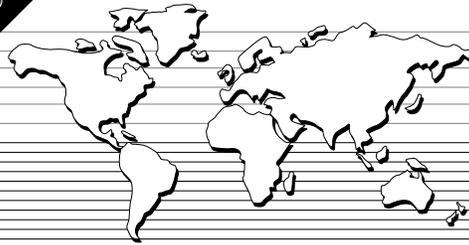




U.S. Department of the Treasury
Office of Foreign Assets Control



TALIBAN

What You Need to Know About U.S. Sanctions against the Taliban (in Afghanistan)

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 actions 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-Quaida 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 Economic Powers Act (50 U.S.C. 1701-1706) ("IEEPA"), the National Emergencies 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, Ghowr, Oruzghon, Zabol, Paktiha, Ghazni, Nangarhar, Lowgar, Vardan, Faryab, Jowlan, Balkh, Paktika, and Kabul; (2) its agencies and instrumentalities; (3) associated blocked persons, 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 importations 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 otherwise 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 informational 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 prohibited. This prohibition includes purchase, sale, transport, swap, or brokerage transactions in such items, and approving financing, insuring, facilitating, 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. individuals and organizations (or "U.S. persons") are prohibited from transacting 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) Afghanistan 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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