:

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729

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WHITE HOUSE STAFFING MEMORANDUM

Date: 8-3-01 ACTION / CONCURRENCE / COMMENT DUE BY: 8-3-01 2:30 PMSubject: ENROLLED BILL H.R. 1954 - ILSA EXTENSION ACT OF 2001

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☒	☐	HUBBARD	☒	☐
CARD	☒	☐	IRASTORZA	☐	☐
HUGHES	☒	☐	JOHNSON	☒	☐
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CALIO	☒	☐	DI IULIO	☐	☐
FLEISCHER	☒	☐	GERSON	☐	☐
GONZALES	☒	☐	CLERK	☐	☐
HAWKINS	☒	☐	_____	☐	☐

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RESPONSE: _____

Harriet E. Miers
Assistant to the President
and Staff Secretary
Ext. 62702



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

August 3, 2001

01 AUG 3 AM 10:12

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Enrolled Bill H.R. 1954 - ILSA Extension Act of 2001
Sponsors - Rep. Gilman (R) NY and 249 others

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Extends the Iran and Libya Sanctions Act (ILSA) for five years until August 5, 2006.

Agency Recommendations

Office of Management and Budget

Approval (Signing statement attached)

Department of State

Approval (Signing statement attached)

National Security Council (NSC)

Approval (Informally)

Department of Commerce

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Department of Energy

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Defers (Informally)

Central Intelligence Agency

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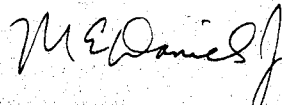
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Director

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HAWKINS	☒	☐	_____	☐	☐

'01 AUG 3 PM 12:21

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RESPONSE:

Harriet E. Miers
Assistant to the President
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Ext. 62702



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THE DIRECTOR

August 3, 2001

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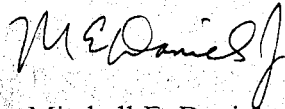
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Mitchell E. Daniels, Jr.
Director

Enclosures

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FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
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COLLECTION:

Executive Clerk, Office Of the

SERIES:

Saunders, G. Timothy (Tim) - Bill Files

FOLDER TITLE:

08/03/2001 [H. R. 1954]

FRC ID:

778

OA Num.:

729

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1455

RESTRICTION CODES

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WHITE HOUSE STAFFING MEMORANDUM

Date: 8-3-01 ACTION / CONCURRENCE / COMMENT DUE BY: 8-3-01 2:30 PM

Subject: ENROLLED BILL H.R. 1954 - ILSA EXTENSION ACT OF 2001

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☒	☐	HUBBARD	☒	☐
CARD	☒	☐	IRASTORZA	☐	☐
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FLEISCHER	☒	☐	GERSON	☐	☐
GONZALES	☒	☐	CLERK	☐	☐
HAWKINS	☒	☐		☐	☐

REMARKS:

PLEASE FORWARD YOUR COMMENTS TO THE STAFF SECRETARY BY 2:30 PM TODAY.
THANK YOU.

Suggested edit on the Resigning Statement

RESPONSE:

Stuart Bowen 6-7979
DSS

Harriet E. Miers
Assistant to the President
and Staff Secretary
Ext. 62702



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

August 3, 2001

'01 AUG 3 AM 10:12

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Enrolled Bill H.R. 1954 - ILSA Extension Act of 2001
Sponsors - Rep. Gilman (R) NY and 249 others

Last Day for Action

August 13, 2001 - Monday. The State Department informally requests that H.R. 1954 be signed no later than August 5th, the expiration date of the Iran and Libya Sanctions Act of 1996.

Purpose

Extends the Iran and Libya Sanctions Act (ILSA) for five years until August 5, 2006.

Agency Recommendations

Office of Management and Budget

Approval (Signing statement
attached)

Department of State

Approval (Signing statement
attached)

National Security Council (NSC)

Approval (Informally)

Department of Commerce

No objection (Informally)

Department of Energy

No objection (Informally)

Department of the Treasury

No objection (Informally)

Department of Defense

Defers (Informally)

Central Intelligence Agency

No comment (Informally)

Discussion

The Iran and Libya Sanctions Act (ILSA) of 1996, in part, requires the President to impose certain sanctions on individuals or entities that: (1) invest \$20 million or more in any 12-month period in Iran's oil industry, or \$40 million in Libya's oil industry, that would directly and significantly enhance either country's ability to develop its petroleum resources; or (2) provide Libya goods, services, or technology prohibited by U.N. Security Resolutions 748 or 883, if these items would contribute significantly or materially to Libya's weapons capability, petroleum development, or aviation capabilities. The President may waive imposition of sanctions if important to the national interest. Absent a waiver, the President must impose at least two of seven sanctions specified in ILSA, such as denial of licenses to the sanctioned person for exports of controlled items, restricting imports from the sanctioned person, and prohibiting the U.S. Government from entering into procurement contracts with the sanctioned person. ILSA expires on August 5, 2001.

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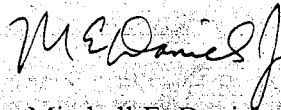
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Conclusion and Recommendations

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Attached for your consideration is a signing statement based on language prepared by State. It notes that sanctions should be reviewed frequently and expresses appreciation for the bill's invitation to report on ILSA's effectiveness, including a recommendation to modify or terminate the Act. The statement notes concern over the objectionable policies and behavior of Iran and Libya and the Administration's efforts to address these concerns. The statement has been reviewed and approved by State, NSC, Justice, the Office of White House Counsel, the Office of the Vice President, and this Office.



Mitchell E. Daniels, Jr.
Director

Enclosures

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OFFICE OF THE VICE PRESIDENT
WASHINGTON

'01 AUG 3 PM 2:29

August 3, 2001

MEMORANDUM FOR HARRIET MIERS
STAFF SECRETARY

FROM: NEIL PATEL *sm EAH*
STAFF SECRETARY TO THE VICE PRESIDENT

SUBJECT: Enrolled Bill HR 1954 – ILSA Extension Act of 2001

The Office of the Vice President has reviewed the above-referenced draft and has no comments.

WHITE HOUSE STAFFING MEMORANDUM

Date: 8-3-01 ACTION / CONCURRENCE / COMMENT DUE BY: 8-3-01 2:30 PMSubject: ENROLLED BILL H.R. 1954 - ILSA EXTENSION ACT OF 2001

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HAWKINS	☒	☐		☐	☐

REMARKS:

PLEASE FORWARD YOUR COMMENTS TO THE STAFF SECRETARY BY 2:30 PM TODAY.
THANK YOU.

RESPONSE:



Harriet E. Miers
Assistant to the President
and Staff Secretary
Ext. 62702



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

August 3, 2001

01 AUG 3 AM 10:12

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Enrolled Bill H.R. 1954 - ILSA Extension Act of 2001
Sponsors - Rep. Gilman (R) NY and 249 others

Last Day for Action

August 13, 2001 - Monday. The State Department informally requests that H.R. 1954 be signed no later than August 5th, the expiration date of the Iran and Libya Sanctions Act of 1996.

Purpose

Extends the Iran and Libya Sanctions Act (ILSA) for five years until August 5, 2006.

Agency Recommendations

Office of Management and Budget

Approval (Signing statement
attached)

Department of State

Approval (Signing statement
attached)

National Security Council (NSC)

Approval (Informally)

Department of Commerce

No objection (Informally)

Department of Energy

No objection (Informally)

Department of the Treasury

No objection (Informally)

Department of Defense

Defers (Informally)

Central Intelligence Agency

No comment (Informally)

Discussion

The Iran and Libya Sanctions Act (ILSA) of 1996, in part, requires the President to impose certain sanctions on individuals or entities that: (1) invest \$20 million or more in any 12-month period in Iran's oil industry, or \$40 million in Libya's oil industry, that would directly and significantly enhance either country's ability to develop its petroleum resources; or (2) provide Libya goods, services, or technology prohibited by U.N. Security Resolutions 748 or 883, if these items would contribute significantly or materially to Libya's weapons capability, petroleum development, or aviation capabilities. The President may waive imposition of sanctions if important to the national interest. Absent a waiver, the President must impose at least two of seven sanctions specified in ILSA, such as denial of licenses to the sanctioned person for exports of controlled items, restricting imports from the sanctioned person, and prohibiting the U.S. Government from entering into procurement contracts with the sanctioned person. ILSA expires on August 5, 2001.

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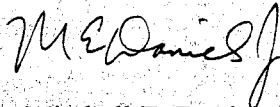
- lower from \$40 million to \$20 million the threshold amount for investment in Libya to trigger imposition of specified economic and trade sanctions;
- revise the definition of investment such that any amendment or other modification made on or after June 13, 2001, to existing (pre-ILSA) agreements or contracts for the development of Libya's petroleum resources would be considered new investment for purposes of the imposition of sanctions; and
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Mitchell E. Daniels, Jr.
Director

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WHITE HOUSE STAFFING MEMORANDUM

Date: 8-3-01 ACTION / CONCURRENCE / COMMENT DUE BY: 8-3-01

Subject: ENROLLED BILL H.R. 1954 - ILSA EXTENSION ACT OF 2001

	ACTION	FYI		ACTION	FYI
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HAWKINS	☒	☐		☐	☐

REMARKS:

PLEASE FORWARD YOUR COMMENTS TO THE STAFF SECRETARY BY 2:30 PM TODAY.
THANK YOU.

RESPONSE:

august 3, 2001

The National Security Council concurs.

BIB
Condoleezza Rice

Assistant to the President
for National Security Affairs

Harriet E. Miers
Assistant to the President
and Staff Secretary
Ext. 62702



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

August 3, 2001

01 AUG 3 AM 10:12

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Enrolled Bill H.R. 1954 - ILSA Extension Act of 2001
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Department of Commerce	No objection (Informally)
Department of Energy	No objection (Informally)
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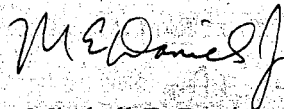
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Mitchell E. Daniels, Jr.
Director

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RESPONSE:

OK - Legislation Affairs (Howard)

Harriet E. Miers
Assistant to the President
and Staff Secretary
Ext. 62702



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

August 3, 2001

01 AUG 3 AM 10:12

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Enrolled Bill H.R. 1954 - ILSA Extension Act of 2001
Sponsors - Rep. Gilman (R) NY and 249 others

Last Day for Action

August 13, 2001 - Monday. The State Department informally requests that H.R. 1954 be signed no later than August 5th, the expiration date of the Iran and Libya Sanctions Act of 1996.

Purpose

Extends the Iran and Libya Sanctions Act (ILSA) for five years until August 5, 2006.

Agency Recommendations

Office of Management and Budget

Approval (Signing statement attached)

Department of State

Approval (Signing statement attached)

National Security Council (NSC)

Approval (Informally)

Department of Commerce

No objection (Informally)

Department of Energy

No objection (Informally)

Department of the Treasury

No objection (Informally)

Department of Defense

Defers (Informally)

Central Intelligence Agency

No comment (Informally)

Discussion

The Iran and Libya Sanctions Act (ILSA) of 1996, in part, requires the President to impose certain sanctions on individuals or entities that: (1) invest \$20 million or more in any 12-month period in Iran's oil industry, or \$40 million in Libya's oil industry, that would directly and significantly enhance either country's ability to develop its petroleum resources; or (2) provide Libya goods, services, or technology prohibited by U.N. Security Resolutions 748 or 883, if these items would contribute significantly or materially to Libya's weapons capability, petroleum development, or aviation capabilities. The President may waive imposition of sanctions if important to the national interest. Absent a waiver, the President must impose at least two of seven sanctions specified in ILSA, such as denial of licenses to the sanctioned person for exports of controlled items, restricting imports from the sanctioned person, and prohibiting the U.S. Government from entering into procurement contracts with the sanctioned person. ILSA expires on August 5, 2001.

H.R. 1954 would extend ILSA for an additional five years, until August 5, 2006. The enrolled bill also would:

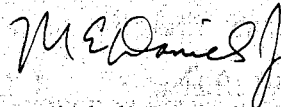
- lower from \$40 million to \$20 million the threshold amount for investment in Libya to trigger imposition of specified economic and trade sanctions;
- revise the definition of investment such that any amendment or other modification made on or after June 13, 2001, to existing (pre-ILSA) agreements or contracts for the development of Libya's petroleum resources would be considered new investment for purposes of the imposition of sanctions; and
- require a Presidential report to Congress within 24 to 30 months of enactment on: (1) the effectiveness of the Act's sanctions and its effect on humanitarian interests; and (2) the Act's impact on other national security, economic, and foreign-policy interests of the United States, including relations with countries friendly to the United States. This report may include a recommendation on modifying or terminating ILSA.

Conclusion and Recommendations

The Department of State advises that the Administration supported a two-year extension of ILSA, without changes to the conditions in current law. The Department recommends approval of the enrolled bill "given the overwhelming margins by which the extension bills were approved in both Houses."

We join State and NSC in recommending the approval of H.R. 1954, which passed the House by a vote of 409-6 and the Senate by unanimous consent. The Senate passed an earlier version of this legislation by a vote of 96-2.

Attached for your consideration is a signing statement based on language prepared by State. It notes that sanctions should be reviewed frequently and expresses appreciation for the bill's invitation to report on ILSA's effectiveness, including a recommendation to modify or terminate the Act. The statement notes concern over the objectionable policies and behavior of Iran and Libya and the Administration's efforts to address these concerns. The statement has been reviewed and approved by State, NSC, Justice, the Office of White House Counsel, the Office of the Vice President, and this Office.



Mitchell E. Daniels, Jr.
Director

Enclosures

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FORM	SUBJECT/TITLE	PAGES	DATE	RESTRICTION(S)
Draft	Statement By The President [H.R. 1954]	2	N.D.	P5;

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COLLECTION:

Executive Clerk, Office Of the

SERIES:

Saunders, G. Timothy (Tim) - Bill Files

FOLDER TITLE:

08/03/2001 [H. R. 1954]

FRC ID:

778

OA Num.:

729

NARA Num.:

1455

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

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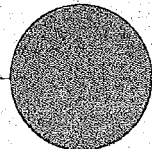
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TX/RX NO	4487	
CONNECTION TEL		56958
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USAGE T	02'18	
PGS. SENT	6	
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WHITE HOUSE STAFFING MEMORANDUM

Date: 8-3-01 ACTION / CONCURRENCE / COMMENT DUE BY: 8-3-01 2:30 PMSubject: ENROLLED BILL H.R. 1954 - ILSA EXTENSION ACT OF 2001

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☒	☐	HUBBARD	☒	☐
CARD	☒	☐	IRASTORZA	☐	☐
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ROVE	☒	☐	LA MONTAGNE	☒	☐
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HAGIN	☒	☐	MIERS	☐	☐
DANIELS	☒	☐	RICE	☒	☐
BLAKEMAN	☐	☐	CONNAUGHTON	☐	☐
CALIO	☒	☐	DIJULIO	☐	☐
FLEISCHER	☒	☐	GERSON	☐	☐
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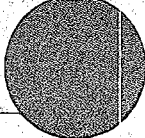
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CONNECTION TEL		66212
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ST. TIME	08/03 10:41	
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PGS. SENT	6	
RESULT	OK	

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RESPONSE:

Harriet E. Miers
 Assistant to the President
 and Staff Secretary
 Ext. 62702



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

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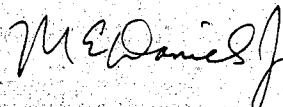
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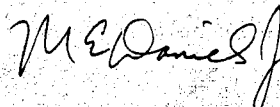
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