

## DEPARTMENT OF COMMERCE

## Bureau of Industry and Security

## 15 CFR Parts 744 and 772

[Docket No. 020912210-2210-01]

RIN 0694-AC60

## Imposition and Expansion of Controls on Designated Terrorists

**AGENCY:** Bureau of Industry and Security, Commerce.

**ACTION:** Interim final rule with request for comments.

**SUMMARY:** This rule amends the Export Administration Regulations (EAR) by imposing a license requirement on the export and reexport of any item subject to the EAR by a U.S. person or non-U.S. person to persons designated in or pursuant to Executive Order 13224 of September 23, 2001. In response to grave acts of terrorism and threats of terrorism, Executive Order 13224 blocks the property and interests in property of persons listed in an Annex to the order and persons designated by the Secretary of State or the Secretary of the Treasury pursuant to criteria set forth in the order. Executive Order 13224 also prohibits U.S. persons from engaging in any transactions with such blocked persons. The Department of the Treasury's Office of Foreign Assets Control (OFAC) announces the names of persons designated pursuant to Executive Order 13224 in the **Federal Register** and includes such persons in a listing of persons subject to various sanctions programs administered by OFAC. The Department of State also announces the names of foreign persons designated pursuant to Executive Order 13224 in the **Federal Register**. All persons designated in or pursuant to Executive Order 13224 are identified by the bracketed initials [SDGT] in the Department of Treasury listing and are also known as Specially Designated Global Terrorists (SDGTs). This rule also amends the EAR by expanding reexport controls on Specially Designated Terrorists (SDTs) and Foreign Terrorist Organizations (FTOs). OFAC also includes SDTs and FTOs in the Department of Treasury listing and identifies them by the bracketed initials [SDT] and [FTO], respectively.

**DATES:** This rule is effective June 6, 2003.

**Comment Dates:** Comments on this rule must be received on or before July 21, 2003.

**ADDRESSES:** Written comments on this rule should be sent to Sheila Quarterman, Regulatory Policy Division,

Bureau of Industry and Security, Department of Commerce, P.O. Box 273, Washington, DC 20044, or to E-mail address [squarterm@bis.doc.gov](mailto:squarterm@bis.doc.gov).

**FOR FURTHER INFORMATION CONTACT:** Joan Roberts, Director, Foreign Policy Controls Division, Office of Strategic Trade and Foreign Policy Controls, Bureau of Industry and Security, Department of Commerce. Telephone: (202) 482-0171, E-mail [jroberts@bis.doc.gov](mailto:jroberts@bis.doc.gov).

**SUPPLEMENTARY INFORMATION:****Background***Imposition of Controls on Specially Designated Global Terrorists (SDGTs)*

President Bush issued Executive Order 13224 (E.O. 13224) (Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism) on September 23, 2001, in response to grave acts of terrorism and threats of terrorism. On September 28, 2001, the United Nations Security Council (UNSC) adopted Resolution 1373, requiring all member states, among other things, to refrain from providing any form of support to persons involved in terrorist acts and to prohibit their nationals from making economic resources available to persons who commit, attempt to commit, facilitate or participate in the commission of terrorist acts. In addition, on January 28, 2002, the UNSC adopted Resolution 1390, which requires all member states to freeze funds and other financial assets or economic resources of Usama bin Laden, members of the Al-Qaida organization and the Taliban and other individuals, groups, undertakings and entities associated with them, as referred to in the list created pursuant to UNSC Resolutions 1267 (October 15, 1999) and 1333 (December 19, 2000). UNSC Resolution 1455 (January 17, 2003) continued and improved the measures provided in UNSC Resolution 1390. The Bureau of Industry and Security (BIS) is taking action consistent with E.O. 13224 and UNSC Resolutions 1267, 1390, 1452 (December 20, 2002), and 1455, as well as 1373, by imposing a license requirement on all exports and reexports to persons designated in or pursuant to E.O. 13224. Persons designated pursuant to criteria set forth in E.O. 13224 by the Secretary of State or the Secretary of the Treasury are announced in the **Federal Register** and listed in Appendix A to 31 CFR chapter V, which lists persons subject to various sanctions programs administered by OFAC ("Blocked Persons list"). Persons designated in or pursuant to E.O. 13224 are identified in Appendix A by the

bracketed initials [SDGT] and are also known as Specially Designated Global Terrorists (SDGTs). Provisions that implement BIS controls on SDGTs are included in new section 744.12 of the EAR.

*Expansion of Reexport Controls on SDTs and FTOs*

Specially Designated Terrorists (SDTs) are designated in or pursuant to Executive Order 12947 issued on January 23, 1995 (Prohibiting Transactions with Terrorists Who Threaten to Disrupt the Middle East Peace Process), as amended by Executive Order 13099 of August 20, 1998. Foreign Terrorist Organizations (FTOs) are designated pursuant to the 1996 Anti-Terrorism and Effective Death Penalty Act (Pub. L. 104-132). SDTs and FTOs are included on the Blocked Persons list maintained by OFAC in Appendix A to 31 CFR chapter V and identified by the bracketed initials [SDT] and [FTO], respectively.

On January 8, 1999, BIS issued a rule imposing foreign policy controls on exports and certain reexports of items subject to the EAR to individuals and groups designated as SDTs and groups designated as FTOs. The January 1999 rule imposed a license requirement on the following exports and reexports to a designated SDT or FTO:

- (1) The export from the United States of any item subject to the EAR;
- (2) The export or reexport by a U.S. person, wherever located, of any item subject to the EAR; and
- (3) The export from abroad or reexport by a non-U.S. person of any item subject to the EAR on the Commerce Control List.

The January 1999 rule did not impose a license requirement on the export from abroad or reexport by a non-U.S. person of EAR99 items. The action BIS is now taking, effective June 6, 2003, expands current controls by requiring a license for the export from abroad or reexport to a designated SDT or FTO by a non-U.S. person of any item subject to the EAR, whether such item is on the Commerce Control List or is classified as EAR99. Provisions that expand BIS controls on SDTs and FTOs are found in revised sections 744.13 and 744.14 of the EAR, respectively.

Note that certain persons designated in or pursuant to E.O. 13224 also have been designated as SDTs or FTOs or both, and are appropriately identified by more than one of the bracketed acronyms in Appendix A to 31 CFR chapter V. As such, section 744.1 is also revised to add a new subsection (a)(2), which provides that when controls set forth under more than one section of

part 744 apply to a person, the license requirements for such a person will be determined based on the requirements of all applicable sections, and license applications will be reviewed under all applicable licensing policies. For example, if an entity on the Entity List in Supplement No. 4 to part 744 is also designated in or pursuant to E.O. 13224, the provisions set forth in Supplement No. 4 to part 744 as well as the provisions set forth in section 744.12 will apply, and the denial policy for the export or reexport of all items subject to the EAR will be the operative policy. Also note that paragraph 744.1(a) is updated to reflect the controls in sections 744.9–744.16.

#### *Allocation of Agency Licensing Responsibility To Avoid Dual Licensing Requirements*

##### **Exports by U.S. Persons**

OFAC requires a license for all exports from the United States and all exports and reexports by a U.S. person to any SDT or SDGT. To avoid duplication, if OFAC authorizes a transaction involving an export from the United States or an export or reexport by a U.S. person of an item subject to the EAR to a designated SDT or SDGT, no separate authorization from BIS is necessary, even if the SDT or SDGT is also an FTO. However, authorization from BIS is required for an export from the United States or an export from abroad or reexport of an item subject to the EAR by a U.S. person to an FTO that is not also an SDT or SDGT.

##### **Exports From Abroad and Reexports by Non-U.S. Persons**

Authorization from BIS is required for exports from abroad and reexports by non-U.S. persons of items subject to the EAR to SDGTs, SDTs, or FTOs.

##### *Licensing Policy*

License applications for exports or reexports to SDGTs, SDTs, or FTOs are subject to a policy of denial.

OFAC announces in the **Federal Register** and incorporates into the Blocked Persons list on an on-going basis the frequent changes or additions to the three lists of persons subject to sanctions who are identified by the bracketed initials [SDGT], [SDT] or [FTO] in Appendix A to 31 CFR chapter V. To obtain additional information regarding the Blocked Persons list maintained by OFAC, contact OFAC at telephone number 202/622–2520. Additional information also may be found at OFAC's Web site at [www.treas.gov/ofac](http://www.treas.gov/ofac).

A foreign policy report on the new and expanded controls imposed by this

rule on designated terrorist entities and individuals was submitted to the Congress on March 18, 2003.

##### **Rulemaking Requirements**

1. This interim rule has been determined not to be significant for purposes of E.O. 12866.

2. Notwithstanding any other provision of law, no person is required to, nor shall any person be subject to a penalty for failure to comply with a collection of information, subject to the Paperwork Reduction Act (PRA), unless that collection of information displays a currently valid Office of Management and Budget (OMB) Control Number. This rule involves a collection of information approved by the OMB under control number 0694–0088, “Multi-Purpose Application,” which carries a burden hour estimate of 40 minutes per electronic submission and 45 minutes for a manual submission. Send comments regarding this burden estimate or any other aspect of these collections of information, including suggestions for reducing the burden, to OMB Desk Officer, New Executive Office Building, Washington, DC 20503; and to the Regulatory Policy Division, Bureau of Industry and Security, Department of Commerce, P.O. Box 273, Washington, DC 20044.

3. This rule does not contain policies with federalism implications as this term is defined under Executive Order 13132.

4. The provisions of the Administrative Procedure Act (5 U.S.C. 553) requiring notice of proposed rulemaking, the opportunity for public participation, and a delay in effective date, are inapplicable because this regulation involves a military and foreign affairs function of the United States (*see* 5 U.S.C. 553(a)(1)). Further, no other law requires that a notice of proposed rulemaking and an opportunity for public comment be given for this interim rule. Because a notice of proposed rulemaking and an opportunity for public comment are not required to be given for this rule under title 5 U.S.C. 553 or by any other law, the analytical requirements of the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*) are not applicable.

However, because of the importance of the issues raised by these regulations, this rule is being issued in interim form and BIS will consider comments in the development of the final regulations.

Accordingly, the Department of Commerce (the Department) encourages interested persons who wish to comment to do so at the earliest possible time to permit the fullest consideration of their views.

The period for submission of comments will close July 21, 2003. The Department will consider all comments received before the close of the comment period in developing final regulations. Comments received after the end of the comment period will be considered if possible, but their consideration cannot be assured. The Department will not accept public comments accompanied by a request that a part or all of the material be treated confidentially because of its business proprietary nature or for any other reason. The Department will return such comments and materials to the persons submitting the comments and will not consider them in the development of final regulations. All public comments on these regulations will be a matter of public record and will be available for public inspection and copying. In the interest of accuracy and completeness, the Department requires comments in written form.

Oral comments must be followed by written memoranda, which will also be a matter of public record and will be available for public review and copying. Communications from agencies of the United States Government or foreign governments will not be available for public inspection.

The Office of Administration, Bureau of Industry and Security, U.S. Department of Commerce, displays these public comments on BIS's Freedom of Information Act (FOIA) Web site at <http://www.bis.doc.gov/foia>. This office does not maintain a separate public inspection facility. If you have technical difficulties accessing this Web site, please call BIS's Office of Administration, at (202) 482–0637, for assistance.

##### **List of Subjects**

###### *15 CFR Part 744*

Exports, Foreign trade, Reporting and recordkeeping requirements.

###### *15 CFR Part 772*

Exports, Foreign trade.

■ Accordingly, parts 744 and 772 of the Export Administrations Regulations (15 CFR parts 730–799) are amended as follows:

##### **PART 744—[AMENDED]**

■ 1. The authority citation for part 744 continues to read as follows:

**Authority:** 50 U.S.C. app. 2401 *et seq.*; 50 U.S.C. 1701 *et seq.*; 22 U.S.C. 3201 *et seq.*; 42 U.S.C. 2139a; Sec. 901–911, Pub. L. 106–387; Sec. 221, Pub. L. 107–56; E.O. 12058, 43 FR 20947, 3 CFR, 1978 Comp., p. 179; E.O. 12851, 58 FR 33181, 3 CFR, 1993 Comp., p. 608; E.O. 12938, 59 FR 59099, 3 CFR, 1994

Comp., p. 950; E.O. 12947, 60 FR 5079, 3 CFR, 1995 Comp., p. 356; E.O. 13026, 61 FR 58767, 3 CFR, 1996 Comp., p. 228; E.O. 13099, 63 FR 45167, 3 CFR, 1998 Comp., p. 208; E.O. 13222, 66 FR 44025, 3 CFR, 2001 Comp., p. 783; E.O. 13224, 66 FR 49079, 3 CFR, 2001 Comp., p. 786; notice of November 9, 2001, 66 FR 56965, 3 CFR, 2001 Comp., p. 917; notice of August 14, 2002, 67 FR 53721, August 16, 2002.

■ 2. Section 744.1 is amended by revising paragraph (a) to read as follows:

**§ 744.1 General Provisions.**

(a)(1) *Introduction.* In this part, references to the EAR are references to 15 CFR chapter VII, subchapter C. This part contains prohibitions against exports, reexports, and selected transfers to certain end-users and end-uses as introduced under General Prohibition Five (End-use/End-users) and Nine (Orders, Terms, and Conditions), unless authorized by BIS. Sections 744.2, 744.3, 744.4 and 744.5 prohibit exports and reexports of items subject to the EAR to defined nuclear, missile, chemical and biological activities and nuclear maritime end-uses. Section 744.6 prohibits certain activities by U.S. persons in support of certain nuclear, missile, chemical, or biological end-uses regardless of whether that support involves the export or reexport of items subject to the EAR. Sections 744.7 and 744.8 prohibit exports and reexports of certain items for certain aircraft and vessels. Section 744.9 prohibits U.S. persons from providing technical assistance to certain foreign persons seeking to develop or manufacture certain encryption commodities or software. Section 744.10 prohibits exports and reexports of any item subject to the EAR to Russian entities, included in Supplement No. 4 of this part. Sections 744.12, 744.13 and 744.14 prohibit exports and reexports of any item subject to the EAR to persons designated as Specially Designated Global Terrorists, Specially Designated Terrorists, or Foreign Terrorist Organizations, respectively. Section 744.15 describes restrictions on exports and reexports to persons named in general orders. Section 744.16 prohibits exports and reexports by U.S. persons of items subject to the EAR to persons designated pursuant to Executive Order 13088, as amended by Executive Order 13192, including Slobodan Milosevic, his close associates, and persons determined to be under open indictment by the International Criminal Tribunal for the former Yugoslavia. In addition, these sections include license review standards for export license applications submitted as required by these sections. It should also be noted that part 764 of

the EAR prohibits exports, reexports and certain in-country transfers of items subject to the EAR to denied parties.

(2) If controls set forth under more than one section of part 744 apply to a person, the license requirements for such a person will be determined based on the requirements of all applicable sections of part 744, and license applications will be reviewed under all applicable licensing policies.

\* \* \* \* \*

■ 3. Section 744.12 is added to read as follows:

**§ 744.12 Restrictions on exports and reexports to persons designated in or pursuant to Executive Order 13224 (Specially Designated Global Terrorist) (SDGT).**

BIS maintains restrictions on exports and reexports to persons designated in or pursuant to Executive Order 13224 of September 23, 2001 (Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism). These persons include individuals and entities listed in the Annex to Executive Order 13224, as well as persons subsequently designated by the Secretary of State or Secretary of the Treasury pursuant to criteria set forth in the Order. Pursuant to Executive Order 13224, the Department of the Treasury's Office of Foreign Assets Control (OFAC) maintains 31 CFR part 594, the Global Terrorism Sanctions Regulations. OFAC announces the names of persons designated pursuant to Executive Order 13224 in the **Federal Register** and includes such persons in Appendix A to 31 CFR Chapter V, which lists persons subject to various sanctions programs administered by OFAC. The Department of State also announces the names of foreign persons designated pursuant to Executive Order 13224 in the **Federal Register**. All persons designated in or pursuant to Executive Order 13224 are identified in Appendix A to 31 CFR Chapter V by the bracketed initials [SDGT] and are also known as Specially Designated Global Terrorists (SDGTs).

(a) *License requirement(s).* (1) A license requirement applies to the export or reexport to an SDGT of any item subject to the EAR.

(2) To avoid duplication, U.S. persons are not required to seek separate authorization for an export or reexport to an SDGT of an item subject to both the EAR and OFAC's regulatory authority pursuant to Executive Order 13224. Therefore, if OFAC authorizes an export from the United States or an export or reexport by a U.S. person to an SDGT, no separate authorization from BIS is necessary.

(3) U.S. persons must seek authorization from BIS for the export or reexport to an SDGT of any item subject to the EAR that is not subject to OFAC's Global Terrorism Sanctions Regulations in 31 CFR part 594.

(4) Non-U.S. persons must seek authorization from BIS for any export from abroad or reexport to an SDGT of any item subject to the EAR.

(5) Any export or reexport to an SDGT of any item subject to both the EAR and OFAC's regulatory authority pursuant to Executive Order 13224 and not authorized by OFAC is a violation of the EAR.

(6) Any export or reexport by a U.S. person to an SDGT of any item subject to the EAR that is not subject to regulation by OFAC and not authorized by BIS is a violation of the EAR. Any export from abroad or reexport by a non-U.S. person to an SDGT of any item subject to the EAR and not authorized by BIS is a violation of the EAR.

(7) These licensing requirements supplement any other requirements set forth elsewhere in the EAR.

(b) *Exceptions.* No License Exceptions or other BIS authorization are available for any export or reexport to an SDGT of any item subject to the EAR.

(c) *Licensing policy.* Applications for licenses for the export or reexport to an SDGT of any item subject to the EAR generally will be denied. You should consult with OFAC concerning transactions subject to OFAC licensing requirements.

(d) *Contract sanctity.* Contract sanctity provisions are not available for license applications reviewed under this section.

**Note to § 744.12:** This section does not implement, construe, or limit the scope of any criminal statute, including (but not limited to) 18 U.S.C. 2339B(a)(1) and 2339A, and does not excuse any person from complying with any criminal statute, including (but not limited to) 18 U.S.C. 2339B(a)(1) and 18 U.S.C. 2339A.

■ 4. Section 744.13 is revised to read as follows:

**§ 744.13 Restrictions on exports and reexports to persons designated pursuant to Executive Order 12947 (Specially Designated Terrorist) (SDT).**

Consistent with the purpose of Executive Order 12947 of January 23, 1995, BIS maintains restrictions on exports and reexports to Specially Designated Terrorists (SDTs). Executive Order 12947 prohibits transactions by U.S. persons with terrorists who threaten to disrupt the Middle East peace process. Pursuant to the Executive Order, the Department of the Treasury, Office of Foreign Assets Control

(OFAC), maintains 31 CFR part 595, the Terrorism Sanctions Regulations. In Appendix A to 31 CFR Chapter V, pursuant to 31 CFR part 595, these Specially Designated Terrorists are identified by the bracketed suffix initials [SDT]. The requirements set forth below further the objectives of Executive Order 12947.

(a) *License requirement(s)*. (1) A license requirement applies to the export or reexport to an SDT of any item subject to the EAR.

(2) To avoid duplication, U.S. persons are not required to seek separate authorization for an export or reexport to an SDT of an item subject both to the EAR and to OFAC's Terrorism Sanctions Regulations in 31 CFR part 595. Therefore, if OFAC authorizes an export or reexport of an item by a U.S. person to a SDT, no separate authorization from BIS is necessary.

(3) U.S. persons must seek authorization from BIS for the export or reexport to an SDT of an item subject to the EAR but not subject to OFAC's Terrorism Sanctions Regulations in 31 CFR part 595.

(4) Non-U.S. persons must seek authorization from BIS for the export from abroad or reexport to an SDT of any item subject to the EAR.

(5) Any export or reexport to an SDT by a U.S. person of any item subject both to the EAR and OFAC's Terrorism Sanctions Regulations in 31 CFR part 595 and not authorized by OFAC is a violation of the EAR.

(6) Any export or reexport by a U.S. person to an SDT of any item subject to the EAR that is not subject to OFAC's Terrorism Sanctions Regulations in 31 CFR part 595 and not authorized by BIS is a violation of the EAR. Any export from abroad or reexport by a non-U.S. person to an SDT of any item subject to the EAR and not authorized by BIS is a violation of the EAR.

(7) These licensing requirements supplement any other requirements set forth elsewhere in the EAR.

(b) *Exceptions*. No License Exceptions or other BIS authorization are available for export or reexport to an SDT of any item subject to the EAR.

(c) *Licensing policy*. Applications for licenses for the export or reexport to an SDT of any item subject to the EAR generally will be denied. You should consult with OFAC concerning transactions subject to OFAC licensing requirements.

(d) *Contract sanctity*. Contract sanctity provisions are not available for license applications reviewed under this section.

**Note to § 744.13:** This section does not implement, construe, or limit the scope of

any criminal statute, including (but not limited to) 18 U.S.C. 2339B(a)(1) and 2339A, and does not excuse any person from complying with any criminal statute, including (but not limited to) 18 U.S.C. 2339B(a)(1) and 18 U.S.C. 2339A.

■ 5. Section 744.14 is revised to read as follows:

**§ 744.14 Restrictions on exports and reexports to designated Foreign Terrorist Organizations (FTOs).**

Consistent with the objectives of section 219 of the Immigration and Nationality Act, as amended (INA) (8 U.S.C. 1189), and section 303 of the Antiterrorism and Effective Death Penalty Act 1996, as amended (Anti-Terrorism Act) (18 U.S.C. 2339B) (Public Law 104–132, 110 Stat. 1214–1319), BIS maintains restrictions on exports and reexports to organizations designated as Foreign Terrorist Organizations (FTOs) pursuant to section 219 of the INA. The Department of the Treasury, Office of Foreign Assets Control, maintains 31 CFR part 597, the Foreign Terrorist Organizations Sanctions Regulations, requiring U.S. financial institutions to block all financial transactions involving assets of designated FTOs within the possession or control of such U.S. financial institutions. Section 303 of the Anti-Terrorism Act prohibits persons within the United States or subject to U.S. jurisdiction from knowingly providing material support or resources to a designated FTO and makes violations punishable by criminal penalties under title 18, United States Code. These designated FTOs are listed in Appendix A to 31 CFR Chapter V and identified by the bracketed initials [FTO]. A designation of a foreign organization determined to meet the criteria of section 219 of the INA takes effect upon publication in the **Federal Register** by the Secretary of State, or the Secretary's designee.

(a) *License requirement(s)*. (1) A license requirement applies to the export or reexport to an FTO of any item subject to the EAR.

(2) U.S. persons must seek authorization from BIS for the export or reexport to an FTO of any item subject to the EAR.

(3) Non-U.S. persons must seek authorization from BIS for the export from abroad or reexport to an FTO of any item subject to the EAR.

(4) Any export or reexport to an FTO by any person of any item subject to the EAR and not authorized by BIS is a violation of the EAR.

(5) These licensing requirements supplement any other requirements set forth elsewhere in the EAR.

(b) *Exceptions*. No License Exceptions or other BIS authorization for items described by paragraph (a) of this section are available for exports or reexports to FTOs.

(c) *Licensing policy*. Applications for exports and reexports to FTOs of all items identified by paragraph (a) of this section will generally be denied, to the extent they constitute material support or resources, as defined in 18 U.S.C. 2339A(b).

(d) *Contract sanctity*. Contract sanctity provisions are not available for license applications reviewed under this section.

(e) *FTOs also designated as SDTs or SDGTs*. In cases in which an FTO is also an SDT, as described in § 744.13, or an SDGT, as described in § 744.12, the license requirements and licensing policy set forth in § 744.13 or § 744.12 will apply.

**Note to § 744.14:** This section does not implement, construe, or limit the scope of any criminal statute, including (but not limited to) 18 U.S.C. 2339B(a)(1) and 2339A, and does not excuse any person from complying with any criminal statute, including (but not limited to) 18 U.S.C. 2339B(a)(1) and 18 U.S.C. 2339A.

**PART 772—[AMENDED]**

■ 6. The authority citation for part 772 continues to read as follows:

**Authority:** 50 U.S.C. app. 2401 *et seq.*; 50 U.S.C. 1701 *et seq.*; E.O. 13222, 66 FR 44025, 3 CFR, 2001 Comp., p. 783; notice of August 14, 2002, 67 FR 53721, August 16, 2002.

■ 7. Section 772.1 is amended by revising the definition of “U.S. Person” to read as follows:

**§ 772.1 Definitions of terms as used in the Export Administration Regulations.**

\* \* \* \* \*

*U.S. Person.* (a) For purposes of §§ 744.6, 744.10, 744.11, 744.12, 744.13 and 744.14 of the EAR, the term U.S. person includes:

(1) Any individual who is a citizen of the United States, a permanent resident alien of the United States, or a protected individual as defined by 8 U.S.C. 1324b(a)(3);

(2) Any juridical person organized under the laws of the United States or any jurisdiction within the United States, including foreign branches; and

(3) Any person in the United States.

(b) *See also* § 740.9 and parts 746 and 760 of the EAR for definitions of “U.S. person” that are specific to those parts.

\* \* \* \* \*

Dated: May 28, 2003.

**James J. Jochum,**

*Assistant Secretary for Export Administration.*

[FR Doc. 03-14253 Filed 6-3-03; 8:50 am]

BILLING CODE 3510-33-P

## DEPARTMENT OF THE TREASURY

### Office of Foreign Assets Control

#### 31 CFR Part 594

#### Global Terrorism Sanctions Regulations

**AGENCY:** Office of Foreign Assets Control, Treasury.

**ACTION:** Interim final rule.

**SUMMARY:** The Office of Foreign Assets Control of the U.S. Department of the Treasury is adding new part 594 to chapter V of 31 CFR to carry out the purposes of Executive Order 13224 of September 23, 2001, "Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism."

**DATES:** *Effective Date:* June 6, 2003.

*Comments:* Written comments must be received no later than August 5, 2003.

**ADDRESSES:** Comments may be sent either via regular mail to the attention of Chief, Policy Planning and Program Management Division, rm. 2176, Office of Foreign Assets Control, Department of the Treasury, 1500 Pennsylvania Ave., NW., Annex—2d Floor, Washington, DC 20220, or via OFAC's Web site (<http://www.treas.gov/ofac>).

**FOR FURTHER INFORMATION CONTACT:** Chief of Licensing, tel.: 202/622-2480, or Chief Counsel, tel.: 202/622-2410, Office of Foreign Assets Control, Department of the Treasury, Washington, DC 20220.

#### SUPPLEMENTARY INFORMATION:

##### Electronic Availability

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[fedbbs.access.gpo.gov](http://fedbbs.access.gpo.gov). This document and additional information concerning the programs of the Office of Foreign Assets Control are available for downloading from the Office's Internet

home page: <http://www.treas.gov/ofac>, or in fax form through the Office's 24-hour fax-on-demand service: call 202/622-0077 using a fax machine, fax modem, or (within the United States) a touch-tone telephone.

#### Background

On September 23, 2001, the President, invoking the authority, *inter alia*, of the International Emergency Economic Powers Act (50 U.S.C. 1701-1706) ("IEEPA") and the United Nations Participation Act (22 U.S.C. 287c), issued Executive Order 13224 (66 FR 49079, September 25, 2001), effective at 12:01 a.m. eastern daylight time on September 24, 2001. In the order, the President found that "grave acts of terrorism and threats of terrorism committed by foreign terrorists, including the terrorist attacks in New York, Pennsylvania, and the Pentagon committed on September 11, 2001 \* \* \* and the continuing and immediate threat of further attacks on United States nationals or the United States" constituted an unusual and extraordinary threat to the national security, foreign policy and economy of the United States, and declared a national emergency with respect to that threat. The order was amended by Executive Order 13268 (67 FR 44751, July 3, 2001) and Executive Order 13284 (68 FR 4075, January 28, 2003).

These regulations are promulgated to implement Executive Order 13224. They are in addition to and do not take the place of other parts of 31 CFR chapter V relating to terrorism, including, but not limited to, the Terrorism Sanctions Regulations (part 595), implementing Executive Order 12947, "Prohibiting Transactions With Terrorists Who Threaten To Disrupt the Middle East Peace Process" (60 FR 5079, January 25, 1995); the Terrorism List Government Sanctions Regulations (part 596), implementing section 321 of the Antiterrorism and Effective Death Penalty Act of 1996 (18 U.S.C. 2332d); and the Foreign Terrorist Organizations Sanctions Regulations (part 597), implementing sections 302 and 303 of the Antiterrorism and Effective Death Penalty Act of 1996 (18 U.S.C. 1189, 18 U.S.C. 2339B). (Detailed information regarding each of those other parts is available on OFAC's Web site (<http://www.treas.gov/ofac>).) Certain persons designated pursuant to the regulations now being promulgated may also be designated pursuant to those other parts, and transactions related to those persons are subject to the requirements of those parts and other sanctions under U.S. law. These new regulations also do not in any way modify the criminal

prohibition, set forth at 18 U.S.C. 2339B, against providing material support or resources to foreign terrorist organizations designated pursuant to section 219 of the Immigration and Nationality Act, as amended.

Specifically, these regulations are promulgated in furtherance of the sanctions set forth in Executive Order 13224. Section 1 of the order blocks, with certain exceptions, all property and interests in property of foreign persons listed in an Annex to the order and persons designated by the Secretary of State or the Secretary of the Treasury pursuant to criteria set forth in the order. Section 2 of the order prohibits any transaction or dealing by a United States person or within the United States in property or interests in property blocked pursuant to the order, including but not limited to the making or receiving of any contribution of funds, goods, or services to or for the benefit of a person designated in or pursuant to the order. Section 2 of the order also prohibits any transaction by a United States person or within the United States that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in the order, as well as any conspiracy formed to violate such prohibitions. Section 7 of the order authorizes the Secretary of the Treasury, in consultation with the Secretary of State, the Secretary of Homeland Security and the Attorney General, to take such actions, including the promulgation of rules and regulations, as may be necessary to carry out the purposes of the order. Acting under authority delegated by the Secretary of the Treasury, the Department of the Treasury's Office of Foreign Assets Control ("OFAC") is promulgating these Global Terrorism Sanctions Regulations, 31 CFR part 594 (the "Regulations").

Subpart B of the Regulations sets forth the prohibitions contained in sections 1 and 2 of the order. See §§ 594.201, 594.204, and 594.205. Persons identified in the Annex to the order or designated by or under the authority of the Secretary of State or the Secretary of the Treasury pursuant to the order are referred to throughout the Regulations as "persons whose property or interests in property are blocked pursuant to § 594.201(a)." Their names are or will be published on OFAC's website, announced in the **Federal Register** and incorporated on an ongoing basis into appendix A to 31 CFR chapter V, which lists persons subject to various sanctions programs administered by OFAC.

Sections 594.202 and 594.203 of subpart B detail the effect of transfers of