An Overview of the Taliban (Afghanistan) Sanctions Regulations --
Title 31 Part 545 of the U.S. Code of Federal Regulations

INTRODUCTION - On July 4, 1999, after finding that the policies and
devices of the Taliban in Afghanistan, in allowing territory under its control
to be used as a safe haven and base of operations for Usama bin Ladin and
the Al-Qaeda organization who had committed and threatened to continue
to commit acts of violence against the United States and its nationals,
constituted an unusual and extraordinary threat to the national security and
foreign policy of the United States, President Clinton issued Executive
Order No. 13129, declaring a national emergency to deal with that threat.
The order, issued under the authority of International Emergency Eco-
nomic Powers Act (50 U.S.C. 1701-1706) (“IEEPA”), the National Emer-
gencies Act (50 U.S.C. 1601 et seq.) and section 301 of title 3, United
States Code, imposed an asset freeze against the Taliban, and prohibited
trade with the Taliban or involving the territory of Afghanistan controlled by
the Taliban. The Taliban (Afghanistan) Sanctions Regulations, 31 C.F.R.
Part 545 (the “Regulations”) implement Executive Order No. 13129.

For the purposes of this fact sheet, the term “the Taliban” includes: (1) the
political/military entity headquartered in Kandahar, Afghanistan that as of
October 21, 1999, exercised de facto control over Kandahar, Farah,
Helmund, Nimruz, Herat, Badghis, Ghor, Oruzghon, Zabol, Paktika,
Ghazni, Nangarhar, Lowgar, Vardan, Faryab, Jowlan, Balkh, Paktika, and
Kabul; (2) its agencies and instrumentalities; (3) associated blocked per-
sons, as determined by the U.S. Department of the Treasury and published
in the Federal Register, and listed on OFAC’s list of “Specially Designated
Nationals and Blocked Persons” (“the SDN List”).

Criminal penalties for violating the Regulations range up to 10 years in jail
and $50,000 in fines. In addition, civil penalties of up to $11,000 per
violation may be imposed administratively.

This fact sheet is a broad overview of the Regulations.

IMPORTS FROM AFGHANISTAN - The importation into the United
States of any goods, software, technology or services owned or controlled
by the Taliban, or from the territory of Afghanistan controlled by the Taliban
is prohibited. Exceptions include: (1) certain gifts; (2) accompanied
baggage normally incident to travel; (3) household and personal effects; (4)
goods, software, or technology exported from the territory of Afghanistan
controlled by the Taliban prior to July 6, 1999; (5) certain imports for
diplomatic or official personnel; (6) information or informational materials;
and (7) goods containing raw materials or components originating in the
territory of Afghanistan controlled by the Taliban if those raw materials or
components have been incorporated into manufactured products or other-
wise substantially transformed in a third country. All other imports from the
Taliban, or from the territory of Afghanistan controlled by the Taliban, must
be authorized by the Office of Foreign Assets Control.

EXPORTS TO AFGHANISTAN - The exportation, reexportation, sale,
or supply, directly or indirectly, from the United States, or by a U.S. person,
wherever located, of any goods, software, technology (including technical
data), or services to the territory of Afghanistan controlled by the Taliban
or to the Taliban is prohibited. Exceptions include information or informa-
tional materials, accompanied baggage normally incident to travel, and
donated articles intended to relieve human suffering, such as food, clothing
and medicine.

TRADE-RELATED TRANSACTIONS - Any transaction or dealing by
a United States person, wherever located, in goods, software, technology
(including technical data), or services, regardless of country of origin, for
exportation, reexportation, sale, or supply to, or exportation from or by, the
territory of Afghanistan controlled by the Taliban, or the Taliban, is prohib-
ited. This prohibition includes purchase, sale, transport, swap, or broker-
age transactions in such items, and approving financing, insuring, facilitat-
ing, or guaranteeing any such transactions. For example, no U.S. bank,
including its foreign branches, may finance, or arrange offshore financing
for, third-country trade transactions where the territory of Afghanistan
controlled by the Taliban is known to be the ultimate destination of, or a
leader of the Taliban or an associated blocked person is the purchaser of,
the goods. U.S. individuals or organizations who violate the Regulations
by transacting business with the Taliban may be subject to civil or criminal
prosecution.

TRANSACTIONS INVOLVING BLOCKED PROPERTY - U.S. indi-
viduals and organizations (or “U.S. persons”) are prohibited from transact-

ing business with the Taliban, and all of their property in the United States
or in the possession or control of a U.S. person is blocked. All transfers of
blocked property must be authorized by the OFAC. Any unlicensed funds
transfer involving a direct or indirect interest of the Taliban for which banks
subject to U.S. jurisdiction receive instructions must be deposited into a
blocked account on the books of the bank receiving the instructions. Such
funds may not be returned to a remitter without a specific license from the
OFAC. No unlicensed debits may be made to blocked accounts to pay
obligations of U.S. or other persons, whether the obligations arose before or
after the sanctions against the Taliban were imposed. Setoffs against
blocked accounts are prohibited.

FINANCIAL DEALINGS WITH PERSONS IN THE TERRITORY OF
AFGHANISTAN CONTROLLED BY THE TALIBAN - As a rule, financial
dealings with the persons in the territory of Afghanistan controlled by the
Taliban are prohibited, including the performance by any U.S. person of
any contract, including a financing contract, in support of an industrial or
commercial project in the territory of Afghanistan controlled by the Taliban.
However, certain payments to or from the territory of Afghanistan controlled by the Taliban may not be prohibited, or may be authorized. United States financial institutions are authorized to process transfers of funds to or from the territory of Afghanistan controlled by the Taliban if the transfer is covered in full by any of the following conditions and does not involve debiting a blocked account on the books of a U.S. financial institution:

(a) The transfer arises from an underlying transaction that has been authorized by a specific license, general license, or nongovernmental organization’s registration number; or

(b) The transfer arises from an underlying transaction that is not prohibited by or that is exempted from the prohibitions of the Taliban (Afghanistan) Sanctions Regulations, such as a non-commercial personal remittance, or an exportation of information or informational materials.

With respect to transactions meeting either of these conditions, before a United States depository institution initiates a payment on behalf of any U.S. non-bank customer, or credits a transfer to the account on its books of the ultimate beneficiary, the United States depository institution must determine that the underlying transaction is not prohibited. To meet this requirement, a United States depository institution must either obtain a copy of the applicable specific license or nongovernmental organization’s registration number or obtain a certification from the customer or beneficiary confirming that the transaction is authorized by a general license or not prohibited by the Taliban (Afghanistan) Sanctions Regulations. Such a certification will not meet the requirements of this section if the United States depository institution knows or has reason to know that any part of the certification is false.

- NON-GOVERNMENTAL ORGANIZATIONS - Registration numbers may be issued by OFAC on a case-by-case basis to non-governmental organizations (“NGOs”) involved in humanitarian or religious activities in the territory of Afghanistan controlled by the Taliban. A registration number authorizes certain transactions by or on behalf of the registered NGO that would be otherwise prohibited, such as the exportation of goods or services, or the transfer of funds directly into Taliban-controlled areas of Afghanistan for the purpose of relieving human suffering. Applications for registration must include the following information:

Names of individuals and organizations should be provided in English, in the language of origin (or transliterated when not possible), and should include any acronym or other names used to identify the individuals or organizations:

(a) Organization name;
(b) Address and phone number of the organization’s headquarters location;
(c) Full name, nationality, citizenship, current country of residence, birth dates and places of birth for key staff at the organization’s headquarters, such as the chairman and board members, president, director, etc.;
(d) Identification of field offices or partner offices elsewhere, including addresses, phone numbers, and organizational names used, as well as the identification of the senior officer(s) at these locations, including their name, nationality, citizenship, position, and date of birth;
(e) Identification of subcontracting organizations, if any, to the extent known or contemplated at the time of the proposal;
(f) Existing sources of income, such as official grants, private endowments, commercial activities, etc.;
(g) Financial institutions that hold deposits on behalf of or extend lines of credit to the organization;
(h) Independent accounting firms (if employed in the production of the organization’s financial statements);
(i) Most recent official registry documents, annual reports, and annual filings with the local government, as applicable / available;
(j) Names and addresses of organizations that the applicant currently provides or proposes to provide funding, services or material support to, as applicable;
(k) A detailed description of the organization’s humanitarian or religious activities and projects in the territory of Afghanistan controlled by the Taliban.

Registrants conducting transactions for their (Taliban-controlled) Afghanist an operations should reference their registration number on all funds transfer, purchase, shipping, and financing documents. Registration numbers are valid for three years, and OFAC records must be updated with any changes to (a) - (j) that take place within the three-year period.

If you have information regarding possible violations of any of these regulations, please call the Treasury Department’s Office of Foreign Assets Control at 202/622-2430. Your call will be handled confidentially.

This document is explanatory only and does not have the force of law. Executive Order 13129 and implementing regulations and directives contain the legally binding provisions governing the sanctions against the Taliban. This document does not supplement or modify Executive Order 13129 or implementing regulations and directives.

The Treasury Department’s Office of Foreign Assets Control also administers sanctions programs involving Libya, Iraq, the Federal Republic of Yugoslavia (Serbia and Montenegro), the Republic of Serbia, Cuba, the National Union for the Total Independence of Angola (UNITA), North Korea, Iran, Syria, Sudan, Burma (Myanmar), Foreign Terrorist Organizations, designated terrorists and narcotics traffickers, and designated foreign persons who have engaged in activities related to the proliferation of weapons of mass destruction. For additional information about these programs or about sanctions against the Taliban, please contact the:

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