

NO LICENSE IS REQUIRED FOR EXPORTS OF EQUIPMENT TO BE USED TO  
MANUFACTURE OR TEST GOODS DESTINED FOR IRAN.

May 9, 2003  
030509-FACRL-IA-05

FAC No. [text deleted]

[text deleted]  
[text deleted]  
[text deleted]  
[text deleted]  
[text deleted]

Dear [text deleted]:

This is in reply to your letter of September 24, 2002 to the Department of the Treasury's Office of Foreign Assets Control ("OFAC") on behalf of [a U.S. person]. In your letter you inquired whether a license is required in order for the [third country] branch of [a U.S. person] to sell two [text deleted] testing systems (the "[text deleted] systems") to a [third country entity]. As we understand the facts, one [text deleted] system would be permanently installed in [the third country entity's] facilities for the purpose of testing during the manufacture of [text deleted]. [Third country entity] would use the second [text deleted] system for final inspection of completed [text deleted] equipment. The [text deleted] system would be used exclusively by [third country entity] and would not be incorporated into [third country entity's] products. The [U.S. person] has learned that the [third country entity's] products could be sold to Iran.

Section 560.204 of the Iranian Transactions Regulations, 31 C.F.R. Part 560 (the "ITR"), prohibits the exportation, reexportation, sale, or supply, directly or indirectly, from the United States, or by a United States person, wherever located, of any goods, technology, or services to Iran or the Government of Iran. Section 560.205(a) of the ITR prohibits the re-exportation from a third country, directly or indirectly, by a person other than a United States person, of any goods, technology, or services that have been exported from the United States, if undertaken with knowledge or reason to know that the reexportation is intended specifically for Iran; and the exportation of such goods, technology, or services from the United States to Iran was subject to export license application requirements under any United States regulations in effect on May 6, 1995, or thereafter.

Since no U.S.-origin goods, technology, or services will be exported to Iran or the Government of Iran or incorporated into goods intended for exportation, reexportation, sale or supply, directly or indirectly, to Iran or the Government of Iran, no OFAC license is required in order for [a U.S. person] to export the [text deleted] systems to [third country entity]. It should be noted that an exportation or reexportation transaction that is not prohibited by the ITR may, nevertheless, be prohibited pursuant to laws and regulations administered by the U.S. Department of Commerce, Bureau of Industry and Security.

If you have any additional questions about the economic sanctions programs administered by OFAC, you may refer to our web site at [www.treas.gov/ofac](http://www.treas.gov/ofac) or call our office at (202)622-2480.

Sincerely,

A handwritten signature in black ink, reading "Richard Newcomb". The signature is written in a cursive style with a large, prominent initial "R".

R. Richard Newcomb  
Director  
Office of Foreign Assets Control