

# OFFICE OF FOREIGN ASSETS CONTROL

## REPORT OF LICENSING ACTIVITIES

### PURSUANT TO

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

January - March 2007

## 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 January through March 2007. Under the procedures established in its TSRA-related 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 30.8 percent increase in the number of license applications received during this reporting quarter from the prior quarter (242 for Jan.-Mar. 2007, 185 for Oct.-Dec. 2006). OFAC was able to issue licensing determinations<sup>1</sup> on 45.9 percent of all the license applications received during the January – March 2007 period (compared to 30.3 percent for the Oct.-Dec. 2006 period), and issued additional determinations after the quarter ended. The average processing time for issuing licenses increased by 8.6 percent to 75.9 business days in this quarter of operation, and the average time for issuing licensing determinations increased by 15.6 percent to 74.0 business days versus 64.0 business days in the preceding quarter.

The increased complexity, volume, 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.

## II. Program Operation

From January 1 to March 31, 2007, OFAC's Licensing Division received a total of 242 license applications pursuant to Section 906(a)(1) of the TSRA. During this period, OFAC issued licensing determinations on 111 of the 242 license applications. Two hundred fifteen (215)

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<sup>1</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 license amendment, a "return-without-action" letter, a general information letter, an interpretative letter, a denial letter, a telephone call, a fax, or an e-mail.

licenses and 12 license amendments<sup>2</sup> were issued from January through March (**See Charts 1 and 2**). On average, licenses and license amendments were issued within 75.9 business days of receipt of the application. Upon completion, 92.5 percent (210 in total)<sup>3</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 six “return-without-action” letters (“RWA letters”) (average turnaround: 23.3 business days), and two denial letters (turnaround: 25.0 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 74.0 business days, an increase of 15.6 percent compared with last quarter’s average of 64.0 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**). Two hundred three (203) license applications (83.9%) were received for Iran, in contrast to 36 (14.9%) for Sudan. Likewise, 206 licenses/license amendments (90.7%) were issued for the sale of agricultural commodities, medicine, and medical devices to Iran, versus 21 (9.3%) for Sudan. In keeping with the program’s trend, nearly half of the license applications (45.9%) and 56.3 percent of the licenses/license amendments were for the export of medical devices to Iran and Sudan. Of the 203 license applications for Iran, 74 (36.5%) were for agricultural commodities, 32 (15.8%) for medicine, and 97 (47.8%) for medical devices. Of the 206 licenses/license amendments issued for Iran, 70 (34.0%) were for agricultural commodities, 18 (8.7%) for medicine, and 118 (57.3%) for medical devices. Although fewer in number, the percentage breakdown of the 36 license applications for Sudan is analogous: 17 (47.2%) for agricultural commodities, six (16.7%) for medicine, and 13 (36.1%) for medical devices. Of the 21 licenses/license amendments issued for Sudan, eight (38.1%) were for agricultural commodities, three (14.3%) for medicine, and 10 (47.6%) for medical devices.

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

	<b>Agricultural Commodities</b>	<b>Medicine</b>	<b>Medical Devices</b>	<b>TOTAL</b>
<b>License Applications</b>	93	38	111	<b>242</b>
<b>Licenses Issued</b>	73	21	121	<b>215</b>
<b>License Amendments Issued</b>	5	0	7	<b>12</b>
<b>Applications Denied</b>	0	0	2	<b>2</b>

<sup>2</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>3</sup> Compared with 88.1 percent (163 in total) for Oct.-Dec. 2006.

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

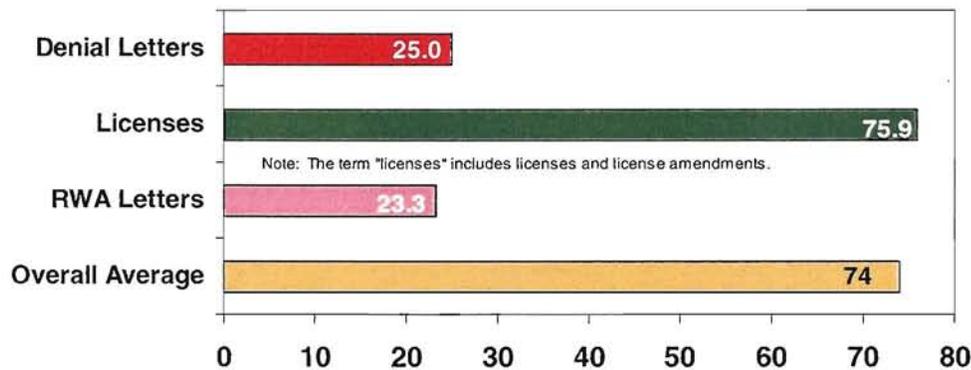
	Iran	Sudan	TOTAL
License Applications <sup>4</sup>	203	36	242
Licenses Issued	194	21	215
License Amendments Issued	12	0	12
Applications Denied	2	0	2

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

	Agricultural Commodities	Medicine	Medical Devices	TOTAL
<b>IRAN</b>				
License Applications	74	32	97	203
Licenses and License Amendments Issued	70	18	118	206
<b>SUDAN</b>				
License Applications	17	6	13	36
Licenses and License Amendments Issued	8	3	10	21

**GRAPH 1**

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



<sup>4</sup> OFAC received three license applications for Syria in this quarter of operation. On December 12, 2003, President Bush signed the Syria Accountability and Lebanese Sovereignty Restoration Act ("SAA") (Public Law 108-175). On May 11, 2004, President Bush issued Executive Order 13338 to implement §§ 5(a)(1), 5(a)(2)(A), and 5(a)(2)(D) of the SAA. Section 5(a)(1) of the SAA requires a prohibition on the export to Syria of all items on the Commerce Control List. Section 5(a)(2)(A) prohibits the export or reexport to Syria of all products of the United States, with the exception of food and medicine. The result of the implementation of §§ 5(a)(1) and 5(a)(2)(A) of the SAA is to restrict the export and reexport of all items subject to the Export Administration Regulations to Syria. The Department of Commerce's Bureau of Industry and Security is responsible for licensing exports and reexports, including food and medicine, to Syria.