There have been no amendments to the

Iranian Assets Control Regulations, 31 CFR

Part 535 (the ‘‘IACR’’), since my last report.

The Iran-United States Claims Tribunal

(the ‘‘Tribunal’’), established at The Hague

pursuant to the Algiers Accords, continues

to make progress in arbitrating the claims before

it. Since the period covered in my last

report, the Tribunal has rendered one award.

This brings the total number of awards rendered

by the Tribunal to 585, the majority

of which have been in favor of U.S. claimants.

As of March 31, 1998, the value of awards

to successful U.S. claimants paid from the

Security Account held by the NV Settlement

Bank was $2,480,897,381.53.

Since my last report, Iran has failed to replenish

the Security Account established by

the Algiers Accords to ensure payment of

awards to successful U.S. claimants. Thus,

since November 5, 1992, the Security Account

has continuously remained below the

$500 million balance required by the Algiers

Accords. As of March 31, 1998, the total

amount in the Security Account was

$125,888,588.35, and the total amount in the

Interest Account was $21,716,836.85. Therefore,

the United States continues to pursue

Case No. A/28, filed in September 1993, to

require Iran to meet its obligation under the

Algiers Accords to replenish the Security Account.

The United States also continues to pursue

Case No. A/29 to require Iran to meet its

obligation of timely payment of its equal

share of advances for Tribunal expenses

when directed to do so by the Tribunal. Iran

filed its Rejoinder in this case on February

9, 1998.

The Department of State continues to

respond to claims brought against the United

States by Iran, in coordination with concerned

government agencies.

On January 16, 1998, the United States

filed a major submission in Case No. B/1,

a case in which Iran seeks repayment for alleged

wrongful charges to Iran over the life

of its Foreign Military Sales (FMS) program,

including the cost of terminating the program.

The January filing primarily addressed

Iran’s allegation that its FMS Trust Fund

should have earned interest.

Under the February 22, 1996, settlement

agreement related to the Iran Air case before

the International Court of Justice and Iran’s

bank-related claims against the United States

before the Tribunal (see report of May 16,

1996), the Department of State has been

processing payments. As of March 31, 1998,

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the Department of State has authorized payment

to U.S. nationals totaling

$13,901,776.86 for 49 claims against Iranian

banks. The Department of State has also authorized

payments to surviving family members

of 220 Iranian victims of the aerial incident,

totaling $54,300,000.

During this reporting period, the full Tribunal

held a hearing in Case No. A/11 from

February 16 through 18. Case No. A/11 concerns

Iran’s allegations that the United States

violated its obligations under Point IV of the

Algiers Accords by failing to freeze and gather

information about property and assets purportedly

located in the United States and belonging

to the estate of the late Shah of Iran

or his close relatives.

U.S. nationals continue to pursue claims

against Iran at the Tribunal. Since my last

report, the Tribunal has issued an award in

one private claim. On March 5, 1998, Chamber

One issued an award in *George E. Davidson*

v. *Iran*, AWD No. 585–457–1, ordering

Iran to pay the claimant $227,556 plus interest

for Iran’s interference with the claimant’s

property rights in three buildings in Tehran.

The Tribunal dismissed the claimant’s claims

with regard to other property for lack of

proof. The claimant received $20,000 in arbitration

costs.

The situation reviewed above continues

to implicate important diplomatic, financial,

and legal interests of the United States and

its nationals and presents an unusual challenge

to the national security and foreign policy

of the United States. The Iranian Assets

Control Regulations issued pursuant to Executive

Order 12170 continue to play an important

role in structuring our relationship with

Iran and in enabling the United States to implement

properly the Algiers Accords. I shall

continue to exercise the powers at my disposal

to deal with these problems and will

continue to report periodically to the Congress

on significant developments.