

**§ 575.403 Termination and acquisition of an interest of the Government of Iraq.**

(a) Whenever a transaction licensed or authorized by or pursuant to this part results in the transfer of property (including any property interest) from the Government of Iraq, such property shall no longer be deemed to be property in which the Government of Iraq has or has had an interest unless there exists in the property another such interest, the transfer of which has not been effected pursuant to license or other authorization.

(b) Unless otherwise specifically provided in a license or authorization issued pursuant to this part, if property (including any property interest) is transferred or attempted to be transferred to the Government of Iraq, such property shall be deemed to be property in which there exists an interest of the Government of Iraq.

**§ 575.404 Payments from blocked accounts to U.S. exporters and for other obligations prohibited.**

No debits may be made to a blocked account to pay obligations to U.S. persons or other persons, including payment for goods, technology or services exported prior to the effective date, except as authorized pursuant to this part.

**§ 575.405 Acquisition of instruments including bankers acceptances.**

No U.S. person may acquire or deal in any obligation, including bankers acceptances, where the documents evidencing the obligation indicate, or the U.S. person has actual knowledge, that the underlying transaction is in violation of §§ 575.201, 575.204, or 575.205. This interpretation does not apply to obligations arising from an underlying transaction licensed or otherwise authorized pursuant to this part.

**§ 575.406 Extensions of credits or loans to Iraq.**

(a) The prohibition in § 575.210 applies to the unlicensed renewal of credits or loans in existence on the effective date, whether by affirmative action or operation of law.

(b) The prohibition in § 575.210 applies to credits to loans extended in any currency.

**§ 575.407 Payments in connection with certain authorized transactions.**

Payments are authorized in connection with transactions authorized in or pursuant to subpart E.

**§ 575.408 Offshore transactions.**

(a) The prohibitions contained in §§ 575.201 and 575.206 apply to transactions by U.S. persons in locations outside the United States with respect to property in which the U.S. person knows, or has reason to know, that the Government of Iraq has or has had an interest since the effective date.

(b) Prohibited transactions include, but are not limited to, importation into locations outside the United States of, or dealings within such locations in, goods or services of Iraqi origin.

(c) *Examples.* (1) A U.S. person may not, within the United States or abroad, purchase, sell, finance, insure, transport, act as a broker for the sale or transport of, or otherwise deal in, Iraqi crude oil or petroleum products refined in Iraq.

(2) A U.S. person may not, within the United States or abroad, conduct transactions of any nature whatsoever with an entity that the U.S. person knows or has reason to know is an Iraqi Government entity unless the entity is licensed by the Office of Foreign Assets Control to conduct such transactions with U.S. persons.

**§ 575.409 Transshipments through the United States prohibited.**

(a) The prohibitions in § 575.205 apply to the importation into the United States, for transshipment or transit, of goods which are intended or destined for Iraq, or an entity operated from Iraq.

(b) The prohibitions in § 575.204 apply to the importation into the United States, for transshipment or transit, of goods of Iraqi origin which are intended or destined for third countries.

(c) Goods in which the Government of Iraq has an interest which are imported into or transshipped through

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the United States are blocked pursuant to § 575.201.

#### **§ 575.410 Imports of Iraqi goods from third countries; transshipments.**

Importation into the United States from third countries of goods, including refined petroleum products, containing raw materials or components of Iraqi origin is prohibited. In light of the universal prohibition in UNSC Resolution 661 on the importation of goods exported from Iraq or Kuwait after August 6, 1990, substantial transformation of Iraqi-origin goods in a third country does not exempt the third-country products from the prohibitions contained in this part.

#### **§ 575.411 Exports to third countries; transshipments.**

Exportation of goods or technology (including technical data and other information) from the United States to third countries is prohibited if the exporter knows, or has reason to know, that the goods or technology are intended for transshipment to Iraq (including passage through, or storage in, intermediate destinations). The exportation of goods and technology intended specifically for incorporation or substantial transformation into a third-country product is also prohibited if the particular product is to be used in Iraq, is being specifically manufactured to fill a Iraqi order, or if the manufacturer's sales of the particular product are predominantly to Iraq.

#### **§ 575.412 Release of Iraqi goods from bonded warehouse or foreign trade zone.**

Section 575.204 does not prohibit the release from a bonded warehouse or a foreign trade zone of goods of Iraqi origin imported into a bonded warehouse or a foreign trade zone either prior to the effective date or in a transaction authorized pursuant to this part after the effective date.

NOTE: Pursuant to § 575.201, property in which the Government of Iraq has an interest may not be released unless authorized or licensed by the Office of Foreign Assets Control.

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#### **§ 575.413 Goods intended for export to Iraq.**

The prohibitions contained in § 575.201 do not apply to goods manufactured, consigned, or destined for export to Iraq and not subject to § 575.517, if the Government of Iraq has never held or received title to such goods on or after the effective date, and if any payment received from the Government of Iraq with respect to such goods is placed in a blocked account in a U.S. financial institution pursuant to § 575.503. The prohibitions of § 575.205 apply to goods subject to this section.

#### **§ 575.414 Imports of Iraqi goods and purchases of goods from Iraq.**

The prohibitions contained in § 575.201 shall not apply to the importation of Iraqi-origin goods and services described in § 575.204 if the importation of such goods is permitted by an authorization or license issued pursuant to this part. However, any payments in connection with such importation are subject to the prohibitions contained in §§ 575.201 and 575.210.

#### **§ 575.415 Setoffs prohibited.**

A setoff against a blocked account, whether by a U.S. bank or other U.S. person, is a prohibited transfer under § 575.201 if effected after the effective date.

#### **§ 575.416 Travel transactions for journalistic activity in Iraq.**

(a) Section 575.207 does not prohibit travel transactions in Iraq by persons regularly employed in journalistic activity by recognized newsgathering organizations.

(b) For purposes of this part:

(1) A person is considered regularly employed as a journalist if he or she is employed in a constant or regular manner by a recognized newsgathering organization. Free-lance journalists should have an assignment from a recognized newsgathering organization requiring travel to Iraq, or be able to demonstrate that publication by a recognized newsgathering organization of a work requiring such travel is likely. The latter may be demonstrated by providing a resume listing previously-published free-lance works or copies of previously-published works.