

4. Anti-Terrorism Controls (Section 742.8, 742.9, 742.10, 744.10)

Export Control Program Description and Licensing Policy

These controls reflect U.S. opposition to acts of international terrorism supported by a foreign government.

Pursuant to Section 6(j) of the Export Administration Act, the Secretary of State has designated seven countries--Cuba, Iran, Iraq, Libya, North Korea, Sudan and Syria--as nations whose governments have repeatedly provided support for acts of international terrorism or terrorist groups. In addition to the controls Commerce maintains on exports to all seven countries under Section 6(j) of the Act for anti-terrorism reasons, the United States maintains comprehensive trade embargoes on six of these countries: Cuba, Iran, Iraq, Libya, North Korea and Sudan.

On August 19, 1997, the President issued Executive Order 13059 to confirm that the embargo on Iran prohibits all trade and investment activities by United States persons, wherever located, and to consolidate in one Order the various prohibitions previously imposed to deal with the national emergency declared on March 15, 1995. Executive Order 12957 of March 5, 1995, prohibits U.S. persons from entering into contracts for the financing or the overall management or supervision of the development of petroleum resources located in Iran or over which Iran claims jurisdiction. Executive Order 12959 of May 6, 1995, imposed a comprehensive trade and investment embargo on Iran.

On November 3, 1997, the President issued Executive Order 13067, which imposed an embargo on Sudan, effective November 4, 1997. The President delegated to the Treasury Department the authority to promulgate regulations to administer the embargo on Sudan.

The Department of the Treasury administers the comprehensive U.S. trade and investment embargo against Iran under the International Emergency Economic Powers Act (IEEPA) and the United Nations Security Council mandated embargo against Iraq under IEEPA and the United Nations Participation Act. Treasury also maintains embargoes against Cuba and North Korea under the Trading with the Enemy Act and against Libya under IEEPA and other authorities.

Both the Department of Commerce and the Department of the Treasury thus have authority to regulate exports from the United States to Cuba, Iran, Iraq, Libya, North Korea and Sudan. To avoid duplication in the exercise of licensing authority, Treasury and Commerce have allocated licensing responsibility for many export transactions. For example, Commerce exercises licensing responsibility for exports to Cuba and North Korea. Treasury exercises licensing responsibility for exports to Iran and Iraq.

This report does not discuss the comprehensive embargoes against Iran and Iraq because

they are maintained by Treasury. Chapter 5 sets forth the export controls maintained against Cuba and North Korea. Chapter 6 discusses the export controls maintained against Libya. This chapter discusses the anti-terrorism controls on exports to Iran, Syria and Sudan.

Effective December 28, 1993, the Acting Secretary of State determined the United States would control five categories of dual-use items subject to multilateral controls to certain sensitive government end-users under Section 6(j) of the Act, since these items meet the criteria set forth in Section 6(j)(1)(B). Specifically, the Acting Secretary determined that these items, when exported to military or other sensitive end-users in a terrorist-designated country, could make a significant contribution to that country's military potential or could enhance its ability to support acts of international terrorism. These anti-terrorism controls apply to all designated terrorist-list countries.

The Acting Secretary also directed that the United States should continue to control other items not specifically controlled under Section 6(j) for general foreign policy purposes under Section 6(a) to terrorist-list countries, and that the United States will continue to review the export of such items prior to approval to evaluate whether, under the circumstances of the application, the requirements of Section 6(j) apply. These measures are described in detail below.

Paragraph A below reflects the Section 6(j) controls; paragraph B reflects the Section 6(a) controls on Iran, Sudan, and Syria.

A. The Acting Secretary of State determined, effective December 28, 1993, that the export of certain categories of goods and technologies when destined to military, police, intelligence entities and other sensitive end-users, as determined by the Department of State, in any country designated under Section 6(j) of the Act as a country that has repeatedly provided support for acts of international terrorism, "could make a significant contribution to the military potential of such country, including its military logistics capability, or could enhance the ability of such country to support acts of international terrorism." As a result of this determination, the Secretaries of State and Commerce will notify Congress thirty days prior to the issuance of any license for the export of any item from the five categories listed below to sensitive end-users in the terrorist countries.

Pursuant to Section 6(j) of the Act, Commerce requires a license for the export of the following items to military or other sensitive end-users in terrorist-designated countries:

- 1) All items subject to national security controls, except computers with a performance level of less than 500 million theoretical operations per second (MTOPS) (Wassenaar Arrangement);¹
- 2) All items subject to chemical and biological weapons proliferation controls (Australia Group);
- 3) All dual-use items subject to missile-proliferation controls (Missile Technology Control Regime);

- 4) All items subject to nuclear weapons-proliferation controls (Nuclear Referral List); and
- 5) All military-related items (items controlled by Commerce Control List (CCL) entries ending with the number 18).

B. Pursuant to Section 6(a) of the Act, the United States requires a license for the categories of items listed below for Iran, Sudan, and Syria to promote U.S. foreign policy goals. Sudan (as of November 4, 1997) and Iran are also subject to comprehensive trade and investment embargoes administered by the Department of the Treasury under the authority granted by the President under IEEPA.² The Department of State reviews license applications for items controlled under Section 6(a) of the Act before approval to determine whether the requirements of Section 6(j) apply. If the Secretary of State determines that the export "could make a significant contribution to the military potential of such country, including its military logistics capability, or could enhance the ability of such country to support acts of international terrorism," Commerce and State will notify the appropriate congressional committees thirty days before issuing a license. The categories of items controlled under Section 6(a) are as follows:

- o Categories of items listed in paragraph A to non-military or non-sensitive end-users
- o Aircraft, Including Helicopters, Engines and Parts
- o Heavy Duty On-Highway Tractors
- o Off-Highway Wheel Tractors (>10 tons)
- o Cryptographic, Cryptoanalytic and Cryptologic Equipment
- o Navigation, Direction Finding and Radar Equipment
- o Electronic Test Equipment
- o Mobile Communications Equipment
- o Acoustic Underwater Detection Equipment
- o Vessels and Boats (Including Inflatable Boats)
- o Marine and Submarine Engines
- o Underwater Photographic Equipment
- o Submersible Systems
- o CNC Machine Tools
- o Vibration Test Equipment
- o Certain Digital Computers (CTP \geq 6)
- o Certain Telecommunications Transmission Equipment
- o Certain Microprocessors (Clock Speed >25 Mhz)
- o Certain Semiconductor Manufacturing Equipment
- o Software Specially Designed for CAD/CAM IC Production
- o Packet Switches
- o Software Specially Designed for Air Traffic Control Applications
- o Gravity Meters (Static Accuracy <100 Microgal or with Quartz Element)
- o Certain Magnetometers with Sensitivity <1.0 nt rms per root Hertz
- o Certain Fluorocarbon Compounds for Cooling Fluids for Radar and Supercomputers

- o High-Strength Organic and Inorganic Fibers
 - o Certain Machines for Gear-Cutting (Up to 1.25 Meters)
 - o Certain Aircraft Skin and Spar Milling Machines
 - o Certain Manual Dimensional Inspection Machines (Linear Positioning Accuracy $\pm 3+L/300$)
 - o Robots Employing Feedback Information in Real Time
 - o Explosive device detectors, used in airports
- C. Exports of the following additional items to Iran and Sudan are subject to a license requirement under the Export Administration Regulations (EAR) for foreign policy reasons:
- o Large Diesel Engines (>400 hp)
 - o Scuba Gear
 - o Pressurized Aircraft Breathing Equipment
- D. Exports of the following additional items to Iran are subject to a license requirement under the EAR for foreign policy reasons:
- o Portable Electric Power Generators
- E. Licensing Policy
1. The United States has a policy of denial for all items controlled for national security or foreign policy reasons that require a license for export to Iran. All exports and certain specified reexports are also subject to the comprehensive trade and investment embargo, which the Department of the Treasury administers.
 2. Pursuant to Executive Order 13067 of November 3, 1997 (effective November 4, 1997), exports from the United States or by U.S. persons to Sudan are subject to comprehensive trade restrictions administered by the Department of the Treasury. Commerce maintains in effect all restrictions on exports controlled to Sudan for national security, foreign policy or short supply reasons.³
 3. Commerce will generally deny applications for export to Syria of national security-controlled items if the export is destined to a military or other sensitive end-user or end-use. Commerce will consider applications for other end-users or end-uses in Syria on a case-by-case basis.
 4. Commerce will generally deny all items subject to chemical and biological weapons (CBW) proliferation controls proposed for export to Syria.
 5. Commerce will generally deny all items subject to missile technology controls proposed

for export to Syria.

6. Commerce will generally deny applications for export to Syria of military-related items (CCL entries ending in the number 18).

7. Commerce will generally deny applications to export Nuclear Referral List items to Syria. Commerce will consider application for export to civilian end-users on a case-by-case basis.

8. There is a presumption of denial for applications for export to military end-users and end-users in Syria of other items. For other end-users and end-uses in Syria, Commerce will review license applications on a case-by-case basis.

9. Commerce will consider applications for export and reexport to Syria on a case-by-case basis if they meet the following conditions:

a. the transaction involves the reexport to Syria of items where Syria was not the intended ultimate destination at the time of original export from the United States, provided that the export from the United States occurred prior to the applicable contract sanctity date;

b. the U.S. content value of foreign-produced commodities is 20 percent or less; or

c. the commodities are medical equipment.

10. Applicants wishing to have contract sanctity considered in reviewing their applications must submit adequate documentation demonstrating the existence of a contract that predates the imposition or expansion of controls on the item(s) intended for export.

Analysis of Control as Required by Section 6(f) of The Act

A. The Purpose of the Control

The controls effectively distance the United States from nations that have repeatedly supported acts of international terrorism. The controls enable the Department of Commerce to use its enforcement mechanisms and resources to further the U.S. policy of counterterrorism. Further, the controls demonstrate the firm resolve of the United States not to conduct unrestricted export trade with nations that do not adhere to acceptable norms of international behavior. The licensing mechanism provides the Department with the means to control any U.S. goods or services that might significantly contribute to the military potential of designated countries and to limit the availability of such goods for use in support of international terrorism.

Iran. These controls respond to continued Iranian sponsorship of terrorism. The purposes of the controls are to restrict equipment that would be useful in enhancing Iran's military or

terrorist-supporting capabilities, and to address other U.S. foreign policy concerns, including human rights, non-proliferation and regional stability.

The controls also allow the United States to prevent shipments of U.S.-origin equipment for uses that could pose a direct threat to U.S. interests. Iran continues to support groups that practice terrorism, including terrorism to disrupt the Middle East Peace Process, and it continues to kill Iranian dissidents abroad. By restricting items with military use, the controls demonstrate the resolve of the United States not to provide any direct or indirect military support for Iran and support other U.S. foreign policy concerns.

Syria. Although there is no evidence of direct Syrian Government involvement in the planning or implementing of terrorist acts since 1986, Syria continues to provide support and safe haven to groups that engage in terrorism. The groups include the Popular Front for the Liberation of Palestine General Command; Hamas; Hizballah; the Abu Nidal Organization; the Popular Front for the Liberation of Palestine; the Democratic Front for the Liberation of Palestine; the Japanese Red Army; the Kurdistan Workers Party (PKK); DHKP/C (formerly known as Dev Sol); and the Palestinian Islamic Jihad. The trade controls reflect U.S. opposition to Syria's support and safe-haven to terrorist groups and prevent a significant U.S. contribution to Syria's military capabilities.

Sudan. Evidence indicates that Sudan allows the use of its territory as sanctuary for terrorists including the Abu Nidal Organization, Hizballah, Hamas and Palestinian Islamic Jihad. Safe houses and other facilities used to support radical groups are allowed to exist in Sudan with the apparent approval of the Sudanese Government's leadership. Further, some military extremists who commit acts of sabotage in neighboring countries receive training in Sudan. The new embargo and the export controls demonstrate U.S. opposition to Sudan's support for international terrorism, while restricting access to items that could make a significant contribution to Sudan's military capability or ability to support international terrorism.

B. Considerations and/or Determinations of the Secretary of Commerce⁴

1. Probability of Achieving the Intended Foreign Policy Purpose. Although foreign availability of comparable goods limits the economic effects of these controls, they do restrict access by these countries and persons to U.S.-origin commodities, technology and software, and demonstrate the determination of the United States to oppose and distance itself from acts of international terrorism. Judicious application of export controls in conjunction with other efforts serves to enhance the overall U.S. effort to combat international terrorism.

In extending controls toward Iran, Syria and Sudan, the Secretary has determined that they are likely to achieve the intended foreign policy purpose, despite such other factors as the foreign availability of comparable items.

Iran. The controls on Iran restrict its access to specified items of U.S.-origin that could

be used to threaten U.S. interests. The United States has sought, and will continue to seek, the cooperation of other countries in cutting off the flow of military and military-related equipment to Iran.

Sudan. The embargo and controls on Sudan affirm the commitment of the United States to oppose international terrorism by limiting Sudan's ability to obtain and use U.S.-origin items in support of terrorist or military activity. These controls send a clear message to Sudan of strong U.S. opposition to its support for terrorist groups.

Syria. These controls are an important means of demonstrating U.S. resolve by limiting Syria's ability to obtain U.S.-origin items that could be used to support terrorist activities or contribute significantly to Syria's military potential. Although other nations produce many of the items subject to U.S. anti-terrorism controls, this does not obviate the need to send a strong signal to the Syrian Government of U.S. disapproval of its support for groups involved in terrorism.

2. Compatibility with Foreign Policy Objectives. In extending these controls, the Secretary determined that they are compatible with the foreign policy objectives of the United States toward nations and persons who support terrorism. They are also compatible with overall U.S. policy toward Iran, Sudan and Syria. In addition, the controls are consistent with U.S. efforts to restrict the flow of items that could be used for military or terrorist purposes.

3. Reaction of Other Countries. Some nations have raised objections to the perceived extraterritorial reach of U.S. foreign policy export controls. However, the United States seeks to limit the extraterritorial effects of these controls to minimize frictions with friendly countries. The Department of State revises the list of countries designated as supporters of international terrorism whenever a country's record warrants its removal from, or addition to, the list. In 1982, Iraq was removed while Cuba was added. Iran was added in 1984 and North Korea in 1988. In 1990, Iraq was returned to the list and the former People's Democratic Republic of Yemen (PDRY) was removed following its unification with the Yemen Arab Republic. Sudan was added in 1993. The United States applies controls after a careful review of each country's record regarding support for repeated acts of international terrorism.

The reaction of other countries to the extension of the controls on Iran, Syria and Sudan is not likely to render the controls ineffective in achieving their intended foreign policy purpose, or to be counterproductive to U.S. foreign policy interests.

Iran. Regarding the controls on specific product categories, other countries share the U.S. concern over Iran's support of terrorism, human rights abuses, attempts to acquire weapons of mass destruction, and the need to deny Iran access to equipment that it could use to threaten neutral shipping. The thirty-three members of the Wassenaar Arrangement on Conventional Arms and Dual-Use Goods and Technologies (including the United States) have recognized Iran as a country whose behavior is a cause of concern.

Sudan. The United States imposed these controls (and the subsequent embargo) in response to credible evidence that Sudan assists international terrorist groups. The U.S. decision to designate Sudan a state sponsor of terrorism reflects an assessment of the facts and U.S. law. The President imposed the embargo after finding that Sudan continues to support international terrorism, destabilize neighboring governments and violate human rights. The United States has consulted with key allies and urged them to take all possible measures to convince Sudan to halt its support for terrorism. Some countries show their disapproval of Sudan's support for terrorism in other ways. For example, the Organization of African Unity (OAU), in an unprecedented action criticizing a member, passed a resolution in September 1995 calling on Sudan to extradite to Ethiopia three suspects charged with the June 1995 assassination attempt against President Mubarak of Egypt. In 1996, the United Nations Security Council adopted three resolutions reaffirming the OAU resolution, calling on Sudan to desist from supporting terrorism, and imposing diplomatic and travel sanctions.

Syria. The United States maintains controls in response to Syria's lack of concrete steps against international terrorist groups that maintain a presence in Syria and Syrian-controlled areas of Lebanon. Some countries have objected to the perceived extraterritorial effects inherent in reexport controls.

The United States instituted controls against Syria after the Secretary of State designated it as a state sponsor of terrorism in December 1979. The United States imposed additional export controls along with other sanctions in November 1986, following findings of British courts that Syrian officials in London and Damascus aided and abetted a terrorist, Nizar Hindawi, in his attempt to place a bomb on an El Al civilian aircraft at London's Heathrow Airport. In November 1986, in reaction to the same court findings, the European Union (EU), with the exception of Greece, imposed a number of diplomatic and security sanctions against Syria. The United Kingdom also broke diplomatic relations with Syria at that time, but reestablished relations in November 1990. The United States has provided EU countries with specific information on the purpose and scope of U.S. economic sanctions.

4. Economic Impact on United States Industry.

Iran. The U.S. policy to deny dual-use licenses for Iran, as mandated by the National Defense Authorization Act (NDAA) of FY1993, and the U.S. embargo of 1995, have caused U.S. exports to Iran to drop sharply, although the United States had only a small share of Iran's import market in prior years. From 1991 through 1994, U.S. exports to Iran totaled close to \$2.2 billion (total derived from U.S. Census data), making the United States the sixth largest exporter (by dollar value) to Iran during this period. U.S. exports to Iran rose sharply in the early 1990s after Iran lifted certain import restrictions. From a total of only \$166 million in 1990, U.S. exports to Iran increased to \$522 million in 1991 and rose to \$744 million in 1992. U.S. exports to Iran during 1993 dropped slightly to \$613 million. After enactment of the NDAA, however, U.S. exports to Iran declined to \$326 million in 1994. However, even in 1992 when exports to Iran were high, these exports comprised only 0.175% of total U.S. exports worldwide. In 1995, that

percentage dropped to 0.05%. By 1996, the first full year of the embargo, U.S. exports to Iran totaled only \$345,000. Although exports to Iran had never represented a significant share of total U.S. exports, by 1996 U.S. exports to Iran had declined by more than 99.95% from 1992 levels.

The denial policy of the NDAA of FY 1993 appears to have reduced U.S. exports to Iran by between \$200 million and \$300 million per year. Total U.S. exports to Iran averaged \$626 million per year from 1991 through 1993, but only \$302 million per year for 1994 and 1995. This decline reflects the fact that Commerce approved no applications for exports to Iran in FY 1995 or FY 1996. Even the five applications for Iran that Commerce approved in FY 1997 were not for actual exports to Iran, but involved “deemed exports” (i.e., transfers of controlled U.S. technology to Iranian nationals working in the United States). In contrast, during the four fiscal years prior to FY 1995 (i.e., FY 1991-94), Commerce approved an average of \$177 million in applications to Iran each year. Table 1 shows the impact of the NDAA of FY 1993.

Table 1: Approved Applications to Iran (FY 1991-97)

Fiscal Year	Number of Applications	Total Value in U.S. Dollars
1991	89	\$ 60,149,182
1992	131	\$567,559,528
1993	44	\$ 63,834,952
1994	10	\$ 16,774,377
1995	0	\$0
1996	0	\$0
1997	5	\$19

By 1996, U.S. exports to Iran had fallen to only \$345,000. During that year, the top U.S. exports to Iran were completely different from the top export categories of previous years (see Table 2). Most of the items the United States exported to Iran in 1996 were humanitarian goods. The trade embargo radically transformed the nature, as well as the volume, of U.S. trade with Iran. The items the United States now exports to Iran closely resemble those exported to other embargoed countries such as Cuba and North Korea.

Table 2: Top U.S. Exports to Iran (1996)

S.I.C. Number	Description of Goods	Total Value (U.S. dollars)
2731	Books and pamphlets	\$272,000
2834	Pharmaceutical preparations	\$19,000
3089	Plastics products	\$14,000
3523	Farm machinery and equipment	\$13,000
2752	Printed matter, lithographic	\$12,000
2835	Prepared diagnostic substances	\$11,000
2676	Sanitary paper products	\$5,000

The humanitarian items listed in Table 2 (above) also constitute nearly 100% of total U.S. exports to Iran during 1996. This lack of diversity sharply contrasts with previous U.S. trade with Iran, where the leading U.S. export categories in the years from 1991 through 1995 represented 61.3% of total U.S. exports to Iran.

According to foreign trade statistics available from the United Nations, the leading exporters to Iran among the world's major industrial nations from 1990 through 1995 (the most recent period for which such data are available) include the following countries (listed in descending order according to their total exports to Iran from 1990-95): Germany, Japan, Italy, France, the United Kingdom, the United States, Turkey, the Netherlands, Belgium/Luxembourg, South Korea and Sweden. During this period, the United States exported nearly \$2.6 billion to Iran, which represented only 5% of Iran's imports. The other ten countries exported more than \$52 billion in goods to Iran from 1990 through 1995. Table 3 lists the leading categories of goods exported to Iran by the other major industrial nations (excluding the United States). These categories contain roughly 70 percent of the goods exported from the major industrial nations (excluding the United States) to Iran during this period.

Table 3: Top Exports to Iran by Major Industrial Nations (1990-95)

S.I.T.C.	Description of Goods	Total Value (U.S. dollars)
74	General industrial machinery & equipment	\$6.29 billion
78	Road vehicles	\$5.55 billion

S.I.T.C.	Description of Goods	Total Value (U.S. dollars)
72	Machinery specialized for particular applications	\$5.23 billion
67	Iron & steel	\$4.70 billion
77	Electrical machinery	\$3.99 billion
71	Power generating machinery	\$3.33 billion
76	Telecommunications, sound recording & reproduction equipment	\$2.27 billion
69	Manufactures of metals	\$1.63 billion
73	Metalworking machinery	\$1.62 billion
87	Professional scientific & control instruments	\$1.52 billion
75	Office & automated data processing machines	\$0.53 billion

(NOTE: Table 3 does not include 1995 U.N. foreign trade statistics for exports to Iran from South Korea and Sweden. These data were not available at the time of publication.)

Prior to the U.S. embargo on Iran, the United States directly competed with Iran's other major trading partners in such areas as general industrial machinery, motor vehicles and motor vehicle parts, power generating machinery, measuring and controlling devices, and electronic computers. This was also true of other categories of items not listed in Table 3, such as plastics and resins, transportation equipment, and industrial organic chemicals. By 1996, the first full year of the U.S. trade embargo on Iran, U.S. exports to Iran in nearly all of these categories had fallen to virtually zero.

Syria. U.S. controls on exports to Syria have had limited effect on U.S. industry, since the United States does not require a license for the export of most items in Syria's leading import sectors. Despite recent setbacks to Syria's economy, including reduced oil revenues, a heavy public debt burden, and domestic financial and economic difficulties, the government's limited economic reforms and infrastructure improvements of the early 1990s have enhanced the country's potential as a market for U.S. exports. Exports to Syria of agricultural products, various goods and services related to the development of Syria's oil fields, capital goods to rehabilitate its public utilities and state enterprises, light industrial equipment, transportation equipment, and computers offer the most potential to exporters..

Most of the leading U.S. exports to Syria (by dollar value) are concentrated in certain low technology areas (e.g., agricultural products and cigarettes) that are not affected by U.S. foreign policy controls and do not require a license for export or reexport to Syria, or are in areas where the United States has historically dominated the world market (e.g., oil and gas field equipment). Table 4 lists the U.S. exports to Syria that exceeded \$10 million during the period from 1991 through 1996.

Table 4: Top U.S. Exports to Syria (1991-1996)

S.I.C. Number	Description of Goods	Total Value (U.S. dollars)
3533	Oil & gas field equipment	\$264.8 million
0115	Corn	\$118.2 million
2111	Cigarettes	\$81.4 million
3569	General industrial machinery and equipment	\$38.4 million
3511	Turbine & turbine generator sets	\$35.9 million
2075	Soybean oil & byproducts	\$29.9 million
3711	Motor vehicles & passenger car bodies	\$29.6 million
2284	Thread & handwork yarns	\$24.7 million
2824	Manmade fibers (noncellulosic)	\$24.6 million
3312	Blast furnace, steel works, & rolling mill products	\$21.4 million
3531	Construction machinery and parts therefor	\$17.1 million
3714	Motor vehicle parts & accessories	\$15.2 million
3561	Pumps & pumping equipment (except fluid power pumps)	\$13.2 million
3357	Nonferrous metal wire & cable (drawn & insulated)	\$12.9 million

S.I.C. Number	Description of Goods	Total Value (U.S. dollars)
0181	Ornamental floriculture & nursery products	\$11.9 million
3829	Measuring & controlling devices	\$11.6 million
3532	Mining machinery & equipment	\$11.2 million

From 1991 through 1996, U.S. exports to Syria totaled \$1.2 billion (total derived from U.S. Census data), averaging roughly \$199.8 million per year and falling within a range between \$166 million and \$223 million per year. While total U.S. exports to Syria have remained relatively stable in recent years, with only incremental increases in total exports to Syria for every year following 1992, the value of licensed exports to Syria has increased significantly during the last three years. In FY 1997, Commerce approved 100 licenses for Syria, totaling \$107,003,346. As shown in Table 5, these figures represent a significant increase over FY 1991, when only eight licenses were approved with a total value of \$1,041,504.

Table 5: Approved Licenses for Syria (FY 1991 to FY 1997)

Fiscal Year	Total Applications Approved	Total Value (in U.S. dollars)
1991	8	\$1,041,504
1992	31	\$46,366,527
1993	106	\$42,896,103
1994	167	\$76,379,096
1995	139	\$68,298,135
1996	80	\$81,006,877
1997	100	\$107,003,346

The majority of items that the Bureau of Export Administration (BXA) licensed for export to Syria during the period covered by Table 4 fall within the categories of aircraft parts and components, digital computers, and certain electronic devices controlled only for foreign policy reasons. BXA denied 50 applications for Syria from FY 1991 through FY 1997; these applica-

tions had a total value of \$29.76 million.

The U.S. decision to grant export licenses for the export of aircraft parts and components and aircraft engine parts and components to Syria for air safety and humanitarian reasons has led to an increase in U.S. aerospace exports to Syria. Aerospace exports to Syria rose steadily from 1991 through 1995 (from \$834,351 in 1991 to more than \$3.7 million in 1995). The majority of these exports (70.9%) consisted of miscellaneous aircraft parts and equipment. U.S. exports of aircraft engine parts to Syria from 1991 through 1995 totaled almost \$2.5 million, or slightly more than 27% of total U.S. aerospace exports to Syria during this period, while exports of avionics equipment totaled only \$194,307 (just 2.1% of total U.S. aerospace exports to Syria). However, U.S. Census data indicate that total U.S. aerospace exports to Syria declined from more than \$3.7 million in 1995 to only \$2.35 million in 1996. In 1996, miscellaneous aircraft parts and equipment dominated U.S. aerospace exports to Syria (\$2.14 million, or 90.8% of total U.S. aerospace exports to Syria), while exports of aircraft engine parts totaled \$134,000 (5.7% of total U.S. aerospace exports to Syria) and exports of avionics equipment totaled only \$81,000 (3.4% of total U.S. aerospace exports to Syria).

Sudan. Given the desperate state of Sudan's economy, U.S. unilateral export sanctions on Sudan will have minor effects on U.S. industry. Sudan's poor economic performance over the past decade, resulting from civil war, adverse weather and a ban on International Monetary Fund assistance, prevents the country from importing a significant amount of goods from any supplier, including the United States. Before the President imposed the U.S. embargo on Sudan, effective November 4, 1997, the little amount that Sudan imported from the United States generally did not require export licenses and thus was hardly affected by the export controls.

Table 6, below, lists the top categories of U.S. exports to Sudan (those exceeding \$6 million during the period from 1991 through 1996). Most leading U.S. exports to Sudan (by dollar value) were low technology items, such as agricultural products, which U.S. foreign policy controls do not cover, and thus did not require a license for export or reexport to Sudan.

Table 6: Top U.S. Exports to Sudan (1991-1996)

S.I.C. Number	Description of Goods	Total Value (U.S. dollars)
0119	Cash grains (unspecified)	\$59.8 million
0111	Wheat	\$41.8 million
2041	Flour & other grain mill products	\$23.8 million
3523	Farm machinery & equipment	\$19.3 million
3533	Oil & gas field equipment	\$15.1 million

S.I.C. Number	Description of Goods	Total Value (U.S. dollars)
3743	Railroad equipment	\$15.0 million
3531	Construction machinery	\$14.4 million
2079	Shortening, table oils, etc.	\$13.5 million
3585	Refrigeration & heating equipment	\$11.2 million
3711	Motor vehicles & passenger car bodies	\$9.5 million
3621	Electric motors, generators, generator sets, etc.	\$8.4 million
3661	Telephone & telegraph apparatus & parts	\$7.2 million
3663	Radio, television, broadcast & studio equipment	\$7.1 million
3519	Internal combustion engines	\$7.0 million
3571	Electronic computers	\$6.3 million

U.S. exports to Sudan from 1991 through 1996 totaled \$343.8 million, accounting for only 0.01% of total U.S. exports during this period. Because most U.S. exports to Sudan are not high technology items, the implementation of anti-terrorism controls on exports to Sudan in 1996 did not significantly affect the volume of exports. Total U.S. exports to Sudan have, in fact, remained fairly stable since 1992, averaging a little over \$50 million per year and remaining within a range of \$43 million to \$54 million per year. The United States was the fifth largest exporter to Sudan in the first half of the 1990s.

The total number of export licenses issued for Sudan has been practically negligible during the past several years, since low technology items which did not require export licenses prior to the issuance of Executive Order 13067 on November 3, 1997, constituted the bulk of U.S. exports to Sudan. BXA issued as many export licenses for Sudan during FY 1997 (10 licenses, worth \$7,095,973) as it did during the previous five fiscal years (FY 1992 through 1996), when it approved ten licenses, worth \$5,976,017.

Table 7: Approved Licenses for Sudan (FY 1992 to FY 1997)

Fiscal Year	Total Applications Approved	Total Value (in U.S. dollars)
1992	1	\$25
1993	2	\$5,404,000
1994	0	\$0
1995	0	\$0
1996	7	\$571,992
1997	10	\$7,095,973

BXA issued twenty export licenses for Sudan (worth \$13,071,990) from 1992 to 1997. The majority of these licenses were for computers, computer software, mobile communications equipment, and diesel engines. During the same period, BXA rejected 13 export license applications for Sudan, worth more than \$4.3 million. Most of these denials occurred in FY 1997, when BXA rejected nine export license applications for Sudan, having a total value of almost \$3.2 million. The majority of the denied items were oil well perforators, computers, mobile communications equipment, or diesel engines.

With the imposition of the U.S. embargo on Sudan, effective November 4, 1997, future U.S. exports to Sudan will likely consist of the kinds of humanitarian goods that currently comprise the bulk of U.S. exports to Cuba and North Korea.

5. Enforcement of Control. In extending these anti-terrorism controls on Iran, Sudan and Syria, the Secretary has determined that the United States has the ability to enforce the controls. Specific enforcement problems with these controls involve exports and reexports of aircraft and parts. The fact that aircraft and parts are not controlled to most other countries, including to many in the region, creates the potential of shipments from other sources by means of reexport.

Iran. The expansion of controls on exports to Iran in 1987 imposed new licensing requirements on a large number of items that may be sent to most other destinations without a license or using a licensing exception, including some aircraft items and "consumer" goods that have many producers and end-users around the world. Detection and enforcement cooperation and control of reexports may be particularly difficult with respect to these items. However, enforcement of the controls on direct exports to Iran is aided by the general negative public perception of Iran.

Sudan. Controls on Sudan have not caused major enforcement problems. The United States has a limited number of direct exports and reexports of controlled items to Sudan. Any enforcement problems would likely be in the area of enforcement cooperation and control over

reexports since most other countries have not imposed controls comparable to those imposed by the United States.

Syria. Few enforcement problems have been identified for the direct export of controlled items to Syria. The problems that are most likely to occur will be in the area of enforcement cooperation and control over reexports, particularly for items that are available to many destinations under a general license.

C. Consultation with Industry

The Commerce Department received no specific responses on anti-terrorism controls to its request for public comments published in the *Federal Register*.

However, Commerce has received comments from the President's Export Council and the Regulations and Procedures Technical Advisory Committee regarding streamlining the Commerce Control List unilateral anti-terrorism entries.

D. Consultation with Other Countries

The United States continues to consult with the international community, particularly key allies, regarding Syria's support for terrorism.

The United States has also consulted with other nations regarding Sudan's support for terrorism, as well as its dismal human rights record and the need for better Sudanese cooperation on humanitarian relief efforts by international organizations operating within Sudan. Specific information has been provided to interested countries on the justification for designating Sudan a state sponsor of terrorism while urging them to do what they can to influence Sudan's behavior favorably.

E. Alternative Means

In efforts to persuade countries supporting terrorism to drop their backing for terrorist activities, the United States has taken a wide range of diplomatic, political, and security-related steps, in addition to economic measures such as export controls. The exact combination has varied according to circumstances and judgments as to the best approaches at a particular time.

The President imposed the November 4, 1997, embargo on Sudan after finding that Sudan continues to support international terrorism, destabilize neighboring governments and violate human rights. The prior anti-terrorism controls on Sudan generally reflected the concerns that led to the U.S. decision to place it on the terrorism list, including the use of Sudanese territory as a sanctuary for terrorist organizations and the training in Sudan of militant extremists who commit hostile acts in neighboring countries. Those controls made allowances for Sudan's humanitarian needs and generally focussed on items that could reasonably make a significant contribution to

Sudan's military capability or ability to support terrorism.

The Syrian Government consistently disavows any involvement with acts of international terrorism, despite evidence of direct past Syrian involvement. There is no evidence that Syrian officials have been directly involved in planning or executing terrorist attacks since 1986. Syria's involvement centers on its support for, and its providing safe haven to, groups which engage in terrorism. Maintaining these controls is an appropriate way to remind Syria of its obligations to act against terrorist elements whenever it has the capability to do so.

F. Foreign Availability

The foreign availability provision does not apply to items determined by the Secretary of State to require control under Section 6(j) of the Act.⁵ Cognizant of the value of such controls in emphasizing the U.S. position toward countries supporting international terrorism, Congress specifically excluded them from foreign availability assessments otherwise required by the Act. However, the Department has considered the foreign availability of the items controlled to terrorist-designated countries under Section 6(a). For Syria and Iran, there are numerous foreign sources for commodities similar to those subject to these controls. While most of Sudan's imports are low-technology items for which foreign sources exist, the poor health of Sudan's economy--and thus its inability to import these goods--makes foreign availability less of an issue.

ENDNOTES

1. *The Department of Commerce requires a license under Section 6(a) of the Act for all computers going to Iran, Sudan or Syria with a CTP of 6 MTOPS or above.*
2. *The scope of the embargo as pertains to reexports to Sudan has not been determined as of the submission of this report.*
3. *Until the President issued Executive Order 13067, which imposed an embargo on Sudan as of November 4, 1997, the licensing policy outlined in items 4 through 10 also applied to Sudan.*
4. *See endnotes 1 and 2 in Chapter 1 of this report.*
5. *Provisions pertaining to foreign availability do not apply to export controls in effect before July 12, 1985, under sections 6(i) (International Obligations), 6(j) (Countries Supporting International Terrorism), and 6(n) (Crime Control Instruments). See the Export Administration Amendments Act of 1985, Public Law No. 99-64, section 108(g)(2), 99 Stat. 120, 134-35. Moreover, sections 6(i), 6(j), and 6(n) require that controls be implemented under certain conditions without consideration of foreign availability..*