

# OFFICE OF FOREIGN ASSETS CONTROL

## REPORT OF LICENSING ACTIVITIES

### PURSUANT TO

### THE TRADE SANCTIONS REFORM AND EXPORT ENHANCEMENT ACT OF 2000

October - December 2005

## I. Overview

This report is submitted pursuant to Section 906(b) of the Trade Sanctions Reform and Export Enhancement Act of 2000 ("TSRA") and covers activities undertaken by the Treasury Department's Office of Foreign Assets Control ("OFAC") under Section 906(a)(1) of the TSRA from October through December 2005. Under the procedures established in the regulations, OFAC processes license applications requesting authorization to export agricultural commodities, medicine, and medical devices to Iran and Sudan under the one-year specific licensing regime set forth in Section 906 of the TSRA.

There was a 20 percent decrease in the number of license applications received under these regulations during this reporting quarter from the prior quarter (188 for Oct.-Dec. 2005, 235 for Jul.-Sep. 2005<sup>1</sup>). OFAC was able to issue licensing determinations<sup>2</sup> on 64.0 percent of all the license applications received during the October – December 2005 period (compared to 59.8 percent for the Jul.-Sep. 2005 period), and issued additional determinations after the quarter ended. The average processing time for issuing licenses rose by 54.4 percent to 38.9 business days in this quarter of operation, and the average time for issuing licensing determinations rose by 57.7 percent to 34.7 business days versus 22 business days in the preceding quarter.

The increased complexity and length of license applications (the majority of applications pertain to the export of medical devices to Iran) coupled with the more protracted scrutiny on the part of other reviewing agencies continued to affect processing time of license applications in this quarter. These cases are evaluated by other agencies both in terms of whether the foreign entities involved in the transaction "promote international terrorism," as required in section 906 of the TSRA, and in terms of whether the commodities at issue implicate independent export control regimes involving chemical or biological weapons or weapons of mass destruction as provided in section 904(2)(C) of the TSRA.

---

<sup>1</sup> The Jul.-Sep. 2005 figure reported here reflects a total higher than previously reported for that period because OFAC received applications dated within that period subsequent to the completion of the report.

<sup>2</sup>A licensing determination is defined as any action, either intermediate or final, that OFAC takes on a license application. It may take the form of a license, a "return-without-action" letter, a general information letter, an interpretative letter, a denial letter, a telephone call, a fax, or an e-mail.

## II. Program Operation

From October 1 to December 31, 2005, OFAC's Licensing Division received a total of 188 license applications pursuant to Section 906(a)(1) of the TSRA. During this period, OFAC issued licensing determinations on 121 of the 188 license applications. A total of 160 licenses and 4 license amendments<sup>3</sup> were issued from October through December (**See Charts 1 and 2**). On average, licenses and license amendments were issued within 38.9 business days of receipt of the application. Upon completion, 93.3 percent (153 in total)<sup>4</sup> of the licenses and license amendments issued were sent via e-mail in Adobe Acrobat PDF format to licensees, a service that generated very favorable comment by licensees. In addition, OFAC issued 23 "return-without-action" letters ("RWA letters") (average turnaround: 6.0 business days), and 14 denial letters (average turnaround: 32.3 business days – also subject to interagency review) (**See Graph 1**). The average number of business days for the Licensing Division to issue a licensing determination in response to submissions to OFAC on any license application under the TSRA regulations was 34.7 business days, an increase of 57.7 percent compared with last quarter's average of 22 business days. The total number of licenses/license amendments, RWA letters, and denial letters issued does not equal the number of license applications received because: (1) not all license applications received during this quarter were closed in this quarter; (2) some license applications pending from prior quarters of operation were closed in this quarter; (3) in some instances multiple applications from the same license applicant were combined into one license; and (4) a few license applications were handled via telephone, fax, or e-mail.

As in past quarters, the preponderance of license applications submitted and licenses/license amendments issued was for Iran (**See Chart 3**). A total of 166 license applications (88.3%) was received for Iran, in contrast to 22 (11.7%) for Sudan. Likewise, 143 licenses/license amendments (87.2%) were issued for the sale of agricultural commodities, medicine, and medical devices to Iran, versus 21 (12.8%) for Sudan. In keeping with the program's trend, the majority of license applications (51.6%) and just under half of the licenses/license amendments issued (47.6%) were for the export of medical devices to Iran and Sudan. Of the 166 license applications for Iran, 59 (35.5%) were for agricultural commodities, 18 (10.8%) for medicine, and 89 (53.6%) for medical devices. Of the 143 licenses/license amendments issued for Iran, 58 (40.6%) were for agricultural commodities, 19 (13.3%) for medicine, and 66 (46.2%) for medical devices. Although fewer in number, the percentage breakdown of the 22 license applications for Sudan is analogous: 13 (59.1%) for agricultural commodities, one (4.5%) for medicine, and eight (36.5%) for medical devices. Of the 21 licenses/license amendments issued for Sudan, seven (33.3%) were for agricultural commodities, two (9.5%) for medicine, and 12 (57.1%) for medical devices.

---

<sup>3</sup> A "license amendment" is an amendment to an existing license previously issued by OFAC. Some license amendment applications require interagency review, such as those adding an additional end-user or additional commodities to an existing license.

<sup>4</sup> Compared with 90.6 percent (145 in total) for Jul.-Sep. 2005.

**CHART 1**  
**Number of License Applications and Licenses Issued by Product**

	Agricultural Commodities	Medicine	Medical Devices	TOTAL
License Applications	72	19	97	188
Licenses Issued	64	19	77	160
License Amendments Issued	1	2	1	4
Applications Denied	1	0	13	14

**CHART 2**  
**Number of License Applications and Licenses Issued by Country**

	Iran	Sudan	TOTAL
License Applications	166	22	188
Licenses Issued	139	21	160
License Amendments Issued	4	0	4
Applications Denied	13	1	14

**CHART 3**  
**Number of License Applications and Licenses Issued by Country and Product**

	Agricultural Commodities	Medicine	Medical Devices	TOTAL
<b>IRAN</b>				
License Applications	59	18	89	166
Licenses and License Amendments Issued	58	19	66	143
<b>SUDAN</b>				
License Applications	13	1	8	22
Licenses and License Amendments Issued	7	2	12	21

**GRAPH 1**

**Average Time for Issuing Licensing Determinations**  
 (business days)

