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Daily Press Guidance

Friday
May 9, 1997

For Internal Use Only

Press Guidance

Friday, May 9, 1997

Domestic

1. Senator Bob Graham and the Agreement on Citrus (Foreign)
2. Don Baer/Ann Lewis (Staff)
3. Disaster Bill (Nat. Disaster)
4. Texas Welfare Plan (Welfare)
5. Dorothy Robyn/Long Beach Naval Station (military)
6. FDA/Gulf War (FDA)
7. EITC (IRS)
8. D.C. Cops Audit/Holder (IRS)
9. School Construction (Education)
10. Daschle Abortion Legislation (Abortion)
11. District of Columbia (D.C. Plan)

Foreign

1. Zaire
2. China
3. Korea
4. Russia/NIS
5. Visit to London
6. Fast Track
7. Encryption Exports
8. Cyprus Overflights

MIKE, DAVID, MARY ELLEN --

LEG. AFFAIRS WOULD VERY MUCH LIKE YOU TO TALK ABOUT SENATOR BOB GRAHAM'S EFFORTS TO HELP BRING ABOUT THE U.S.-MEXICAN AGREEMENT ON CITRUS FRUITS. (APPARENTLY, THERE WAS A SCREW-UP WHEN HIS EFFORTS WERE NOT NOTED IN THE FIRST PLACE, AND LEG. AFFAIRS IS SCRAMBLING.)

BARRY

**ERSKINE IS OK WITH THIS, BUT I'M
ALSO GOING TO SHOW IT TO ANN
AND DON. CHECK WITH ME BEFORE
YOU DO THIS. BT**

- * As most of you know when Ann Lewis came on board as Deputy Communications Director, she was going to become Communications Director when Don Baer left the White House.
- * Don is still planning to leave, but because Erskine feels we need some stronger **long-term** strategic planning, Don has graciously agreed to stay on for a while longer in a new post, as Assistant to the President and Director of Strategic Planning.
- * In his new position, Don will specifically work on long-term strategic planning, especially on how we communicate the President's foreign policy to the American people and help them to understand the importance of those issues and of our leadership in the world, etc.
- * And with that, Ann becomes our Communications Director. She's already been doing an excellent job as deputy, gradually taking on greater responsibilities, and so we ought to have a very smooth transition in that office.

* [(DON WOULD LIKE YOU TO TALK TO HIM BEFORE YOU DO THIS.)] *

62640

TOIV
Lewis, Baer

GUIDANCE ON DISASTER BILL
MAY 9, 1997

- * Our position continues to be that we should not hold up disaster assistance to the people of the Midwest and elsewhere around the country in order to fight over political issues. The extraneous issues should be dropped from the bill.
- * **The continuing resolution provision is still veto bait.** This provision has to be removed from the bill. **We obviously don't think the government should be shut down, but let's keep in mind the President never did that. It was the supporters of this provision who did that.** Would we accept it separately? We don't have much reason to respond to that until it's removed from this bill. Certainly it would never be acceptable in its current form. **We are not going to accept a provision that effectively undermines the balanced budget agreement we've just spent months achieving.**
- * Regarding the census sampling provision:

The Senate, by adopting compromise language regarding sampling activities for the 2000 decennial, has voted to create a full public record and to have a substantive debate over the issue of accuracy in the next census. It will allow Census to deploy sampling procedures in the 1998 "dress rehearsal."

Commerce and the Census Bureau look forward to helping to assemble a public record and to participating in the debate.

They are confident that acceptance of their design for the 2000 census will grow as does understanding of it. (Don't lay it on too heavy; they don't want to declare victory.)
- * They have worked out a compromise on the provision relating to the Endangered Species Act. However, the Right of Way provision with regard to Federal lands would potentially raise the threat of major roads through national parks, that remains completely unacceptable.
- * We are working with the Congress in an effort to address these problems, but the best thing to do would be to strip the bill of these issues entirely.

TOIV

Press Guidance
May 9, 1997

TEXAS WELFARE PLAN

Q: Did you get the letter from Senators Gramm and Hutchinson and Representatives Arme y, Delay, Archer, Stenholm, Hall, and Johnson asking for a meeting next week with the President's Chief of Staff? Do you plan to agree to the request?

A: We have received the letter, and it is under consideration. No meeting has been scheduled yet.

Q: What is the status of the Texas Welfare Plan?

A: The state of Texas is asking for far-reaching changes in Medicaid and Food Stamp laws which involve several agencies. Any proposal of the scope of Texas' raises many issues of how to judge contractor performance; fairness to current employees of the State; how to ensure fiscal integrity; the impact on families who depend on these programs, and many other issues. The Administration is working with Texas to resolve these issues, as it would in the case of any proposal.

Silverman
Kagan/OPD and Barnes/COS

Talking Point on May 9 NYT story on Dorothy Robyn and Long Beach

Dorothy Robyn's efforts on behalf of the City of Long Beach and its reuse plan for the Long Beach Naval Station were completely consistent with Administration policy and procedure:

--When the Defense Department closes a military base, it also designates a local reuse authority (LRA) to develop a detailed plan for reusing the base. In the case of the Long Beach Naval Station, the City of Long Beach is the DoD-designated local reuse authority. After extensive public outreach and consultation, in 1995 the City-as-LRA approved a plan to expand the Port of Long Beach onto the former Long Beach Naval Station. The Defense Department and the Clinton Administration officially support that plan.

--Dorothy Robyn had no contact whatsoever with the China Ocean Shipping Co. (COSCO), which Long Beach had recruited as a future tenant at the former Naval Station.

--She participated in a conference call with several historic preservation groups, at the request of the Mayor of Long Beach, to state the Administration's position of support for the City's reuse plan. She made no effort to pressure the groups.

--There was nothing unusual about Robyn's actions, as the NYT story implies. Robyn is responsible for military base reuse issues in the White House, and her job is to try to accelerate the lengthy process of transferring closed bases to communities for redevelopment.

May 9, 1997

NOTE TO: HHS OPA

FROM: Jim O'Hara, FDA OPA

Today's New York *Times* carries on p. A26 a story on yesterday's hearing of the Government Reform and Oversight Committee at which Representative Christopher Shays criticized FDA's decision in 1990 to permit the use experimental drugs during the Persian Gulf war. The drugs were administered to more than 400,000 troops without their consent and without explanation of the potential risks. Testifying for FDA, Deputy Commissioner Mary K. Pendergast said that the agency had given "considerable deference" to DOD's argument that informed consent was not feasible under battlefield conditions, and expressed FDA's disappointment with the military's conduct.

Here are FDA's talking points on this issue:

- o FDA and DOD undertook an urgent and orderly course of action under the circumstances to devise a means to address the real threat of chemical and biological warfare in the Gulf operation.
- o FDA authorized the use of PT (pyridostigmine) tablets and BT (botulinum toxoid) vaccine under battlefield conditions on three grounds: there was scientific evidence suggesting the products would be effective; there were no available and satisfactory alternative therapies; and – based on past experience – the products appeared to be safe for the intended use.
- o Since it is unacceptable to conduct a clinical trial by willfully exposing the participants to chemical and biological warfare agents, FDA could not have required prior testing of these products under the conditions expected during the Gulf war.
- o In serious or life-threatening situations, unapproved drugs or biologics for which there is no satisfactory approved alternative can be made available by FDA for prophylaxis or treatment, provided there is sufficient evidence of the products' efficacy and reasonable safety. This was the case with both PT and BT agents.

o FDA's waiver of informed consent for the use of both products was requested by DOD after months-long consideration of the ethical and other factors by the Secretary of Defense, the Joint Chief of Staff, and the U.S. Army Central Command. FDA, which had also conducted extensive discussions of these matters with experts from other agencies and academia, appropriately deferred to the military judgment and expertise regarding the feasibility of obtaining informed consent under battlefield conditions.

o Pyridostigmine had been approved by FDA since 1955 for the treatment of myasthenia gravis, a chronic disorder characterized by muscular weakness, and was routinely prescribed at much higher doses than those preventively used during the Gulf war. The BT vaccine had been administered for over 20 years to persons at risk of botulism at the same dosage, route of administration and schedule as to the troops in the Desert Storm.

o Any decision by the FDA to make the ruling of December 1990 permanent would be issued as a proposal, and would be finalized only after full consideration of comments by outside experts and representatives of the public.

GUIDANCE ON EITC
MAY 9, 1997

(There is a story today on the recent IRS study that found that there was \$4.4 billion, or 25.8 percent of total EITC claimed, inappropriately claimed for tax returns filed between January and April 1995.)

- * The Internal Revenue Service has done an extensive study of the EITC and how it has been implemented. The IRS found a number of problems, and the Treasury Department has announced a series of eight initiatives to improve compliance with the law, which is clearly needed. I would refer you to Treasury to get the complete set of the legislative and administrative initiatives. Some of those initiatives have already had an impact on reducing error rates.
- * The President is proud of having expanded the Earned Income Tax Credit in 1993 as part of his economic plan. That plan provided a tax cut for low-income working families and individuals that has lifted millions of working Americans and their families out of poverty. **Obviously, though, the EITC should go only to those who are eligible, and the Administration is determined to substantially improving error rates related to the EITC.**

TOIV

HOLDER NOMINATION TALKING POINTS
D.C. COPS AUDIT

Contact: Kevin Ohlson 514-6933
U.S. Attorney's Office in D.C.
Myron Marlin 616-2777
Justice Department
Steve Pyrek 622-4000
IRS

BACKGROUND

- The Washington Post today reported that Eric Holder's U.S. Attorney's Office told the IRS not to audit 800 D.C. cops who used a tax preparer who has been indicted for allegedly lying about his clients' incomes and making up deductions.
- The story implies that prosecutors covered for the cops because, if audited and found to have filed false returns, the cops would be added to a list that would allow defense attorneys to discredit their testimonies in future trials.

TALKING POINTS

- Unfortunately very strict tax disclosure laws prohibit us from responding to the Post's insinuations.
- Neither the Justice Department, nor the U.S. Attorney's office, can comment on a specific case, but firmly believe that tax cheats should be fully prosecuted and they always want to keep their legal options open.
- It is true that once the IRS completes a civil audit of a person, the criminal prosecution of that person may be jeopardized.
- Congress understands the legal restrictions imposed on us about public comment, but also understands that there could be several legitimate law enforcement rationales to explain the circumstance of this situation.

OFF THE RECORD GUIDANCE

- [If we make it any more explicit than discussed here, we can face criminal fines. It has happened before.]
- You may want to contact the former IRS Commissioner quoted in the paper, Mortimer Caplin.

GUIDANCE ON SCHOOL CONSTRUCTION
MAY 9, 1997

- * As you know, the President feels very strongly that we need to provide some Federal assistance to help states and communities rebuild our crumbling school infrastructure.
- * He believes that the plan contained in his budget is the best way to do that.
- * Unfortunately, during budget negotiations, Republicans insisted that his plan be dropped from any agreement.
- * The President was not happy about that. However, the agreement was a tremendous success when it came to most education issues, and the President, while disappointed, felt this was a price he was going to have to pay to get an agreement that overall provides great support for education at the elementary, secondary, and post-secondary levels.
- * And furthermore, the President will continue to look for legislative opportunities to move this legislation forward. Obviously, it would have been a great thing to have this included in the budget agreement, but this is a problem that is only going to grow, and his proposal is one that the President will continue to pursue in other ways.

TOIV
Conversation with Siewert

GUIDANCE ON DASCHLE ABORTION LEGISLATION
MAY 9, 1997

- * As you know, the President has made it clear all along that he would sign legislation to ban late-term abortions as long as that legislation provided adequate protection to the life **and** health of the mother.
- * So far, Congress has declined to send him legislation that protected the mother's health.
- * We're very pleased that Senator Daschle has been working so hard to design legislation that would address this concern.
- * My understanding is that we received a copy of the legislative language late yesterday and are beginning to examine it closely, and we will certainly respond as soon as the staff has had a chance to do that and brief the President on it.

TOIV

Reviewed by Marshall, Thornton

GUIDANCE ON D.C.
MAY 9, 1997

IN RESPONSE TO YOUR QUESTION, THE D.C. CITY COUNCIL WILL MEET AT 7:30
TONIGHT. (**OFF THE RECORD**, IT APPEARS TO BE A DONE DEAL.)

TOIV
Haas

ZAIRE

Q: Do you have an update on the security situation?

A: Kinshasa remains calm. The town of Kenge is now in the hand of Alliance forces. Reportedly fighting continues around Bukanza-Longo, west of Kenge. We have also seen reports that the Alliance has taken the town of Bandundu, about 185 miles north east of Kinshasa.

Q: Is Kabila amassing forces?

A: We are not able to provide estimates of Alliance force strength.

Q: Did Kabila promise the U.S. he would halt his advance?

A: No. We strongly urged Kabila to negotiate a soft turnover of authority rather than taking Kinshasa by force. We also urged him to stop the Alliance advance while negotiations are going on, but he did not provide any such assurances. We again strongly urge a soft turnover of power to avoid civilian casualties.

Q: Any comment on Mobutu's announcement that he will not seek reelection?

A: We hope Mobutu's declaration of non-candidacy in the Libreville Communique will help create conditions for a politically negotiated solution.

Q: What is your reaction to the statement out of Libreville that called on the Zairian military to prepare for elections?

A: We continue to believe that ultimately elections are the only way to provide a legitimate, inclusive, democratic government in Zaire. In the meantime, the conditions in the country are clearly not conducive to free and fair elections.

Q: Is Mobutu back in Kinshasa?

A: Not as far as we know. We understand he is still resting in Libreville following the summit there.

Q: Is the U.S. at odds with the French over how to deal with the crisis?

A: No. We remain in close consultation with the French government, with the common goal of facilitating a negotiated solution to the crisis in Zaire.

Q: Where is Ambassador Richardson?

A: He is back in New York.

Q: Did Richardson anger Kabila?

A: You should ask Kabila. Richardson and Kabila spoke frankly and had a good exchange of views.

Q: Was Richardson forced to leave the region because of that?

A: Absolutely not. He has a job to do in New York.

Q: What can you say about the Washington Post article quoting a State Department cable on PM Likulia funneling GOZ assets into personal accounts?

A: We don't comment publicly on internal Department communications.

Q: Is assistance reaching the refugees now and what is happening on the repatriation front?

A: A trainload of 900 refugees arrived in Kisangani from Biaro today. They are being transported to a transit site near the airport for repatriation to Rwanda.

Some 200 refugees, mainly unaccompanied children, are scheduled to be airlifted from Kisangani to either Kigali or Gisenyi today.

55 refugees have been evacuated by air since Sunday including 21 seriously ill refugees who were flown from Kisangani to Gisenyi yesterday. One of these died and two others required amputations.

3 UNHCR trucks with food and other supplies were able to reach Biaro yesterday and bring out the 21 critically ill refugees. 8 other trucks were refused permission to proceed by Alliance authorities.

Another convoy of 3 trucks drove to Biaro this morning to deliver food and pick up more refugees and bring them to Kisangani.

Teams of UN and other relief agency personnel as well as USAID DART members who have established contact with the refugees who are now emerging from the forests report appalling conditions among the refugees.

All were tired, hungry and weak. Some bore machete wounds; others were barely alive, suffering from starvation as well as wounds. Several dozen were found dead. One of the most disturbing aspects was the large number of unaccompanied children.

Q: Have the children who were abducted from Lwiro been found?

A: There are initial reports this morning that the 50 children who were abducted by soldiers from a pediatric hospital in Lwiro, some 20 miles from Bukavu, have been found near Buakavu.

Q: What is the U.S. doing to help?

A: As I have said, Ambassador Richardson is in Zaire now.

Special Envoy to the Great Lakes, Ambassador Dick Bogosian has called Mr. Kabila to express concern and call for his cooperation; a similar demarche has been made by our Embassy political counselor who is based in Goma.

The United States made a recent contribution of \$3 million to UNHCR in support of its airlift repatriation plan.

The U.S. has provided over a billion dollars in humanitarian assistance to the Great Lakes region since late 1993.

A USAID DART is in Kisangani working closely with relief agencies.

CHINA

COSCO

- Dorothy Robyn's efforts on behalf of the City of Long Beach and its reuse plan for the Long Beach Naval Station were completely consistent with Administration policy and procedure.
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- Dorothy Robyn had no contact whatsoever with the China Ocean Shipping Co. (COSCO), which Long Beach had recruited as a future tenant at the former Naval Station.
- She participated in a conference call with several historic preservation groups, at the request of the Mayor of Long Beach, to state the Administration's position of support for the City's reuse plan. She made no effort to pressure the groups.
- There was nothing unusual about Robyn's actions, as the NYT story implies. Robyn is responsible for military base reuse issues in the White House, and her job is to try to accelerate the lengthy process of transferring closed bases to communities for redevelopment and job retention.
- Robyn helped develop the President's 1993 plan for revitalizing base closure communities, and she has worked closely with many of these communities to speed redevelopment. These include Sacramento, California, where the former Mather Air Force Base will soon support an industrial park and 2,000 jobs; Alexandria, Louisiana, where the former England Air Force Base is now the England Industrial Airpark, supporting over 1,000 jobs; and Alameda, California, where at the former Alameda Naval Air Station, workers who once built the Bradley fighting vehicle are building electric cars.

MFN

- Q: What is the Administration position on a short, e.g., 3 or 6 month, extension of China's MFN status?
- A: The Administration supports the current approach of unconditional renewal of MFN for one year. We share the concerns of those in Congress who want to express support for continuation of Hong Kong's current way of life and freedoms. However, it should be

KOREA

Korean War POW/MIA's

Q: What actions are you taking to account for Korean War POW/MIA's and what comment do you have on the report that an American serviceman, Charles Robert Jenkins, who defected in the mid-60's is alive? Does Mr. Jenkins want to come home and have you taken steps to bring him back to the United States?

A: First, on the POW/MIA accounting issue. We have had a series of bilateral talks with North Korea to launch a program of accounting for American service personnel lost in the Korean War. We have received 172 sets of remains ('92-'93) and recently concluded a joint recovery operation that resulted in the identification of one serviceman. Unfortunately talks this week in New York did not result in any agreement for additional joint recovery operations or initiation of archival research, an important component to making any accounting effort successful. We will continue to pursue this humanitarian issue with North Korea until we are satisfied we have done all that is possible to find the answers so many Americans who lost loved ones in the War still seek.

Regarding recent reports about Americans living in North Korea, I can say that the Defense Department has received similar reports, which we believe to be mostly hearsay. We are aware, however, of possibly four Americans who defected to North Korea in the 1960's and appear to be living there of their volition. Sgt. Jenkins, Ms. Harrell's brother, may be one of these defectors. We have asked North Korea to allow us to interview Americans believed to be living in North Korea, but have received no assurances. Nor has the North made any comment about the number or names of the defectors.

Finally, we will pursue the question of POW/MIA accounting as well as our efforts to gain access to Americans living in the North independent of other issues being discussed with the North Koreans, including the four party talks.

Food Aid/Four Party Talks

Q: Have the U.S. and South Korea linked the provision of food aid to North Korea to the acceptance by Pyongyang of the four party peace talks?

A: We have not linked food aid to the four party talks. We have provided some \$25 million in humanitarian assistance to North Korea this year. South Korea has participated in the international food appeal as well.

RUSSIA/NIS

Current

Contingency Points on "Sea Breeze"

- "Sea Breeze" is a multi-national military exercise in the 'spirit of Partnership-for-Peace' that will take place in the Black Sea in August; the scenario is premised on a response to a natural disaster -- Russia was among countries invited to participate from the outset.
- Regret any misunderstanding as to what exercise entails, but confident that Russians will find no cause for concern/complaint as actual event occurs -- plausible scenario, in keeping with PFP activities that reflect spirit of cooperation prevailing in European security issues.

(FYI: Russians declined to participate, as have Britain and France. Original scenario proposed by host Ukraine did include idea of separatist uprising in Crimea -- now out.)

On Yeltsin's May 7 comments that NATO enlargement causes "crisis" in Europe, and in Russia's relations with U.S.:

- While have not seen full text of Yeltsin's remarks, we reject any notion of "crisis" in U.S.-Russia relations, or in Europe, resulting from NATO enlargement plans.
- At Helsinki, two Presidents agreed to disagree; but, while Russia continues to oppose enlargement, it is engaged in serious discussions to conclude work on new relationship between NATO and Russia. This is constructive approach on both sides, not crisis.

Solana-Primakov

- NATO Secretary General Solana and Russian Foreign Minister Primakov met for three hours May 6 in Luxembourg to discuss NATO-Russia relationship and document. Understand they had good and serious discussions, though issues remain to be resolved, particularly as regards security implications of NATO enlargement.
- Solana and Primakov have agreed to meet again in Moscow on May 13.
- Russians have expressed interest in late May NATO-Russia summit to sign NATO-Russia document. Depends on whether we can conclude NATO-Russia document. Obviously, this being worked very intensely, but still need to resolve differences.

VISIT TO LONDON

- President has accepted invitation to stop in London to meet with Blair in connection with his planned travel to the Netherlands for U.S.-EU Summit and Marshall Plan commemoration May 29. Schedule for visit to London still to be worked out.
- Agenda for meeting will be broad one -- U.S. and UK have unique partnership in security and defense area. Certainly expect close cooperation with UK on these issues to continue with Blair government..
- Have not yet elaborated agenda but European security and NATO issues, Northern Ireland will certainly be on it. Would also expect discussion of Bosnia and issues related to China and imminent Hong Kong transition. Two leaders may also want to compare notes on economic, social policy.

* * * * *

THE WHITE HOUSE

Office of the Press Secretary
(San Jose, Costa Rica)

For Immediate Release

May 9, 1997

STATEMENT BY THE PRESS SECRETARY

Visit by the President to London

In connection with his trip to the Netherlands May 28 for the U.S.-EU Summit and the commemoration of the 50th anniversary of the Marshall Plan, the President has accepted an invitation to stop in London to meet with newly elected British Prime Minister Tony Blair. The schedule for the visit and meeting has yet to be finalized. This will be the President's first meeting with Prime Minister Blair since he took office.

#

FAST TRACK

- Committed to getting fast track through the Congress.
- Will continue to work with Congress to pass fast track authority.
- High level Administration officials have been meeting with key members on both sides of the aisle to push this legislation forward.
- Hopeful that we will succeed.

Q: It has been reported that the President is planning to delay his request for fast track authority to accommodate the budget process. Is that true? Does this signal Administration retreat on fast track? Has Gephardt scared the President off?

A: Not at all. The President is still firmly committed to seeking fast track authority to open foreign markets. It is critical if we want to continue creating good jobs for American workers.

Every President since Ford has had fast track authority for key periods, and the reasons for it now are more compelling than ever. Over 11 million U.S. jobs now depend on exports, and these jobs pay 13-16 percent more than the average U.S. job. Today, 95 percent of the world's consumers live outside the U.S., and the vast majority of those consumers live in the emerging and fastest growing markets of Latin America and Asia. We simply must continue to open these markets for U.S. exports if we are to succeed in the global economy.

We cannot afford inaction. If we are not seizing opportunities to break down trade barriers and open foreign markets, we can be sure other countries will act -- to the benefit of their companies and their workers.

The United States has nothing to fear. We are the most competitive large economy in the world as judged by independent experts. But our ability to define the nature of our trade relationships will in significant measure determine our leadership role in the next century. Fast track authority is the most important factor determining these relationships.

As you know, we have been consulting with Congress to develop bipartisan support for this legislation. We think that is the best way to build a strong foundation for this effort. We will continue to consult with Congress as to the substance, tactics and timing of the fast track initiative.

ENCRYPTION EXPORTS

- The Administration continues to seek a balanced approach to its encryption policy: one that promotes strong security for widespread electronic information and communications, while protecting the public safety.
- We are promoting the development of Key Management Infrastructure technologies and institutions which provide trusted security services, including privacy, authentication, and key recovery.
- Key recovery is a technique developed by industry in response to market demand - businesses want the capability to retrieve their encrypted data in the event of loss of decryption keys. Over 60 companies have joined IBM's Key Recovery Alliance to promote key recovery-enabled products.
- The Administration has embraced key recovery since it also provides a tool for law enforcement to understand and use encrypted data in investigations and prosecutions, under strict lawful authority.
- Importantly, the Administration's approach is market-driven: users have the right to choose any encryption within the US.
- To facilitate development of a security infrastructure that includes key recovery (for those users that require it), the Administration is allowing the export of 56-bit non-key-recovery encryption products for two years, in return for manufacturers' commitments to develop key recovery products.
- We have also just announced a further export liberalization where financial-specific and similar electronic commerce applications, e.g., direct home banking software, will be approved for export after a one time review, without limits on the encryption.
- In addition, stronger general-use non-key-recovery encryption products will be approved for banks provided the product manufacturers commit to bring key recovery versions of the advanced products to the market place within two years.
- Key recovery will not be a specific requirement for such applications since banks and similarly regulated financial institutions have shown a consistent ability to provide appropriate access to transaction information in response to authorized law enforcement requests.
- Importantly, the banking industry will lead the market in the development of robust trusted security services, needed for electronic commerce.

CYPRUS OVERFLIGHTS

Q: Do you have any information on the unilateral decisions by the governments of Cyprus and Turkey (confirmed on May 8) regarding overflights of Cyprus by Greek and Turkish military aircraft?

A: We welcome the decision of the Government of Cyprus not to invite Greek aircraft to overfly Cyprus during the Toxotis-Vergina (TOKE-Sa-Tos; Ver-GEE-na) exercise (held on May 7-8) and the information that no other such overflights are planned at this time.

We welcome the information from the Government of Turkey that Turkey has no plans to overfly Cyprus as long as Greek aircraft do not overfly the island.

We believe these separate actions contribute to a better atmosphere for the efforts currently underway under the auspices of the United Nations aimed at a solution of the Cyprus problem.

(IMPORTANT NOTE: It is very important to avoid using the word “agreement” to refer to the Cyprus overflight decisions. We are stressing that these moves were taken by the governments entirely on their own and not as part of any U.S.-brokered agreement or any other type of formal deal.)

Q: Is the Cyprus overflight moratorium the result of an agreement between Cyprus, Greece and Turkey?

A: No, it is not. The decisions to suspend overflights were unilateral, separate actions taken by the governments, on their own initiative, to contribute to an improved atmosphere for mediation efforts.

We welcome these decisions. (On April 23, our Embassy in Nicosia had described the Government of Cyprus’ announcement on suspending overflights during the Toxotis-Vergina military exercise as a very positive step.)

NATIONAL SECURITY AFFAIRS GUIDANCE

May 9, 1997

Trip to Mexico, Costa Rica and Barbados

Core Talking Points on Latin America and Mexico

Talking Points on NAFTA

Talking Points on U.S. Efforts to Reduce Drug Demand

Central America -- Open Skies

Costa Rica

Mexico

Drug Certification

Zaire

Nazi Assets

China

Israel

Middle East

Iraq

Defense/McKinney

CIA/Tenet

BRAC

Saudi Arabia/Khobar

Korea

Burma

Russia/NIS

Bosnia

Trips and Visitors

Visit to London

Northern Ireland

Gulf War Illnesses

Fast Track

Encryption Exports

Cyprus

CORE TALKING POINTS FOR LATIN AMERICA AND MEXICO

Period of Intense Focus on Americas. Visit to closest neighbors -- Mexico, Central America, Caribbean -- first of three trips over next year. Followed by South America, Santiago Summit.

Moment of Remarkable Possibility. Decade ago: coups, dictators, civil wars, closed economies. Now, every nation but one democratic, embraces open markets. Peace and stability the rule. U.S. exports twice as much to Americas as to Europe. Emerging alliance between U.S., Americas based not only on history, geography, culture -- but increasingly on shared interests, values. Opportunity to work with neighbors to make difference on issues that matter most to people in daily lives: jobs, education, environment, drugs, crime, migration.

Trend Positive, But Transition Not Complete. Democracies, market economies still fragile. Need to show people they deliver. In Miami, mapped out plan to lock in democratic gains -- and to see they work for all our people. Now, pushing plan forward -- to strengthen institutions of democracy; broaden benefits of open trade; shore up stability of nations at peace; extend environmental protection; combat drugs, crime and corruption; open wider doors of education.

Lead or Be Left Behind. Americas can be foundation for U.S. security, prosperity in the 21st century -- if we continue to lead. If we fail, neighbors will find future with other partners. If we continue to shape future of hemisphere, the Americas will prosper -- and so will America.

MEXICO

Broadest, Deepest Relationship We Have. Opportunities and problems we face are on issues that matter most to people in daily lives: jobs; education; environment; drugs; crime; migration.

Must Work Together in Mutual Respect. Breadth of relationship means it cannot be held hostage to any one issue. Problems that defy unilateral solutions makes it vital we work together. Change in relationship -- from mistrust to cooperation -- makes it more likely we can find solutions together.

NAFTA TALKING POINTS

- **NAFTA is Working for the United States**

Exports Up: Despite Peso crisis and Mexico's worst recession this century, U.S. exports to Mexico are up **37 percent** above pre-NAFTA level.

Strong Export Growth in Key Sectors: Since 1993, U.S. agricultural exports to Mexico up 52%; electrical machinery exports up nearly 60%; consumer goods up 34%.

Jobs: Goods exports to Mexico, Canada supported 2.3 million U.S. jobs in '96.

- **NAFTA Helped Mexico Through Peso Crisis, Protected U.S. Jobs, Interests**

Mexico Stuck With NAFTA Obligations: Even in midst of recession, Mexico continued to lower trade barriers to U.S. while raising them toward E.U., Japan -- U.S. market share actually rose from 71% to 76%.

Mexico Rebounded Faster -- and So Did U.S. Exports: In 1981-82 financial crisis, Mexico raised barriers, U.S. exports cut in half, took 7 years to recover. This time, Mexico did not raise barriers, U.S. exports fully recovered in 18 months, now at all time high. In 1981-82, took Mexico seven years to return to international capital markets; this time, seven months. Then, took Mexican economy 4 years to recover from recession. Just one year after crisis, Mexican economy grew 5% and will again in 1997.

NAFTA Limited Growth of Bilateral Deficit: Our trade imbalance grew as result of Peso crisis and recession, not as result of NAFTA. NAFTA limited size of deficit -- Federal Reserve Bank of Dallas recently found exports to Mexico 7% higher with NAFTA than without, while imports only 2% higher with NAFTA than without.

- **President Clinton, Administration Proud of NAFTA, Will Highlight Success**

President's Speech in Mexico: President will devote large portion of major speech in Mexico to highlighting benefits of NAFTA for both U.S. and Mexico.

Cabinet Officials to Highlight NAFTA: In speeches to AmCham in Mexico, Secretaries Albright, Rubin and Daley and Special Envoy McLarty to highlight benefits of NAFTA.

- **President Committed to Expand Open, Competitive Trade**

U.S. Future Tied to Trade: Over 11 million U.S. jobs depend on exports, pay 13-16% more than average U.S. job. 95% of world's consumers outside U.S., vast majority in emerging markets of Latin America, Asia.

President Seeks Fast Track: President has repeatedly made clear he will ask Congress for Fast Track authority to open more markets, as every President has had for last 20 years.

TALKING POINTS ON U.S. EFFORTS TO REDUCE DRUG DEMAND

Overall Demand is Going Down

- Between 1979 and 1995, we reduced number of current users by 49% (from 25 million to 12.8 million.) Whereas 14% of our population age 12 and older used illegal drugs in 1979, now it's been cut to 6%.
- Over past decade, we've reduced number of current cocaine users by 75% (from 5.7 million to 1.4 million.)

But For All this Progress, Still a Terrible Problem

- U.S. demand enormous in relation to size of population. Our 5% of population consumes one-third of world's cocaine.
- Among people under 18, drug use has doubled since 1992.

Demand Reduction Top Administration Priority

- Of our record \$16 billion counter-drug budget for FY97, \$10 billion (69%) to be spent on domestic drug control efforts, including unprecedented public education campaign.
- We are serious about enforcing drug control laws -- we arrest more than 1 million Americans every year of drug law violations and we have tough mandatory sentencing guidelines.
- We have established more than 200 special drug courts, using our criminal justice system to get non-violent offenders to quit drugs.
- We are taking action at the local level, with more than 4,300 community anti-drug coalitions.

CENTRAL AMERICA -- OPEN SKIES

- We signed in San Jose our first Open Skies Agreements in Latin America. This is another example of our building block approach to free trade, and will tie the region together through cheaper and improved air links. Although we have liberal agreements with several countries in the region, our carriers will gain important new rights in areas such as codesharing, intermodel transportation and computer reservation systems (CRS).
- The agreements signed are with Costa Rica, Nicaragua, Honduras, El Salvador and Guatemala.
- Open Skies agreements are our most liberal civil aviation agreements, providing for open routes (with the exception of cabotage) and freedom from government limitations on capacity, pricing and other key operating variables.
- These agreements end outdated regulatory restrictions in Central America, just as other regulatory barriers have fallen in Asia and Europe. With these agreements, Central America moves to the forefront of those regions around the globe that are bringing the concepts of economic freedom and market-driven growth to the aviation sector.
- International aviation represents the infrastructure of a rapidly growing global economy. It provides the opportunity to open markets and to create jobs and benefits for American industries, workers, travelers, shippers and cities.
- To date, the Clinton Administration has secured "Open Skies" agreements with 21 countries. These new agreements have enabled the U.S. to open more markets and create more opportunities for new service during any comparable period in U.S. aviation history. Agreements have also been signed with 17 other countries that reduce pre-existing restrictions on airline operations.

COSTA RICA

Q: What can you tell us about Embassy involvement in the child custody dispute of Mr. Britt and Mrs. Dantzler? Is it true the Ambassador's wife, Mrs. De Vos, is sheltering Mrs. Dantzler?

A: The State Department learned of the international parental child abduction case involving Mr. Britt and Mrs. Dantzler in late March following FBI notification of an outstanding warrant for Mrs. Dantzler's arrest for international kidnapping.

This information was passed to the Embassy in Costa Rica April 1.

The Embassy Consular Section has been actively engaged in the case, cooperating fully with the FBI, and took appropriate action on the notification of the outstanding warrant.

All parties involved are U.S. citizens. We do not have a Privacy Act waiver from any of the parties involved, and therefore cannot discuss the specifics of the case.

The State Department and the U.S. Embassy in Costa Rica will continue to actively provide all appropriate assistance to the U.S. Government agencies involved and Mr. Britt.

Q: What about Mrs. De Vos' involvement with Mrs. Dantzler? Doesn't their relationship at least create the appearance of an Embassy bias?

A: Mrs. De Vos has known Mrs. Dantzler socially for some time. However, Mrs. De Vos was unaware of the specifics of the child custody dispute involving Mrs. Dantzler until after she paid a visit to the Dantzler home on April 17. Ambassador De Vos has never met Mrs. Dantzler.

Mrs. De Vos is not a U.S. Government official. Her social involvement with Mrs. Dantzler can in no way be construed to represent U.S. Government support for Mrs. Dantzler's position in this child custody dispute.

Mrs. De Vos notified the Consular Section on April 18 of Mrs. Dantzler's situation after learning of the child custody dispute.

Q: Is it true that Mrs. Dantzler's passport has been revoked?

A: That information is covered by the Privacy Act.

If asked only:

Q: Under what authority may a passport be revoked?

A: Under Section 51.72(a), Title 22 of the Code of Regulations, a passport may be revoked if the bearer is the subject of an outstanding federal warrant of arrest for a felony, including a warrant issued under the Federal Fugitive Felon Act (18 USC 1073).

MEXICO

Weld Nomination

- We support the nomination of Governor Weld
- We believe he is a good choice and look forward to working with the Senate to secure his successful nomination.

MULTILATERAL DRUG CERTIFICATION

- We understand that the question of the U.S. drug certification process, which is contained in the Foreign Assistance Act, is being considered on the Hill. It is also being discussed within the Administration. We have not reached any conclusions.
- I would note that the certification statute is already based on international standards of performance developed with other nations in the 1988 UN Drug Convention.

ZAIRE

Q: Do you have an update on the security situation?

A: Kinshasa remains calm. The town of Kenge is now in the hand of Alliance forces. Reportedly fighting continues around Bukanza-Longo, west of Kenge. We have also seen reports that the Alliance has taken the town of Bandundu, about 185 miles north east of Kinshasa.

Q: Is Kabila amassing forces?

A: We are not able to provide estimates of Alliance force strength.

Q: Did Kabila promise the U.S. he would halt his advance?

A. No. We strongly urged Kabila to negotiate a soft turnover of authority rather than taking Kinshasa by force. We also urged him to stop the Alliance advance while negotiations are going on, but he did not provide any such assurances. We again strongly urge a soft turnover of power to avoid civilian casualties.

Q: Any comment on Mobutu's announcement that he will not seek reelection?

A: We hope Mobutu's declaration of non-candidacy in the Libreville Communique will help create conditions for a politically negotiated solution.

Q: What is your reaction to the statement out of Libreville that called on the Zairian military to prepare for elections?

A: We continue to believe that ultimately elections are the only way to provide a legitimate, inclusive, democratic government in Zaire. In the meantime, the conditions in the country are clearly not conducive to free and fair elections.

Q: Is Mobutu back in Kinshasa?

A: Not as far as we know. We understand he is still resting in Libreville following the summit there.

Q: Is the U.S. at odds with the French over how to deal with the crisis?

A: No. We remain in close consultation with the French government, with the common goal of facilitating a negotiated solution to the crisis in Zaire.

Q: Where is Ambassador Richardson?

A: He is back in New York.

Q: Did Richardson anger Kabila?

A: You should ask Kabila. Richardson and Kabila spoke frankly and had a good exchange of views.

Q: Was Richardson forced to leave the region because of that?

A: Absolutely not. He has a job to do in New York.

Q: What can you say about the Washington Post article quoting a State Department cable on PM Likulia funneling GOZ assets into personal accounts?

A: We don't comment publicly on internal Department communications.

Q: Is assistance reaching the refugees now and what is happening on the repatriation front?

A: A trainload of 900 refugees arrived in Kisangani from Biaro today. They are being transported to a transit site near the airport for repatriation to Rwanda.

Some 200 refugees, mainly unaccompanied children, are scheduled to be airlifted from Kisangani to either Kigali or Gisenyi today.

55 refugees have been evacuated by air since Sunday including 21 seriously ill refugees who were flown from Kisangani to Gisenyi yesterday. One of these died and two others required amputations.

3 UNHCR trucks with food and other supplies were able to reach Biaro yesterday and bring out the 21 critically ill refugees. 8 other trucks were refused permission to proceed by Alliance authorities.

Another convoy of 3 trucks drove to Biaro this morning to deliver food and pick up more refugees and bring them to Kisangani.

Teams of UN and other relief agency personnel as well as USAID DART members who have established contact with the refugees who are now emerging from the forests report appalling conditions among the refugees.

All were tired, hungry and weak. Some bore machete wounds; others were barely alive, suffering from starvation as well as wounds. Several dozen were found dead. One of the most disturbing aspects was the large number of unaccompanied children.

Q: Have the children who were abducted from Lwiro been found?

A: There are initial reports this morning that the 50 children who were abducted by soldiers from a pediatric hospital in Lwiro, some 20 miles from Bukavu, have been found near Buakavu.

Q: What is the U.S. doing to help?

A: As I have said, Ambassador Richardson is in Zaire now.

Special Envoy to the Great Lakes, Ambassador Dick Bogosian has called Mr. Kabila to express concern and call for his cooperation; a similar demarche has been made by our Embassy political counselor who is based in Goma.

The United States made a recent contribution of \$3 million to UNHCR in support of its airlift repatriation plan.

The U.S. has provided over a billion dollars in humanitarian assistance to the Great Lakes region since late 1993.

A USAID DART is in Kisangani working closely with relief agencies.

NAZI ASSETS

Release of USG Report on Nazi Assets

- Today at State Department U/S Eizenstat released interagency report on Holocaust assets entitled "U.S. and Allied Efforts to Recover and Restore Gold and Other Assets Stolen or Hidden by Germany during World War II."
- Mandate from President was to describe, as fully as possible in relatively short period, U.S. and Allied efforts to recover and restore gold and other assets stolen from governments and civilians by Nazis. U/S Eizenstat asked to lead interagency effort.
- Assets included some \$580 million of central bank gold (around \$5.6 billion in today's value) and undetermined amounts of other assets taken from Jewish and other victims of Nazis.
- Preparation of report, under the direction of Dr. William Slany, Chief Historian of State Department, has been a remarkable process. Eleven agencies cooperated in its compilation.
- Some 15 million pages of relevant documents were unearthed and more than 800,000 documents were declassified and made available to researchers for the first time. Largest undertaking of its kind in USG history.
- Openness important achievement in itself. Report will lead way for individuals and organizations to continue research so that we can better understand history of this tragic era. To assist research, report is accompanied by a 350 page guide to available resources.
- Report is historical, search for facts, not political or policy analysis. President wanted it to be as transparent and objective as possible, neither justifying nor accusing any nation.
- Findings are sobering. Report raises serious questions about parts played by a number of countries, including the United States.
- Failure to follow tough negotiating positions and insensitivity to humanitarian issues sometimes kept us from benefiting those who had suffered so greatly.
- Picture that emerges, particularly of the neutral nations is often harsh. Many profited extensively from their economic cooperation with Nazi Germany.
- Switzerland is a special subject of the study because of the extent of its financial dealings with the Nazis and the negotiations with the U.S. after the war, though it was only one of many nations involved.

- Lesson learned is that every nation involved in these terrible events must face the past honestly and responsibly. This generation's challenge is to complete the unfinished business of the Second World War, to begin reconciliation by doing justice while the surviving victims are still alive. This is our broader purpose, and it is hoped that this study will further that process.

CHINA

COSCO

- **Dorothy Robyn's efforts on behalf of the City of Long Beach and its reuse plan for the Long Beach Naval Station were completely consistent with Administration policy and procedure.**
- **When the Defense Department closes a military base, it also designates a local reuse authority (LRA) to develop a detailed plan for reusing the base and helping maintain as many local jobs as possible. In the case of the Long Beach Naval Station, the City of Long Beach is the DoD-designated local reuse authority. After extensive public outreach and consultation, in 1995 the City-as-LRA approved a plan to expand the Port of Long Beach onto the former Long Beach Naval Station. The Defense Department and the Clinton Administration officially support that plan.**
- **Dorothy Robyn had no contact whatsoever with the China Ocean Shipping Co. (COSCO), which Long Beach had recruited as a future tenant at the former Naval Station.**
- **She participated in a conference call with several historic preservation groups, at the request of the Mayor of Long Beach, to state the Administration's position of support for the City's reuse plan. She made no effort to pressure the groups.**
- **There was nothing unusual about Robyn's actions, as the NYT story implies. Robyn is responsible for military base reuse issues in the White House, and her job is to try to accelerate the lengthy process of transferring closed bases to communities for redevelopment and job retention.**
- **Robyn helped develop the President's 1993 plan for revitalizing base closure communities, and she has worked closely with many of these communities to speed redevelopment. These include Sacramento, California, where the former Mather Air Force Base will soon support an industrial park and 2,000 jobs; Alexandria, Louisiana, where the former England Air Force Base is now the England Industrial Airpark, supporting over 1,000 jobs; and Alameda, California, where at the former Alameda Naval Air Station, workers who once built the Bradley fighting vehicle are building electric cars.**

MFN

Q: What is the Administration position on a short, e.g., 3 or 6 month, extension of China's MFN status?

A: The Administration supports the current approach of unconditional renewal of MFN for one year. We share the concerns of those in Congress who want to express support for continuation of Hong Kong's current way of life and freedoms. However, it should be

understood that a short-term extension would create uncertainty and damage confidence in Hong Kong, just at the time it most needs to maintain its strength and vitality. That is why residents of Hong Kong and their elected representatives overwhelmingly favor unconditional MFN for China.

Q: [If asked] Will the President renew China's waiver of MFN status this year?

A: The Administration supports the current approach of unconditional renewal of MFN for one year.

(FYI: We have not made decision re veto -- don't want to suggest we think we will lose. We would like permanent MFN, but we also want that suggestion to emerge from the Hill, not us.)

Q: Can you clarify whether Martin Lee has called for a permanent extension of MFN or just one year?

A: Martin Lee publicly said he supports unconditional one year renewal. In addition, Hong Kong Governor Chris Patten has written the President and Congressional leadership supporting the full and unconditional extension of China's MFN status as an essential ingredient for maintaining confidence in Hong Kong.

(FYI: Privately, he told some in Congress a short renewal might be a good idea.)

Q: Did top Chinese officials approve plans to buy influence/is it continuing?

A: Number of allegations have appeared in the newspapers. As you know, on-going investigation; because issue is law enforcement matter, dissemination of information limited to protect the investigation. Under the circumstances, not appropriate for me to comment.

Q: Effect on U.S. policy

A: As we have said in the past, should allegations of illegal activity/ funneling campaign contributions prove true, would be a serious matter and take appropriate action. Both the Vice President and the Secretary of State have communicated that message to senior Chinese officials. Since the investigation is on-going, it would premature to speculate on just what response would be appropriate.

Q: Should AG share more info with you?

A: As have said in the past, difficult balancing question between national security and law enforcement concerns.

Q: How come FBI briefing intelligence committee and not you?

A: Not aware of the content of any briefing to the Hill.

ISRAEL

If asked about press reports accusing U.S. Government official of being an Israeli agent:

- As a matter of practice we do not comment on intelligence matters.

If pressed:

- We do not comment on intelligence matters.

Q: Have you been in touch with the Israeli Government about this matter?

A: This is an intelligence matter; I'm not going to comment on any aspect of it.

MIDDLE EAST PEACE PROCESS

DENNIS ROSS MEETINGS

Q: Whom has Dennis Ross met with since yesterday? What are his upcoming meetings today?

A. Amb. Ross met with Israeli Defense Minister Mordechai earlier today.

He plans to have another round of (separate) meetings with PM Netanyahu and Chairman Arafat this evening.

WEIZMAN-ARAFAT MEETINGS

Q: What happened between Arafat and Weizman? Has Israeli-Palestinian security cooperation been renewed?

A: We did not participate in the meeting and do not yet have a full assessment.

Q: Some commentators have accused the Administration of not taking on the responsibility it should to save the Middle East peace process, even if that means putting some pressure on Israel to compromise. What are you doing?

A: At a time when the peace process is experiencing serious difficulties, there is a temptation to look for quick fixes or easy answers to explain the lack of progress.

That's not our approach. President Clinton has made it clear since the beginning of his Administration that he is committed to helping the parties to make peace after five decades of war and violence.

The President and Secretary Albright and are in regular and constant contact with Arab and Israeli leaders in order to do everything we can to get the negotiations back on track. The talks we have had over the past two months, including two meetings with Prime Minister Netanyahu, have been for the purpose of developing an approach which will move the process closer to our goal of a comprehensive peace.

For these efforts to succeed, two things are necessary: Zero tolerance for terror, including a 100% effort to prevent it, and a readiness by both sides to take steps that build confidence in the integrity of the negotiating process.

We understand the urgency of moving ahead, but we're not going to be rushed. We need to make sure that both sides are ready to take the steps necessary for credible negotiations.

IRAQ

EVACUATED IRAQIS DETAINED IN CALIFORNIA

Background: All of the 6,500 persons evacuated from Northern Iraq by the United States last fall have left Guam and are now in the continental U.S. The group consisted of individuals (and their families) who had worked for USG agencies or U.S.-affiliated NGOs in Northern Iraq, as well as approximately 600 members of the Iraqi opposition. They were believed to be at risk in Northern Iraq and were paroled into the U.S. on humanitarian grounds.

While the vast majority has been granted asylum status and placed with appropriate sponsors in the U.S., the INS has determined that 25 of the evacuees (8 men and 1 woman) were ineligible for asylum. They were transferred to California last March and are being detained at facilities in Lancaster and near Bakersfield pending the outcome of their exclusion proceedings. They will appear before immigration judges who will consider their asylum claims as part of the exclusion proceedings. Their thirty-four accompanying family members made independent asylum claims and have been resettled in the U.S. with the assistance of private voluntary agencies.

- Evacuation of Iraqi nationals from Northern Iraq was a humanitarian gesture in keeping with U.S. tradition.
- Persons evacuated were determined to be at risk based on their association with the United States.
- Roughly 6,500,000 evacuees have been resettled in various areas of the U.S. with the assistance of private voluntary agencies.
- Background security checks were undertaken both before the evacuation and during processing on Guam.
- Among the 6,500 evacuees, 25 Iraqis were found to be excludable, principally on national security grounds.
- They are being detained in various California facilities pending completion of their exclusion proceedings, consistent with the Immigration and Naturalization Act.
- Proceedings before immigration judges are scheduled for end of March/beginning June 1997.

DELIVERY OF FOOD

Q: What is your reaction to Iraqi government charges that the U.S. is holding up approval of contracts for the delivery of food to Iraq under UNSCR 986 because of political reasons?

A. The charges are baseless.

The contract approval process is not the bottleneck in the distribution of food. There are contracts which have been approved but are awaiting funding from oil sales before they can be fulfilled.

In fact, some 500,000 tons of food have been delivered to Iraq, but the U.N. reports that only a relatively minor amount of this food has actually been delivered by the Iraqi authorities.

It is ironic and tragic that the Iraqi regime, after rejecting two earlier UNSC Resolutions intended to provide such relief, and after delaying implementation of 986 for 18 months, is now complaining because the sanctions committee insists that it follow the rules.

Q: What about the Iraqi charge that the US representative is the only one of those overseeing the approval of contracts who has yet to approve some contracts?

The U.S. is proceeding to implement the system agreed to by the Iraqi government and the U.N.

We call upon the Iraqi regime to show elementary compassion for the suffering of the Iraqi people and to comply with the clear and simple U.N. conditions for the shipment of food and medicine under the system to which it agreed.

DEFENSE -- MCKINNEY INDICTMENT

Background: Statements by high-level military, OSD and Administration officials have complicated court-martial proceedings on more than one occasion in the past when cited by defense attorneys as improper influence. The President, as Commander-in-Chief, should not make any statements on specific cases such as this.

- Due to the pending legal proceedings, it would be inappropriate for the White House to comment on the charges against Sgt Major McKinney.
- I refer your questions concerning this case to the Department of Defense.

Q: What is the President's view on women in the military?

A: The President supports the expanded roles for women in the Armed Services that have been implemented over the past four years.

Q: What is the President's view on sexual harassment in the military?

A: He views with concern all allegations of sexual harassment or sexual misconduct in the military. He expects the Department of Defense and the Services to investigate all such allegations and take appropriate disciplinary action against those found guilty, and to take appropriate corrective action to prevent further incidents.

CIA -- TENET

- When the President announced his intention to nominate Mr. Tenet, he was fully aware of the circumstances about which the White House Counsel has advised the Department of Justice. He considered them in making his decision.
- The President and we firmly believe that none of this information reflects adversely on Mr. Tenet. He should be confirmed by the Senate and will be a superb director.

BRAC

- There have been four rounds of base closures and realignments since 1988. To date, we have contracted our base structure by 18 percent. During the same period, we have reduced the size of U.S. military personnel by 33 and 1/3 percent. Procurement spending has been reduced by almost 70 percent from its peak before the end of the Cold War.
- When the current BRAC round -- the last one authorized by legislation -- is completed in 2001, the contraction in the base structure will be about 21 percent, which still lags behind the one-third reduction in the force.
- The Pentagon has been looking at this in connection with the Quadrennial Defense Review (QDR). The Pentagon has concluded that we are paying for more infrastructure than we need. Secretary Cohen is considering whether we should seek additional base closures. Budget pressures and the requirement for robust modernization dictate that we look for ways to reduce the base structure.
- Additional BRAC rounds would require legislation. We will need to work with the Congress on this issue.

SAUDI ARABIA -- KHOBAR BOMBING

Q: Is the suspect in Canada being interviewed? Is he cooperating with the U.S.? Is he coming to the U.S., etc.?

A: This is an ongoing criminal investigation.

It would be inappropriate for us to comment on such details.

I refer you to the Justice Department."

Q: Are we getting cooperation from Syria on the Khobar bombing investigation?

A: The investigation into the Khobar bombing is ongoing. We do not comment on investigations in progress.

Regarding Syria, I'm not going to discuss the details of our diplomatic exchanges with other governments, particularly when they involve a matter under investigation.

Q: Are the Saudis helping? What have we learned from the suspect detained by Canada?

A: As I've said before, we have gotten cooperation from the Saudis and we've been assured at the highest levels of the Saudi Government that more cooperation will be forthcoming.

As has been reported, Canada has detained an individual who may have information about Khobar. I'd refer you to the FBI for any comment on that.

Q: But the Canadians charged this guy with participating in the bombing and the papers they filed indicate he has links to Syria and Iran. Do you concur with the Canadian assessment of his culpability? Does this mean we're going to finally take action against Iran? Will it be military action?

A: Canada did make some specific allegations in the papers the Canadian government filed with its own courts. As you know, we, too, have an investigation ongoing.

At this time in our own investigation, it is neither necessary nor appropriate to make specific public charges or allegations. The FBI, the agency in our government that is in charge of this investigation and the agency that has been working with Canada, will follow all leads and will take them to their appropriate conclusion.

We are treating this as a criminal, law enforcement investigation. I'm not going to speculate about the outcome of the investigation or any actions that outcome might require.

Q: So you're ruling out any military action against Iran based on the clear and convincing evidence Canada's authorities have submitted to their courts?

A: I'm declining to speculate on the outcome of the case. Nothing more, nothing less.

KOREA

Korean War POW/MIA's

Q: What actions are you taking to account for Korean War POW/MIA's and what comment do you have on the report that an American serviceman, Charles Robert Jenkins, who defected in the mid-60's is alive? Does Mr. Jenkins want to come home and have you taken steps to bring him back to the United States?

A: First, on the POW/MIA accounting issue. We have had a series of bilateral talks with North Korea to launch a program of accounting for American service personnel lost in the Korean War. We have received 172 sets of remains ('92-'93) and recently concluded a joint recovery operation that resulted in the identification of one serviceman. Unfortunately talks this week in New York did not result in any agreement for additional joint recovery operations or initiation of archival research, an important component to making any accounting effort successful. We will continue to pursue this humanitarian issue with North Korea until we are satisfied we have done all that is possible to find the answers so many Americans who lost loved ones in the War still seek.

Regarding recent reports about Americans living in North Korea, I can say that the Defense Department has received similar reports, which we believe to be mostly hearsay. We are aware, however, of possibly four Americans who defected to North Korea in the 1960's and appear to be living there of their volition. Sgt. Jenkins, Ms. Harrell's brother, may be one of these defectors. We have asked North Korea to allow us to interview Americans believed to be living in North Korea, but have received no assurances. Nor has the North made any comment about the number or names of the defectors.

Finally, we will pursue the question of POW/MIA accounting as well as our efforts to gain access to Americans living in the North independent of other issues being discussed with the North Koreans, including the four party talks.

Food Aid/Four Party Talks

Q: Have the U.S. and South Korea linked the provision of food aid to North Korea to the acceptance by Pyongyang of the four party peace talks?

A: We have not linked food aid to the four party talks. We have provided some \$25 million in humanitarian assistance to North Korea this year. South Korea has participated in the international food appeal as well.

Defector

Q: Does North Korea possess nuclear weapons as reported by the recent defector?

A: Have long believed that North Korea might possess nuclear ambitions. That's why we negotiated the framework agreement in 1994 that froze North Korea's nuclear program, placed it under international safeguards, and will eventually dismantle it.

Not sure the defector's allegations add anything to our knowledge about North. ROK has agreed to provide us access to him so that we can make independent evaluation.

We always are alert to the possibility that conflict could erupt on the peninsula. We, U.S. Forces Korea and our South Korean allies are vigilant in monitoring the military situation in the North. Our forces in combination with the South are the best deterrent to a North Korean attack.

BURMA

Q: Why did you wait so long to invoke Cohen-Feinstein sanctions?

A: We have been watching closely events in Burma to determine whether conditions of the law have been met.

As indicated in the President's [Secretary's] statement, the regime has perpetrated a range of abuses over the past seven months, which have had the cumulative effect of triggering the requirements of the Amendment.

Q: What would it take to lift the sanctions?

A: We would expect to see progress by the Burmese authorities on critical human rights and democracy issues, which include the lifting of restrictions on Aung San Suu Kyi and the political opposition, respecting the rights of free expression, assembly and association, and undertaking a dialogue on Burma's political future that includes leaders of the NLD and the ethnic minorities.

[Note: Lifting of the sanctions could be accomplished in a number of ways, including through a waiver provision in the law, which requires a Presidential determination that application of sanctions would be contrary to the national security interests of the United States.]

Q: What are Aung San Suu Kyi's views on sanctions?

A: We are reluctant to attempt to characterize Aung San Suu Kyi's position on sanctions; rather we would encourage you to refer to her many public statements on this issue.

Q: Why are sanctions appropriate for Burma but not for China?

A: Our values and goals in the area of human rights promotion are constant, but our approach from one country to another can and does vary based on our judgment on what may be effective.

In case of Burma, there is a stronger international consensus on the need to bring pressure to bear upon the government. For example, the European Union has imposed a visa ban and restricted trade preferences, and all members of the UN General Assembly and Human Rights Commission have joined consensus in resolutions critical of Rangoon. Thus, our action on Burma is part of a collective effort to pressure the regime, and may encourage other governments to take stronger actions. Moreover, given the relatively high degree of repression and state control over aspects of civic and economic life in Burma [i.e., greater than in China], a policy of engagement with Rangoon is less likely to bring about positive change over time.

RUSSIA/NIS

Current

Contingency Points on "Sea Breeze"

- "Sea Breeze" is a multi-national military exercise in the 'spirit of Partnership-for-Peace' that will take place in the Black Sea in August; the scenario is premised on a response to a natural disaster -- Russia was among countries invited to participate from the outset.
- Regret any misunderstanding as to what exercise entails, but confident that Russians will find no cause for concern/complaint as actual event occurs -- plausible scenario, in keeping with PFP activities that reflect spirit of cooperation prevailing in European security issues.

(FYI: Russians declined to participate, as have Britain and France. Original scenario proposed by host Ukraine did include idea of separatist uprising in Crimea -- now out.)

On Yeltsin's May 7 comments that NATO enlargement causes "crisis" in Europe, and in Russia's relations with U.S.:

- While have not seen full text of Yeltsin's remarks, we reject any notion of "crisis" in U.S.-Russia relations, or in Europe, resulting from NATO enlargement plans.
- At Helsinki, two Presidents agreed to disagree; but, while Russia continues to oppose enlargement, it is engaged in serious discussions to conclude work on new relationship between NATO and Russia. This is constructive approach on both sides, not crisis.

Solana-Primakov

- NATO Secretary General Solana and Russian Foreign Minister Primakov met for three hours May 6 in Luxembourg to discuss NATO-Russia relationship and document. Understand they had good and serious discussions, though issues remain to be resolved, particularly as regards security implications of NATO enlargement.
- Solana and Primakov have agreed to meet again in Moscow on May 13.
- Russians have expressed interest in late May NATO-Russia summit to sign NATO-Russia document. Depends on whether we can conclude NATO-Russia document. Obviously, this being worked very intensely, but still need to resolve differences.

Solana in Kiev

- Solana in Kiev May 7 to discuss NATO relations with Ukraine, open NATO information center in Kiev. Visit part of NATO's outreach program to build good relations with all members of Partnership for Peace.

General

NATO-Russia (expanded)

- Plans for NATO enlargement proceeding on schedule -- Madrid summit on track; will issue first invitations to prospective new members at July 8-9 meeting.
- Enlargement part of broader effort to build comprehensive European security system, which includes strong NATO-Russia relationship. Going forward in way that does not threaten any nation's security, enhances stability in Europe.

In Helsinki, President and Yeltsin disagreed over enlargement but agreed to work together to build cooperative NATO-Russia relationship.

- See Russia as partner of NATO in shaping more secure, stable and undivided Europe. That is good for United States, Russia and Europe.

Denver Summit of the Eight

- Denver meeting will be Denver Summit of Eight; will build on increased Russian involvement; Yeltsin to arrive and depart with others; will be one press conference by leaders of the Eight.
- Seven will still discuss economic, financial matters; expect this to be small part of agenda.

BOSNIA

War Crimes Verdict

- We welcome the historic verdict by the International Criminal Tribunal convicting Dusan Tadic of crimes against humanity. There can be no peace without justice in Bosnia and this conviction is an important step toward that goal.
- With this conviction and the delivery of indicted war criminal Zlatko Aleksovski to the Hague, it is clear we are making slow progress on war crimes. We will not be satisfied, however, until all indicted war criminals stand trial at the Hague.

War Criminals

- We continue to remain deeply concerned with the slow progress on war crimes front in Bosnia. We continue to press the parties to fulfill their obligations to turn over indicted war criminals. We are also examining a variety of ways we can help the Tribunal to bring indicted war criminals to justice. We have made no decisions on how to assist the Tribunal. We are reviewing many different options.

If pressed about sending teams of special police or commandos to arrest war criminals:

- We have been examining several options to assist and enhance the ability of the Tribunal to bring indicted war criminals into custody. One option may be to establish some sort of capability to execute the court's arrest warrants. We are studying the feasibility of these options but have made no decisions yet.

Radovan Karadzic

- Karadzic was removed from office and remains banned from any public or political role as agreed by Republika Srpska. We continue to monitor the situation and will insist that Republika Srpska live up to their agreement. We remain concerned about his potential influence and will not be satisfied until he is brought to justice in the Hague.

Supplemental Amendment for Date Certain Withdrawal from Bosnia (passed by Senate)

- We strongly urge that this legislation not be further pursued. President's senior advisors would recommend a veto to the bill if an amendment is adopted that would mandate a date certain for withdrawal of U.S. forces from Bosnia — even a date of June 1998, when SFOR's mission is scheduled to end.
- An amendment requiring a withdrawal by a date certain — with no regard for the situation on the ground or prospects for self-sustaining peace — would seriously restrict the flexibility of our military commanders in completing their mission and jeopardize the secure environment needed for civilian implementation.

- We continue to believe SFOR's mission (18 months) should provide sufficient time to establish the conditions to maintain security and stability without an outside military presence. We have no desire or plan to extend the mission beyond mid-1998, but we should not set an arbitrary deadline that would call into question our commitment to implementation of the Dayton Accords, our reliability as a NATO ally, and our commitment to peace and stability in Europe.

Problems with Dayton Implementation

- Implementation of Dayton and bringing long term peace and reconciliation to Bosnia remains a long term process and much work remains to be done. Nevertheless, we should not lose sight of how far we've come.
- Only 18 months ago, the bloodiest conflict in Europe since World War II continued to rage in Bosnia. Today, the market massacres, sniper alleys, and grim campaigns of ethnic cleansing are over; since Dayton, we have maintained a secure peace, separated and demobilized the former warring parties, held successful national elections, created new national institutions that are beginning to govern, and made real progress toward the difficult long term challenges of political reconciliation and economic reconstruction.
- More recently, the parties agreed on a new central bank and common currency. So we continue to see progress on a day-to-day basis but our work in Bosnia is not yet done.
- The Dayton process brought peace to Bosnia and remains the best hope for long-term stability and reconciliation. We continue to reexamine our implementation efforts and look for ways to more effectively bring about the conditions needed for a self-sustaining peace. But it is the Bosnian parties themselves who bear primary responsibility for fulfilling the vision of the Dayton Accords.

SFOR Mission Duration

- We continue to believe that SFOR's mission should be completed in 18 months. 18 months should give sufficient extra time needed to establish conditions to maintain security and stability without an outside military presence.

Train and Equip Program

- The international Train and Equip program is successfully helping to establish a stable military balance in Bosnia, which is one of the keys to establishing a lasting peace in the region.
- The T&E program continues to facilitate concrete progress in the formation of joint Federation defense structures that will be critical to strengthening the Bosniak-Croat Federation. **The latest step forward in this regard, announced in Sarajevo today, are the agreements between Presidents Izetbegovic and Zubak on a joint Federation Military Strategy and on key commands.**

TRIPS AND VISITORS

- President's visit to Mexico began May 5. Mexico visit May 6-7. Regional summit meetings in Bridgetown, Barbados and San Jose, Costa Rica will go forward as scheduled May 7-10.
- Ukrainian President Leonid Kuchma will be in Washington May 14-16 to conduct the inaugural meeting of the U.S.-Ukraine Binational Commission with Vice President Gore. He will meet with President Clinton during his visit. *(FYI: POTUS meeting tentatively scheduled for Friday 5/16)*
- President will travel to Netherlands May 28 for U.S.-EU Summit and Marshall Plan commemoration event. **President has accepted invitation to stop in London to meet with Prime Minister Blair.**
- Denver Summit June 20-22.
- POTUS will travel to Denmark in July in conjunction with the July 8-9 NATO Summit in Madrid.
- President's visits to Brazil, Argentina and Venezuela rescheduled to October 12-17.
- APEC Summit in Vancouver, Canada November 24-25.

VISIT TO LONDON

- President has accepted invitation to stop in London to meet with Blair in connection with his planned travel to the Netherlands for U.S.-EU Summit and Marshall Plan commemoration May 29. Schedule for visit to London still to be worked out.
- Agenda for meeting will be broad one -- U.S. and UK have unique partnership in security and defense area. Certainly expect close cooperation with UK on these issues to continue with Blair government..
- Have not yet elaborated agenda but European security and NATO issues, Northern Ireland will certainly be on it. Would also expect discussion of Bosnia and issues related to China and imminent Hong Kong transition. Two leaders may also want to compare notes on economic, social policy.

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THE WHITE HOUSE

Office of the Press Secretary
(San Jose, Costa Rica)

For Immediate Release

May 9, 1997

STATEMENT BY THE PRESS SECRETARY

Visit by the President to London

In connection with his trip to the Netherlands May 28 for the U.S.-EU Summit and the commemoration of the 50th anniversary of the Marshall Plan, the President has accepted an invitation to stop in London to meet with newly elected British Prime Minister Tony Blair. The schedule for the visit and meeting has yet to be finalized. This will be the President's first meeting with Prime Minister Blair since he took office.

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NORTHERN IRELAND

BRITISH ELECTION -NI RESULTS

Background: Clear that Gerry Adams has won back the West Belfast seat he lost to the SDLP in 1992. That was expected. The biggest news is that Sinn Fein strategist Martin McGuinness has won a seat too, defeating hard-line unionist and DUP candidate Willy McCrea in spite of splitting the nationalist vote with an SDLP candidate. It looks like the UUP (mainstream unionists) will either keep 9 seats or get 10.

- Important election in Northern Ireland, fought on completely different issues than in rest of UK.
- If asked reaction to SF seats: Hope party leaders will conclude that democracy works, offers only way forward to just and lasting settlement in Northern Ireland. Time to take gun out of Irish politics forever and get down to work.

PEARSON DEPORTATION

Background: DOJ has decided to appeal the lower court's ruling that Brian Pearson is eligible to stay in the U.S. Pearson served time for an IRA bombing (of a military/ policy barracks--no one injured) before coming to the U.S.

- This decision was made by the Department of Justice on legal grounds. Questions concerning the case should be referred to DOJ.
- If asked: This is a deportation case; our policy toward Northern Ireland was not at issue. That policy is clear --we strongly condemn IRA terrorism and will continue to support efforts to achieve a just and lasting peace in Northern Ireland.

MITCHELL RESIGNATION AS SAPASS FOR ECONOMIC INITIATIVES IN IRELAND

[Background: It has not been made public yet but Senator Mitchell has submitted a letter to POTUS resigning his position as Special Advisor to the President and Secretary of State for Economic Initiatives in Ireland -- a position he has held since late 1994. Ideally, we would prefer to announce it at same time his successor is named, which will take a few weeks.]

- Yes, Senator Mitchell has decided to give up position as Special Advisor to President and Secretary of State for Economic Initiatives in Northern Ireland. Will of course continue as chair of Belfast peace talks; in fact, understand his decision to resign the economic job based on need to devote his time to the talks.
- We are moving to select a successor to Senator Mitchell to oversee Administration support for economic initiatives. Creating jobs through investment and trade is key to underpinning Northern Ireland peace process over long term.

CONTINUED IRA VIOLENCE

- Strongly condemn continued IRA violence in Northern Ireland and in Britain, urge immediate, unequivocal cease-fire.
- Belfast peace talks (now in recess until June) have best chance of long-term success if they are inclusive (that is, if Sinn Fein participates) but that can only happen after IRA cease-fire.

ON WHETHER IRA NEEDS TO DISARM BEFORE JOINING TALKS

- Vice President did not address this point, but U.S., like British and Irish governments, have accepted the report issued last year by Senator Mitchell and his colleagues, which suggested decommissioning of arms in parallel with talks.

GULF WAR ILLNESSES

What is your reaction to the findings in the Presidential Advisory Committee (PAC) interim letter report that (1) there was information even prior to the Gulf War raising cause for concern about chemical weapons storage at Khamisiyah; and (2) that there was “substantial mismanagement and lack of communication” between the military and intelligence community on this information?

- Important here at the outset to note that we are where we are today -- with all of the recent and continuing document releases -- because of the President's direction to get out all of the facts, and DOD and CIA's commitment to carry out that direction...
- DOD and CIA have already stated for the record that their handling of Khamisiyah-related information should have been better, and they are both committed to capturing the appropriate “lessons learned”...
- Moreover, both agencies currently have their IG staffs investigating the related issues, and their reports are expected this summer...

Why was there, in the PAC's words, “no serious [executive branch] effort to examine the possibility of chemical warfare agent exposure of U.S. troops at Khamisiyah until late 1995” when there were documents available raising this concern by December 1991?

- No question that the recently-released documents should have been identified and released much earlier; this figured prominently in the President's decision in JAN 97 to extend the PAC he established in MAY 95 in order to provide independent oversight of the ongoing process...
- These documents are being identified and released now in response to the President's direction to get out all of the facts...
- As to why these documents did not come to light earlier, the various ongoing IG and other investigations at DOD and CIA should help us to understand what happened...

The PAC found that there is no single entity integrating the data for a comprehensive assessment of the government-wide response to Khamisiyah; the PAC also questioned how individual accountability will be addressed. What is the White House view?

- First, the PAC's recommendation that a “presidential-level” entity to integrate intelligence community “lessons learned” is consistent with the Administration's commitment to take full advantage of the Gulf War experience to improve our preparedness and planning for future deployments -- this recommendation will be carefully considered when the President receives the PAC's interim letter report and the accompanying agency responses...
- DOD and CIA have asked former SEN Warren Rudman to advise both agencies on the GWI problem. SEN Rudman is well-qualified to undertake a review of all investigative findings, and his efforts will enhance our ability to integrate the intelligence “lessons learned”...
- With respect to accountability, our understanding is that there is no evidence to date of individual misconduct. If and when any such evidence comes to light, the DOD and CIA IG and other investigators tackling the many issues involved would document and refer that evidence to their respective agency heads as a matter of course...

The PAC believes that an EPA-type approach would be appropriate for the long-delayed Khamisiyah modeling effort and that veterans deserve to learn the results of a full-range of modeling scenarios (including worst-case events). What is your reaction?

- DOD and CIA recently formed a joint modeling team to take this work forward to conclusion as rapidly as possible, with the projected completion date of 21 JUL 97...
- The PAC's assessment that EPA-type modeling may be useful or even more appropriate will need to be evaluated by the joint DOD/CIA team...
- In terms of targeted notification letters, DOD has already sent out letters to those personnel within 50 kilometers of Khamisiyah, and will conduct additional notifications if necessary...
- Most important here is that the issue of notification has no bearing on the eligibility of veterans for physical examinations, health care, and compensation -- and DOD and VA have strongly encouraged all Gulf War veterans to take full advantage of the available programs...

Is DOD using the Privacy Act as a "shield" to block the PAC's "unfettered access" to the critical information they need?

- Our understanding is that earlier this year DOD lawyers noted Privacy Act legal concerns about certain information being provided to the PAC in response to their requests...
- We have confirmed that the Privacy Act does have application and have been informed that the required legal steps are being taken to obtain the consent of individuals providing information for release of that information to the PAC...

Is the PAC likely to be extended again given the many problems still remaining?

- The PAC has a critical role to play -- the White House is relying on the PAC's expertise and independent assessments to enhance program quality across the full spectrum of government activity related to Gulf War illnesses...
- Any discussion of extending the PAC would be premature at this juncture given the many initiatives currently underway and the amount of time remaining before the end of the initial extension period (31 OCT 97)...

What about the statement in the recent CIA white paper that the CIA briefed the NSC staff in JAN 96 on the Khamisiyah evidence?

- The CIA white paper (and one of the accompanying documents containing briefing slides) reflects the classified CIA brief the NSC staff received in JAN 96.
- During the briefing -- which focused on the CIA's declassification initiative and ongoing study of potential exposures -- the staff was told that information had come to light about the possibility of chemical munitions storage and agent release at the Khamisiyah facility. This was briefed as preliminary information, and the NSC staff noted at the close of the brief that CIA needed to pursue this possibility aggressively together with DOD.
- Subsequent CIA and DOD efforts to investigate this concern eventually led to the JUN 96 DOD announcement of Khamisiyah.

The intelligence community admits making mistakes in its handling of the Gulf War illnesses investigation, and the many recently-declassified documents clearly should have come out much sooner. With much of the related activity occurring during George Tenet's tenure at CIA, does the Director-designate retain the President's full confidence?

- Absolutely.
- The CIA has contributed a tremendous amount to our knowledge about chemical weapons in the Gulf War theater and specifically about exposure incidents that might be related to undiagnosed Gulf War illnesses.
- George Tenet is fully supportive of the President's commitment to get out all the facts, and has increased the level of resources devoted to the Gulf War illnesses problem when new information indicated the need to do so.

What has the Administration done for Gulf War veterans who are sick?

- Through the dedicated efforts of DOD and VA personnel, veterans are receiving the care they need for Gulf War illnesses, whether diagnosed or undiagnosed.
- Overall, to date -- (1) DOD & VA toll-free help lines; (2) 80,000+ free medical exams; (3) 26,000+ compensation claims approved; (4) special legislation paying disability for Gulf veterans with undiagnosed illnesses, with an extension of the presumptive period for undiagnosed illness compensation forthcoming soon; (5) thousands of pages declassified; and (6) 90+ federally-sponsored research projects completed or underway.

FAST TRACK

- Committed to getting fast track through the Congress.
- Will continue to work with Congress to pass fast track authority.
- High level Administration officials have been meeting with key members on both sides of the aisle to push this legislation forward.
- Hopeful that we will succeed.

Q: It has been reported that the President is planning to delay his request for fast track authority to accommodate the budget process. Is that true? Does this signal Administration retreat on fast track? Has Gephardt scared the President off?

A: Not at all. The President is still firmly committed to seeking fast track authority to open foreign markets. It is critical if we want to continue creating good jobs for American workers.

Every President since Ford has had fast track authority for key periods, and the reasons for it now are more compelling than ever. Over 11 million U.S. jobs now depend on exports, and these jobs pay 13-16 percent more than the average U.S. job. Today, 95 percent of the world's consumers live outside the U.S., and the vast majority of those consumers live in the emerging and fastest growing markets of Latin America and Asia. We simply must continue to open these markets for U.S. exports if we are to succeed in the global economy.

We cannot afford inaction. If we are not seizing opportunities to break down trade barriers and open foreign markets, we can be sure other countries will act -- to the benefit of their companies and their workers.

The United States has nothing to fear. We are the most competitive large economy in the world as judged by independent experts. But our ability to define the nature of our trade relationships will in significant measure determine our leadership role in the next century. Fast track authority is the most important factor determining these relationships.

As you know, we have been consulting with Congress to develop bipartisan support for this legislation. We think that is the best way to build a strong foundation for this effort. We will continue to consult with Congress as to the substance, tactics and timing of the fast track initiative.

Q: It has been reported that the Administration is weighing the dropping of labor and environmental goals from fast track trade authority legislation, a move certain to infuriate labor unions. Is this true?

A: As we have stated before, our goal is to build the broadest possible support for the fast track legislation. To that end, Ambassador Barshefsky and others have been consulting actively with members of Congress representing all points of view on this subject, and with all interested parties, including organized labor. We will continue to do so with the goal of enacting legislation that receives broad support.

ENCRYPTION EXPORTS

- The Administration continues to seek a balanced approach to its encryption policy: one that promotes strong security for widespread electronic information and communications, while protecting the public safety.
- We are promoting the development of Key Management Infrastructure technologies and institutions which provide trusted security services, including privacy, authentication, and key recovery.
- Key recovery is a technique developed by industry in response to market demand - businesses want the capability to retrieve their encrypted data in the event of loss of decryption keys. Over 60 companies have joined IBM's Key Recovery Alliance to promote key recovery-enabled products.
- The Administration has embraced key recovery since it also provides a tool for law enforcement to understand and use encrypted data in investigations and prosecutions, under strict lawful authority.
- Importantly, the Administration's approach is market-driven: users have the right to chose any encryption within the US.
- To facilitate development of a security infrastructure that includes key recovery (for those users that require it), the Administration is allowing the export of 56-bit non-key-recovery encryption products for two years, in return for manufacturers' commitments to develop key recovery products.
- We have also just announced a further export liberalization where financial-specific and similar electronic commerce applications, e.g., direct home banking software, will be approved for export after a one time review, without limits on the encryption.
- In addition, stronger general-use non-key-recovery encryption products will be approved for banks provided the product manufacturers commit to bring key recovery versions of the advanced products to the market place within two years.
- Key recovery will not be a specific requirement for such applications since banks and similarly regulated financial institutions have shown a consistent ability to provide appropriate access to transaction information in response to authorized law enforcement requests.
- Importantly, the banking industry will lead the market in the development of robust trusted security services, needed for electronic commerce.

CYPRUS OVERFLIGHTS

Q: Do you have any information on the unilateral decisions by the governments of Cyprus and Turkey (confirmed on May 8) regarding overflights of Cyprus by Greek and Turkish military aircraft?

A: We welcome the decision of the Government of Cyprus not to invite Greek aircraft to overfly Cyprus during the Toxotis-Vergina (TOKE-Sa-Tos; Ver-GEE-na) exercise (held on May 7-8) and the information that no other such overflights are planned at this time.

We welcome the information from the Government of Turkey that Turkey has no plans to overfly Cyprus as long as Greek aircraft do not overfly the island.

We believe these separate actions contribute to a better atmosphere for the efforts currently underway under the auspices of the United Nations aimed at a solution of the Cyprus problem.

(IMPORTANT NOTE: It is very important to avoid using the word “agreement” to refer to the Cyprus overflight decisions. We are stressing that these moves were taken by the governments entirely on their own and not as part of any U.S.-brokered agreement or any other type of formal deal.)

Q: Is the Cyprus overflight moratorium the result of an agreement between Cyprus, Greece and Turkey?

A: No, it is not. The decisions to suspend overflights were unilateral, separate actions taken by the governments, on their own initiative, to contribute to an improved atmosphere for mediation efforts.

We welcome these decisions. (On April 23, our Embassy in Nicosia had described the Government of Cyprus’ announcement on suspending overflights during the Toxotis-Vergina military exercise as a very positive step.)