

FOIA MARKER

**This is not a textual record. This is used as an
administrative marker by the William J. Clinton
Presidential Library Staff.**

Collection/Record Group: Clinton Presidential Records

Subgroup/Office of Origin: Press Secretary

Series/Staff Member: General Files

Subseries:

OA/ID Number: 10858

FolderID:

Folder Title:

Daily Press Guidance - June 24, 1997

Stack:

S

Row:

93

Section:

1

Shelf:

1

Position:

1

Press Guidance
Tuesday, June 24, 1997

6-24-97
updated on
7/9/97 to
G-drive

Domestic

1. Budget *Budget Negotiations*
2. Medicare - means test *Medicare*
3. VP/ Gates announcement *FCC*
4. Ozone - *Environment - Air*
5. Tobacco - *Tobacco*
6. Base Closures - *Military*

Events

1. Family Reunion - *Fundraisers*
2. Moseley-Braun event - *Fundraisers*

Economic

1. Consumer confidence rose 1.7% - *Economy*

Foreign

1. Denver Summit - *Foreign*
2. Cambodia
3. Iraq
4. Kansi
5. Khobar Towers
6. Sayegh
7. Gingrich/Radio Free Asia
8. UN
9. DROC (Ex-Zaire)
10. Republic of the Congo (Brazzaville)
11. Japan
12. Taiwan
13. China
14. NATO
15. Middle East
16. Russia/NIS
17. Korea
18. Fast Track - *Foreign*
19. Trips and Visitors
20. Bosnia
21. Northern Ireland
22. Gulf War Illness
23. USEC
24. Africa

June 23, 1997

The Honorable Frank Lautenberg
Ranking Minority Member,
Committee on the Budget
United States Senate
Washington, DC 20510

Dear Senator Lautenberg:

As the Senate begins consideration of S. 947, the spending-related portion of this year's budget reconciliation legislation, I am writing to transmit the Administration's views. We will transmit separately the Administration's views on the tax reconciliation bill.

While many provisions of the bill are consistent with the Bipartisan Budget Agreement, in some key areas others are not. We understand there are ongoing efforts to resolve as many issues as possible through a bipartisan Leadership amendment. Such an amendment would advance the bipartisan process which began last month with the Budget Agreement. The Administration intends to continue working closely with the Leadership on remedial amendments.

Key areas where the bill is inconsistent with the Budget Agreement include the failure to: "restore SSI [Supplemental Security Income] and Medicaid eligibility for all disabled legal immigrants who are or become disabled and who entered the U.S. prior to August 23, 1996"; assist low-income Medicare beneficiaries in paying premiums; provide Medicaid benefits for certain disabled children and the full 70 percent Federal match for Medicaid in the District of Columbia; properly implement the Medicare home health reallocation; provide for State SSI administrative fees; and achieve the agreed-upon levels of savings from spectrum auctions and related provisions.

In addition, we have significant concerns about a number of issues which the Budget Agreement did not specifically address: the lack of quality standards and protections against balance billing in private fee-for-service plans in Medicare Choice and in Medical Savings Accounts (MSAs); the added burden of new copayments for certain Medicare Part B and Medicaid beneficiaries; the higher eligibility age for Medicare recipients and the income-relating of the Medicare deductible; the failure to include all of the Administration's prudent purchasing reforms; the lack of a Federal Disproportionate Share Hospital (DSH) targeting standard; the failure to put the proper parties in charge of administering the welfare-to-work program; the proposal to privatize eligibility determinations in Texas; and the lack of adequate maintenance-of-effort requirements for Food Stamps.

The Bipartisan Budget Agreement is good for America, its people, and its future, and we are fully committed to working with Congress to see all of its provisions enacted into law by the

August recess.

Items Contrary to the Bipartisan Budget Agreement

• Continued SSI and Medicaid Benefits for Legal Immigrants -- While the Senate reported provision giving benefits to new applicants for a limited time is preferable to the House provision, it fails to provide sufficient assistance for the most vulnerable individuals. The Budget Agreement explicitly states: "Restore SSI and Medicaid eligibility for all disabled legal immigrants who are or become disabled and who enter the U.S. prior to August 23, 1996."

As the President stated in a June 20, 1997 letter, he views this issue as of paramount importance. As the letter states: "To achieve our common goal of a signable bill that balances the budget, it is essential that the legislation that is presented to me include these provisions. I will be unable to sign legislation that does not." The reported bill fails to reflect the Agreement. As a result, in 2002 it would protect an estimated 55,000 fewer immigrants than the Budget Agreement calls for.

In addition, the President's strong preference is to cover both elderly and disabled immigrants. We will work with you to identify the necessary resources to do so.

Assistance for Low-Income Medicare Beneficiaries -- Recognizing that premiums represent a significant burden on low-income beneficiaries, the Budget Agreement allocated \$1.5 billion to ease the impact on this population of increasing Medicare premiums related to the home health reallocation. The reported bill does not include this provision.

Medicaid Benefits for Certain Disabled Children -- The Budget Agreement clearly includes the proposal to restore Medicaid for current disabled children losing SSI because of the new, more strict definition of childhood eligibility. The reported bill failed to include this proposal. We strongly urge the Senate to include this provision and retain Medicaid benefits for about 30,000 children who could lose their health care coverage in FY 1998.

DC Medicaid -- We are pleased that the reported bill includes a higher matching payment for the Medicaid program in the District of Columbia, but we are concerned that the increase is not sufficient. The matching rate proposed in the reported bill sunsets at the end of FY 2000 and is 10 percentage points lower than the matching rate of 70 percent in the FY 1998 President's budget. A 60 percent matching rate would still leave the District paying more to the Medicaid program than any other local government.

Home Health Reallocation -- The home health reallocation in the Budget Agreement is not properly reflected in the reported bill. During the negotiations, we discussed at great length the shift of home health expenditures to Part B, and all sides clearly understood that it would be immediate. The Committee's phase-in would cost two years of solvency on the Part A trust fund -- two years that we can ill afford to lose. We urge the Senate to incorporate the same provision included in the House Commerce Committee reported title.

State SSI Administrative Fees -- The reported bill fails to reflect the provision of the Budget Agreement which calls for increasing the administrative fees that the Federal Government charges States for administering their supplemental SSI payments -- the proceeds of which would be available, subject to appropriations, for Social Security Administration (SSA) administrative expenses.

Spectrum -- While the Senate reported provisions are a substantial improvement over counterpart House legislation, we continue to have serious concerns. The reported language would not achieve the full \$26.3 billion in savings and policies described in the Budget Agreement. In addition, the bill does not include two of the proposals included in the Budget Agreement -- auction of "vanity" toll free telephone numbers and the spectrum penalty fee. Additionally, the bill does not provide a firm date for terminating analog broadcasting, thus causing significant savings reductions.

We also have the following additional concerns with the reported spectrum language: the lack of authority for the Federal Communications Commission (FCC) to use economic mechanisms, other than auctions, where appropriate (i.e., user fees to create incentives for efficient spectrum management); a very expansive definition of public safety that would create loopholes permitting too many entities to be exempted from auctions; language that would protect spectrum for use by the National Aeronautics and Space Administration and the National Oceanic and Atmospheric Administration, which is contrary to the Administration's policy on managing spectrum across the government through a process managed by the National Telecommunications and Information Administration; and the lack of authority for the FCC to revoke and reauction licenses when an entity declares bankruptcy, which is essential to preserving licenses awarded in previous auctions.

Additional Concerns

Although the Budget Agreement did not specifically address the following items, the Administration has significant concerns about them. The Administration urges the Senate to address these concerns during Floor action.

Medicare

Private Fee for Service in Medicare Choice. While the Administration supports the introduction of new plan options for Medicare beneficiaries, we believe that any new options must be accompanied by appropriate beneficiary protections. We believe that inclusion of private fee-for-service plans in Medicare Choice without balance billing or quality assurance protections is bad policy. Beneficiaries should not be exposed to billing in excess of current law protections. Also, we are concerned that this option will attract primarily healthy and wealthy beneficiaries and leave sicker and poorer beneficiaries in the more expensive, traditional Medicare program.

Medical Savings Accounts. We believe that any demonstration of this concept should be limited in order to minimize potential damage and costs to the Medicare program. We commend the Finance Committee for limiting the demonstration to 100,000 participants, but still believe that a geographically limited demonstration would be much preferable. We are also pleased that the cost-sharing and deductibles for MSAs that have been reported are similar to the provisions that were enacted under the Health Insurance Portability and Accountability Act (HIPAA). We also strongly believe that the current law limits on balance billing should be applied to this demonstration to protect beneficiaries from being subjected to any additional charges providers choose to assess. We believe this demonstration should be limited geographically for a trial period which would enable us to design the demonstration to answer key policy questions.

Home Health Copayments. We note that the bill would impose a Part B home health copayment of \$5 per visit, capped at an amount equal to the annual hospital deductible. Medicare beneficiaries who use home health services tend to be in poorer health than other Medicare beneficiaries. Two-thirds are women, and one-third live alone. Forty-three percent have incomes under \$10,000 per year. We are concerned that a copayment could limit beneficiary access to the benefit. Imposing a home health copay is not necessary to balance the budget, and any further consideration of this policy should be part of a bipartisan process to address the long-term financing challenges facing Medicare.

Medicare Eligibility Age. Raising the eligibility age for Medicare is not necessary to balance the budget, and any further consideration of this policy should be part of a bipartisan process to address the long-term financing challenges facing Medicare. Moreover, this proposal does not contain provisions to address the fact that early retirees between the ages of 65-67 may not be able to obtain affordable insurance in the private market.

Prudent Purchasing. We applaud the bill's inclusion of our inherent reasonableness and competitive bidding proposals. However, we urge the Senate to take advantage of all the prudent purchasing proposals. The Medicare program is governed by a strict set of provider payment rules that have the effect of limiting the ability of the Federal government to secure the most competitive terms available to other payers in the marketplace. We have advanced a set of proposals to allow Medicare, the nation's largest health insurer, to also take advantage of lower rates providers offer to other payers.

Income-related Deductible. The reported bill includes a proposal to income-relate the Medicare Part B deductible. While the Administration is not opposed to income relating Medicare in principle, we have a number of concerns about this proposal. First, as the President mentioned yesterday, we believe this provision is outside the confines of the underlying budget agreement. Second, we are concerned that the proposal has design flaws. It would be extremely difficult to administer. Moreover, it may not achieve its intended purpose of reducing unnecessary utilization of services because the vast majority of beneficiaries have supplemental "Medigap" policies that pay for Part B deductible costs. While we do have serious concerns about this proposal, we remain interested in discussing it, or proposals like it, in the broader context of reforms to address the long-term financing and

structural challenges facing the program.

Medicare Commission. The reported bill would establish a Medicare commission. Establishing a bipartisan process that is mutually agreeable is essential to successfully address the challenges facing Medicare. We look forward to working with you on the development of the best possible bipartisan process to address the long-term financing challenges facing Medicare while simultaneously ensuring the sound restructuring of the program to provide high-quality care for our nation's senior citizens.

Medicare Choice Payments. We would prefer to limit the growth in Medicare Choice payments to Fee-for-Service Medicare, rather than having two separate growth targets. To do so may lead to an erosion of the value of the Medicare choice benefit package and expose beneficiaries to increased premiums.

Medicaid

Disproportionate Share Hospital Savings. We have concerns about the details of the allocation of the disproportionate share hospital (DSH) payment reductions among States. The bill may have unintended distributional effects among States. We recommend that the Congress revisit the FY 1998 President's budget proposal, which achieves savings by taking an equal percentage reduction off of states' total DSH spending, up to an "upper limit." Although the reported bill includes a provision to require States to develop DSH targeting plans, we are concerned that the bill does not include a federal DSH targeting standard. Without federal standards, providers with high-volume Medicaid and low-income utilization may not be sufficiently protected from reductions in the DSH program.

Medicaid Cost Sharing. The bill would allow States to require limited cost sharing for optional benefits. We are concerned that this proposal may compromise beneficiary access to quality care. Low-income Medicaid beneficiaries may forgo needed services if they cannot afford the copayments. We urge the Senate to revisit the FY 1998 President's budget proposal, which would allow nominal copayments only for HMO enrollees. This proposal would grant States some flexibility and would allow HMOs to treat Medicaid enrollees in a manner similar to non-Medicaid enrollees, without compromising access to care.

Criminal Penalties for Asset Divestiture. The reported bill would amend Section 217 of the HIPAA of 1996 to provide sanctions against those who assist people in disposing of assets in order to qualify for Medicaid. We would prefer to repeal Section 217 because we believe that the Medicaid laws in effect before the enactment of the Health Insurance and Portability and Accountability Act are sufficient to protect the Medicaid program against inappropriate asset divestiture.

Return to Work. We are pleased that the reported bill includes a provision allowing States to permit workers with disabilities to buy into Medicaid. We recommend the President's Budget proposal which would not limit eligibility for this program to people whose earnings are below 250 percent of poverty. We believe that this limit in the reported bill would not allow States sufficient flexibility to remove disincentives to work for people with disabilities.

Medicaid Payments to Puerto Rico and the Territories. We are pleased that the reported bill includes adjustments for the Medicaid programs in Puerto Rico and the territories, but we would prefer the language included in the FY 1998 President's Budget.

Children's Health

We are encouraged that the Senate reported bill includes notable improvements over the provisions reported by the House Commerce Committee. Specifically, we commend the decision not to allow use of the \$16 billion investment in areas other than insurance coverage. In addition, we are pleased to note the improved definition of benefits relative to the House Commerce Committee provisions.

While the Senate-reported bill represents a positive step forward, we are particularly concerned about the benefits definition and the lack of low income protections. It is our hope that the intent of this legislation was to ensure that children receive a benefit package that is at least commensurate with the standard Blue Cross/Blue Shield FEHBP benefit. However, the actual statutory language is much more limiting and would permit much less significant coverage. In addition, while the HHS Secretary would have discretion to define whether or not the benefit package meets the statutory requirement, she would not have the ability to ensure that low income children do not have to shoulder unrealistically high cost sharing that could lead to reduced access to needed health care. We also want to ensure that this investment is properly targeted to cover children who do not currently have health insurance. Finally, as the Administration has stated many times, we do not support limiting access to medically necessary benefits, including abortion services. We look forward to working with the Congress to resolve these important issues.

Welfare to Work

Local Program Administration -- The challenge of welfare reform -- moving welfare recipients into permanent, unsubsidized employment -- will be greatest in our Nation's large urban centers, especially those with the highest number of adults in poverty. Mayors and other local elected officials, working with private industry councils, have been entrusted by Congress with the responsibility for administration of other Federal job training funds. The Administration strongly believes that a substantial amount of all Welfare to Work funds should be managed by these entities, which have the experience to address most effectively the challenge of moving long-term welfare recipients into lasting unsubsidized employment that reduces or eliminates dependency.

The committee reported bill, however, would provide for local administration of formula grant funds only through the Temporary Assistance for Needy Families (TANF) agency. The bill's competitive grant structure would not ensure that an appropriate portion of funds outside rural areas will be administered by cities with high concentrations of adults in poverty. The Administration is concerned that the reported bill provides that the competitive grant portion would be only 25 percent of the total funds available, still further limiting resources for cities with the greatest need. The Administration urges the Senate to follow the approach taken by the

House Ways & Means Committee which would increase the share of competitively awarded funds to 50 percent and set aside a substantial portion of these funds for cities with the highest poverty populations.

Performance Bonus. The Administration is pleased that the Finance Committee included a performance bonus concept. We are concerned, however, that the performance fund simply augments the existing TANF performance fund without establishing any new expectations on grantees for additional performance using these welfare-to-work funds, or rewards for placing the hardest-to-serve in lasting, unsubsidized jobs that promote self-sufficiency. In addition, the Administration agrees with the House that the way to administer welfare-to-work grant funds so as to have the greatest likelihood of success is through the Department of Labor, the mayors, and the private industry council system.

Federal Administering Agency. The reported bill would place the program under the authority of the Secretary of Health and Human Services. While consistency with Federal TANF strategies is essential, Welfare to Work program activities should be closely aligned with the workforce development system overseen by the Secretary of Labor. The Administration therefore believes that the Secretary of Labor should administer this program in consultation with the Secretaries of HHS and HUD (as in the House bill).

Non-displacement. We understand the Senate adopted non-displacement provisions during committee action. However, we strongly urge the Senate to adopt, at a minimum, the provisions included in the House Education and the Workforce Committee-reported bill, which apply both to activities under the new Welfare-to-Work grants and TANF.

Distribution of Funds by Year. It does not appear that the bill's allocation of \$3 billion in budget authority over fiscal years 1998-2000 would, when combined with the program structure, result in an outlay pattern consistent with an estimate of zero outlays in FY 2002, as provided in the budget agreement. The Department of Labor is available to work with staff to craft provisions that satisfy this agreement.

We are pleased that the reported bill includes provisions that would address priorities, including: the provision of formula grant funds to States based on poverty, unemployment, and adult welfare recipients; a sub-state allocation of the formula grant to ensure targeting on areas of greatest need; appropriate flexibility for grantees to use the funds for a broad array of activities that offer promise of resulting in permanent placement in unsubsidized jobs; funds awarded on a competitive basis; a substantial set-aside for evaluation; and a performance fund to reward States that are successful in placing long-term welfare recipients. We look forward to working with the Congress during conference to refine these provisions.

Minimum Wage and Workfare

The reported bill appropriately refrains from modifying current law with respect to the application of the minimum wage and other worker protections for working welfare recipients under TANF. The Administration believes strongly that everyone who can work must work, and everyone who works should earn at least the minimum wage and receive the protections of existing employment laws -- whether or not they are coming off welfare.

Privatization of Health and Welfare Programs

The reported bill would allow the eligibility and enrollment determination functions of Federal and State health and human services benefits programs in the State of Texas -- including Medicaid, WIC, and Food Stamps -- to be privatized. The Administration believes that changes to current law would not be in the best interest of program beneficiaries and strongly opposes this provision. While certain program functions, such as computer systems, can currently be contracted out to private entities, the certification of eligibility for benefits and related operations (such as obtaining and verifying information about income and other eligibility factors) should remain public functions.

Food Stamps

While we support much of the Committee's approach to implementing the Agreement we are concerned that the proposal would create an estimated 100,000 fewer work opportunities over five years than proposed by the Administration's bill, which includes a specific target of 70,000 new slots each year. We are pleased that the Senate adopted a performance-based structure to reward States that provide employment and training (E&T) opportunities for individuals facing the 3-month food stamp time limit. This is highly preferable to the less accountable provisions in the House bill. The Senate's proposal should also be strengthened by conditioning receipt of the new 100 percent Federal E&T funds provided in the agreement upon a State maintaining 100 percent of their 1996 E&T spending. CBO estimates that the Senate's proposed 75 percent maintenance-of-effort requirement would result in States decreasing their E&T spending by \$89 million over 5 years. We urge the Senate to adopt provisions similar to the House maintenance-of-effort provisions.

Student Loans

We are pleased that the reported bill includes \$1.763 billion in outlay savings, including \$1 billion in Federal reserves recalled from guaranty agencies, \$160 million from eliminating a fee paid to institutions in the Direct Loan program, and \$603 million in reduced Federal student loan administrative costs. All these savings are being achieved without increasing costs or reducing benefits to students and their families.

However, the Administration opposes a new provision, unrelated to the Budget Agreement, requiring administrative cost allowances (ACAs) to guaranty agencies in the Federal Family Education Loan (FFEL) Program at a rate of .85% of new loan volume, to be paid from mandatory funding authorized under Section 458 of the Higher Education Act of 1965 (HEA) in FY 1998-2002. This provision would represent a new federal entitlement. It would also limit inappropriately the funds available to the Secretary to manage the FFEL Program effectively. Any allowance to these agencies should bear some relationship to the costs these agencies incur and not be based on an arbitrary formula. This is an issue for the upcoming HEA Reauthorization.

The Bipartisan Budget Agreement reflects compromise on many important and controversial issues, and challenges the leaders on both sides of the aisle to achieve consensus under difficult circumstances. It is critical that we do so on a bipartisan basis.

I look forward to working with you to implement this historic agreement.

Sincerely,

Franklin D. Raines
Director

IDENTICAL LETTER SENT TO HONORABLE TRENT LOTT,
HONORABLE THOMAS A. DASCHLE, HONORABLE PETE V. DOMENICI

Addendum: Additional Comments

Housing

We are concerned that the bill's provisions regarding FHA multifamily housing restructuring would not transform this housing in the most effective and efficient fashion. By ruling out the possibility of providing portable tenant-based assistance, the bill would limit the ability of tenants to seek out the best available housing and prevent projects from developing a more diverse mix of income levels. By establishing a preference for delegating restructuring tasks to housing finance agencies, the bill places an unnecessary constraint on HUD's ability to design the most effective partnerships. Finally, by failing to address tax issues explicitly, the bill does not resolve impediments that could discourage owners from participating in a restructuring process.

The administration is also concerned about Section 2203 of the Senate reconciliation bill which repeals federal preferences for the Section 8 tenant-based and project-based programs. The Administration has supported these repeals only if they are combined with income targeting that would replace the federal preferences. That targeting would ensure:

1) that the tenant-based program continues to serve predominantly extremely low income families with incomes below 30 percent of the area median income and 2) that all developments in the project-based program are accessible to a reasonable number of extremely low income families.

Unemployment Insurance Integrity

The reported bill fails to support the provision of the Budget Agreement that achieves \$763 million in mandatory savings over five years through an increase in discretionary spending for Unemployment Insurance program integrity activities of \$89 million in 1998 and \$467 million over five years. We urge the Senate to include in the bill provisions to authorize and guarantee the discretionary activities and the resulting savings. The Administration separately transmitted draft legislative language on June 6th to implement this provision of the Budget Agreement.

Vocational Education and TANF

The Administration is concerned with the reported bill's provision on vocational education in TANF. The agreement did not address making changes in the TANF work requirements regarding vocational education and educational services for teen parents.

Smith-Hughes

The reported bill does not include a provision that would repeal the Smith-Hughes Act of

1917, although the bill finds the agreed-upon \$29 million savings from other sources. In light of the \$1.2 billion annual appropriations under the Carl D. Perkins Vocational and Applied Technology Education Act, there is no justification for mandatory spending of \$7 million per year under the Smith-Hughes Act. We urge the Senate to adopt the provision included in the House Education and Workforce Committee reported title, which is consistent with the Budget Agreement.

Refugee and Asylee Eligibility

The Agreement would extend the exemption period from five to seven years for refugees, asylees, and those who are not deported because they would likely face persecution back home. The Administration supports the reported language, which implements this policy and also extends the exemption to Cuban and Haitian entrants.

Other Immigrant Provisions

We urge the adoption of a provision that would provide the same exemption period for Amerasian immigrants as provided to refugees. Amerasian immigrants share many of the problems and barriers confronted by refugees and have the same level of need as refugees. The Administration is pleased that the Committee bill exempts permanent resident aliens who are members of an Indian tribe from SSI program restrictions. We urge the Senate to extend this exemption to include the five year ban on eligibility for those who enter the country after August 22, 1996. Neither of these provisions will change the spending estimates associated with the Committee bill.

Medicare
June 24, 1997

Q: DO YOU SUPPORT THE INCOME-RELATED PREMIUM PROPOSAL THAT WAS IN THE SENATE FINANCE COMMITTEE MARK?

A: First, what passed the Senate Finance Committee was not an income-related premium but rather an income-related deductible that would allow high-income beneficiaries to pay deductibles beyond the current limit.

The proposal is also outside of what was decided in the Budget Agreement. We decided on what beneficiary savings were in the agreement and all assumed there would be no other beneficiary cost-sharing burdens.

We believe that it would be administratively complex and potentially unworkable in a practical context. Regardless, it needs much consideration before we could support it as an addition to the Medicare program.

For this reason, we do not support this proposal in the context of the budget negotiations. However, we would be happy to have discussions with Senator Kerrey and others about this provision in another context.

Q: Are you encouraged that Senate and House Republicans are leaning toward including \$1.5 billion in the budget to make sure that low-income seniors do not have to pay higher Medicare premiums?

A: Absolutely. The budget agreement that we reached with the congressional leadership explicitly provides money for low-income seniors, and we expect the Congress to honor that agreement.

Roger V. Salazar @ OVP 06/24/97 08:15:23 AM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: Statement of the VP -- Re; Gates Library Foundation

**THE WHITE HOUSE
Office of the Vice President**

**FOR IMMEDIATE RELEASE
TUESDAY, June 24, 1997**

CONTACT: (202) 456-7035

STATEMENT OF THE VICE PRESIDENT

For all the years I have talked about the Information Superhighway, I have imagined how it would change the life of a school child from my home town of Carthage, Tennessee, if she could connect to the Library of Congress from her home as easily as she could make a phone call. President Clinton challenged America to make this dream come true when he called on American industry to lead the effort to connect every classroom, library and hospital to the information superhighway by the year 2000. Now, we see that industry can rise to this challenge and that dreams can come true.

Today's announcement by Bill and Melinda Gates will bring more than wires to the libraries; it will bring opportunity. It will do more than connect libraries; it will connect worlds and minds. This is living proof that, in America, we do not just await the future, we prepare for it.

Just last month, the FCC approved a new fund that provides \$2.25 billion a year to help connect every library and school to the Information Superhighway by the year 2000. This new fund, or e-rate, gives Internet access to libraries in America's poorest regions practically for free. This announcement and the FCC's decision to provide discounted Internet access can ensure that people in the poorest communities have the computers, the software, and the connections they need to make sure that the digital divide does not widen, and that we do not expand the gap between the information haves and have nots. Instead we ensure that everyone, regardless of income, has a place on the Information Superhighway.

##

Message Sent To:

Julia M. Payne
06/24/97 12:34:55 PM

DRAFT

Record Type: Record

To: Darby E. Stott/WHO/EOP

cc:

Subject: Re: Briefing book 

**PRESIDENT CLINTON TO TRAVEL TO NASHVILLE, TN; CHICAGO, IL; AND
NEW YORK, NY
June 26-27, 1997**

President Clinton travels to Nashville, TN; Chicago, IL and New York, NY from June 26-27, 1997. In Nashville, the President will participate with the Vice President in a forum discussion on families and learning. Following the discussion, the President will address the "Family Reunion VI: Families and Learning" conference. In Chicago, the President will attend a dinner to benefit Senator Carol Moseley-Braun and the Democratic Senatorial Campaign Committee. On Thursday, in New York, the President will address the United Nations Conference on the Environment.

Forum Discussion and Address to "Family Reunion VI: Families and Learning"

The Family Re-Union conference is an annual conference moderated by the Vice President and Mrs. Gore in Nashville. This year's conference, "Family Reunion VI: Families and Learning," will feature panel discussions among federal, state, and local government officials, teachers, parents, education experts, and corporate leaders to find ways that strengthen and support families. This is the third year that the President has participated.

The President, joined by the Vice President, Secretary of Education Richard Riley and eleven experts in families and learning, will participate in a forum discussion to address strategies used to actively involve families in their children's learning. Following the discussion, the President will address the conference where he will challenge parents and teachers across this country to take responsibility on how they can work as partners to support a student's learning at school and at home.

The program for remarks is as follows:

- *The Vice President concludes the discussion and invites the President to make formal remarks.
- *The President makes remarks.

Dinner for Senator Carol Moseley-Braun

In Chicago, the President will attend a dinner to benefit U.S. Senator Carol Moseley-Braun and the Democratic Senatorial Campaign Committee at the Sheraton Hotel and Towers. The dinner program is as follows:

- *Senator Bob Kerrey introduces Mayor Richard Daley.
- *Mayor Richard Daley introduces Senator Carol Moseley-Braun.
- *Senator Moseley-Braun introduces the President.
- *The President makes remarks.

United Nations General Assembly Address

On Thursday morning, in New York, the President will address the United Nations Conference on the Environment. The Vice President delivered the welcoming remarks to the Assembly on Monday. Following the President's remarks he will meet with UN Secretary General Kofi Annan and the President of Korea. The program for the address is as follows:

- *President of the General Assembly, Razali Ismail of Malaysia, introduces the President.
- *The President makes remarks.

Julia M. Payne
06/24/97 12:39:08 PM

Record Type: Record

To: Darby E. Stott/WHO/EOP
cc: Joseph P. Lockhart/WHO/EOP
Subject: dinner for moseley-braun, dscc

is expected to raise \$1 million and there are 250 people confirmed to attend.

08/24/97 10:15
Talking Points on W. Post story on Kelly and McClellan
Dorothy Robyn, NEC (6-2801)

The Post story implies that the Administration politicized the BRAC (Base Closure and Realignment Commission) process. In fact, it's the Depot Caucus in Congress that is politicizing BRAC.

The 1995 BRAC recommended that the Air Logistics Centers at Kelly and McClellan Air Force Bases be closed and that their workloads be moved "to other DoD depots or to private sector commercial activities as determined by the Defense Depot Maintenance Council."

The Department of Defense is using a strategy of *competition* to determine where the work identified by the BRAC should be performed after 2001, when the Kelly and McClellan facilities will close.

--Both public depots and private firms are competing for the work. DoD will award the work to those entities that offer the best value to the government.

Through these competitions, *DoD anticipates savings hundreds of millions of dollars* -- funds that are ~~urgently~~ needed for weapons modernization.

The House defense authorization bill, as currently drafted, would preclude DoD from proceeding with these competitions to determine where the work can best be performed. As a result, it could cost DoD hundreds of millions of dollars in lost savings and interfere with military readiness.

The House language also represents an unprecedented interference with the BRAC process. It would preempt the BRAC recommendation by terminating the ongoing competitions and by limiting the receiving locations and the circumstances under which the Kelly and McClellan workload could be moved.

Finally, the headline and story lead imply that resentment over the Administration's handling of Kelly and McClellan is the major reason Congress has not approved an additional round of closures. This is questionable. Although it is difficult to generalize, most Members who oppose additional closures appear to do so because of the sheer political pain involved.

--As the story itself acknowledges, Kelly and McClellan are but one factor: ["But even if some accommodation over the two Air Force depots can be found, many legislators say they remain opposed to eliminating more bases until all 97 major facilities slated for closure under four previous rounds have been shut and the financial and military implications fully assessed."]

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20502

June 24, 1997

MEMORANDUM FOR MICHAEL MCCURRY

FROM:

JEFFREY A. FRANKEL

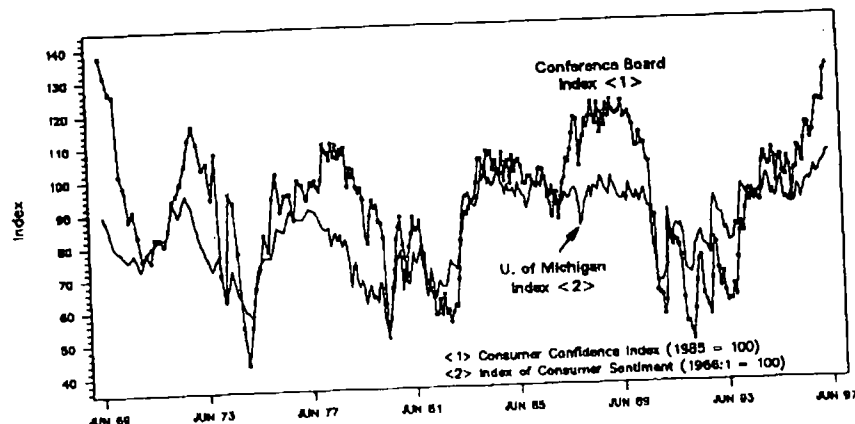
SUBJECT:

Consumer Attitudes: Conference Board Index of
Consumer Confidence, Tuesday, 10:00 a.m.,
University of Michigan Index of Consumer Sentiment
(Preliminary)

After jumping in May, both measures of consumer attitudes moved even higher in June. The Conference Board's index of consumer confidence rose 1.7 index points to its highest value since 1969. The University of Michigan's consumer sentiment index edged up 0.2 percentage point--to a level as high as it has ever been. Both series have been rising steadily since 1993.

- Both surveys continue to indicate that consumers are positive about their employment prospects. The Conference Board release shows that the proportion of people reporting unfavorable labor market conditions fell to an all-time low. The University of Michigan release indicated the least concern in nearly 10 years that unemployment would rise.
- The evaluation of the current situation continues to be strong in both surveys. The Conference Board's present situation index rose to its highest level since the 1960s; the University of Michigan's current conditions index was unchanged from last month and a bit below its record-high value in April.
- Consumer expectations about the future also remained at high levels in both surveys.
- The Michigan survey's median expectation for inflation during the next year remained around 3 percent, where it has been stable for about 5 years.

CONSUMER ATTITUDES



Bruce N. Reed
06/23/97 02:07:58 PM

Record Type: Record

To: Joseph P. Lockhart/WHO/EOP
cc: See the distribution list at the bottom of this message
Subject: Tobacco Process Talking Points

Here are the points on our tobacco process that Barry can make at today's briefing:

-- Today, we have begun our review of the proposed tobacco settlement.

-- The review will involve several agencies (HHS/FDA, DOJ, Treasury, USDA, DOL, OMB, etc.) as well as several WH offices (DPC, NEC, CEA, etc.). We have established working groups on the major issues in the settlement. The main groups to highlight for press consumption are on 1) FDA regulation/marketing/access/labeling; 2) Budget issues (how the money is spent); and 3) Industry analysis (which will look at incentives in the agreement, the industry's financial picture, etc.). Other groups include workplace smoking; smoking cessation; litigation/liability/disclosure; international issues; and implementation issues. The budget and litigation groups met today.

-- The President has given us a timeline of 30 days (in his news conference yesterday).

-- Over the next few weeks, we will be reviewing the terms of the settlement, with a particular focus (as the President said yesterday) on the FDA piece and the budget piece. We will reserve judgment on individual provisions until we can assess the overall agreement.

-- Over that time, we will also meet with leaders in the public health community, including the major public health organizations, Drs. Koop and Kessler, leading tobacco foes on the Hill, etc.

-- The review will look at the question of what we can accomplish with a settlement and without one, as well as assessing what is good, what is insufficient, and what may be missing or unclear with respect to this particular settlement.

-- As the President said yesterday, we view this as a great opportunity to advance the public health. We should make the most of this historic chance to do everything we can to protect our children and our country from the dangers of tobacco. It will take us some time to make a serious, informed judgment on the terms of this settlement, but we are delighted that our actions and the steadfast efforts of the attorneys general have changed the landscape on tobacco for all time.

Message Copied To:

Elena Kagan/OPD/EOP
Elizabeth Drye/OPD/EOP
Jerold R. Mande/OSTP/EOP
Christopher C. Jennings/OPD/EOP
Sarah A. Bianchi/OMB/EOP
Jeanne Lambrew/OPD/EOP

Talking Points

Ozone and Particulate Matter Air Standards

June 16, 1997

- We are pleased with the progress we are making with the air standards.
 - As with every important decision, we are consulting broadly within the Administration in order to have the benefit of everyone's expertise so we can make the best decision to improve air quality and protect public health.
- EPA's final ozone and particulate matter (PM) air standards have not yet arrived at OMB.
 - EPA intends to keep the two standards tied together as part of one package that will be submitted to OMB for final review.
- There is a July 19 court-ordered deadline for the final rule on the PM standards.
- When the final standards arrive at OMB, they will be treated in the same manner as all other items under regulatory review.
 - We will confirm: (1) the date upon which the standards arrived at OMB, and (2) the date upon which OMB completed its review.

Gathering Input From Agencies

- To ensure that all interested agencies had the opportunity to comment on the proposed standards, in late February/early March OMB started an extensive interagency process for gathering agency views.
 - OMB specifically sought the assistance of CEQ (as coordinator of environmental agencies) and NEC (as coordinator of economic agencies) to help ensure that all interested agencies have an opportunity to provide input on the standards.
 - There have been numerous meetings at the technical, policy and senior policy levels.
 - These meetings will enable us to meet the tight court-ordered deadline with the full benefit of all of the agencies expertise.

— We will not discuss who has been involved in the meetings and we will not discuss the content of the meetings.

Gathering Input From the Public

- Normally, the Administration doesn't meet with the public until after OMB has received a final rule.
- But, in December, Chief of Staff Leon Panetta asked Sally Katzen to ensure that the Administration makes a concerted effort to reach out to all appropriate parties.
 - Over the past several months, Sally has solicited people to come talk to OMB about the proposed standards.
 - She has met with representatives from State and local government, industry (e.g., mobile sources, petroleum, high-tech), public health and environmental organizations.
 - EPA and all of the other agencies are invited to send representatives to these meetings.
 - Lists of attendees are placed in the public dockets at both OMB and EPA.

The Administration's international trade agenda is on track and moving forward at full speed. In APEC, the Free Trade Area of the Americas, and in the WTO, the United States and the Clinton Administration are setting the agenda to open markets, expand trade, and increase domestic prosperity. More than 25% of our economic growth in the past four years has been driven by export growth.

- In the last six months, the U.S. led the world to conclude trade agreements in information technology and telecommunications which covered more than \$1 trillion in global trade. We just led the developed countries of the world to conclude an historic anti-corruption agreement among the 29 developed nations in the OECD. We are moving forward in financial services talks at the WTO.
- The President was personally involved in securing the ITA agreement, working with APEC leaders last Fall to build support for this agreement. APEC has already embarked on "ITA II" to expand the reach of this agreement and will consider other sectoral trade agreements this year.

The President and the Administration are actively engaged with the Congress on the trade agenda.

- We are now working in Congress to preserve MFN trade status with China -- normal trade relations -- a critical measure to protect the economic health of Hong Kong because half of U.S.-China trade goes through Hong Kong.
- We have secured commitments from the congressional leadership to address "fast track" on an expedited basis this Fall and conclude this year. This effort will involve the President, the Vice President, and the resources of the White House.

We would like to see Congress approve "fast track" in the Fall to ensure that we can gain the best possible trade terms on a reciprocal basis for U.S. companies and workers. The trade agenda has not been held back by the absence of "fast track" negotiating authority. We are moving forward in the FTAA, within APEC, and in the WTO on a wide range of negotiations including financial services.

- Fast track is important because trade barriers in the fastest growing markets in the world are much higher than ours, and fast track will increase our leverage to bring those barriers down and open markets.
- We will work with the Congress this summer to build consensus on the scope of fast track and how to address labor and environmental issues.

Q: What does this summit mean for the average American?

A: This Summit, perhaps more than any other I've attended, has more meaning for the lives of the American people.

We have given important impetus to common action against challenges we all face.

For example, to fight the common security challenges of international terrorism, drug trafficking, weapons proliferation and crime, we agreed to:

Better share information to detect and stem the use of materials of mass destruction in terrorist attacks.

Better protect electronic and computer infrastructures against illegal attack.

Increase cooperation to fight cyber-crime.

Advance information sharing on drug money laundering, chemical precursors, drug traffic patterns.

Bolster security of nuclear materials – greatly facilitated with Russia as partner.

Develop a new international early warning system to detect the outbreak of infectious disease and help prevent their spread by getting the right medicines where needed as fast as possible.

To prevent financial crises, we agreed to:

Global network of banking and market officials to monitor financial policies, police risky practices before they become crises.

Work with developing countries toward sound financial practices for smoother markets and increased trade and investment.

NATIONAL SECURITY AFFAIRS GUIDANCE

June 24, 1997

Denver Summit

Cambodia

Iraq

Kansi

Khobar Towers

Sayegh

Gingrich/Radio Free Asia

UN

DROC (Ex-Zaire)

Republic of the Congo (Brazzaville)

Japan

Taiwan

China

NATO

Middle East

Russia/NIS

Korea

Fast Track

Trips and Visitors

Bosnia

Northern Ireland

Gulf War Illnesses

USEC

Africa

Q: What is the Administration's reaction to events in Cambodia?

A: We are aware of reports of Pol Pot's capture, but are awaiting confirmation and clarification of the situation from the Cambodian Government. Pol Pot is still in the custody of the Khmer Rouge, not the Cambodian Government.

We strongly support the objectives of the 1994 Cambodian Genocide Justice Act aimed at bringing those Khmer Rouge responsible for genocide and crimes against humanity to justice for the heinous crimes committed from 1975-79. We would support a decision by the Cambodian government to request assistance for an internationally sanctioned prosecution of KR leaders responsible for such crimes.

Concerning the suggestion that the United States take Pol Pot into custody, we would have to determine in consultation with the Department of Justice whether the United States has any basis for jurisdiction before we could contemplate such a step. It is, however, quite premature to speculate about next steps at this point.

Q: What about others who may also have committed crimes during that period?

A: It is too early to speculate at this point on either the format or other aspects of such a trial.

Q: Have you encouraged the UN or the Canadian Government to take steps to bring Pol Pot out of Cambodia?

A: We are aware of the desire of the Cambodian Government to have Pol Pot put on trial in an international court, rather than in Cambodia. We support this, and will be working with others to make sure international justice is carried out.

We are in touch with several countries regarding the possibility of their taking temporary custody of Pol Pot, if needed, without necessarily committing to keeping him for trial. With regard to a UN role, we are prepared to look at possible options with the UN, and are not ruling out any options at this point. Again, however, we would caution that this process is still in a very early stage, many .

Q: Do you support an amnesty for the remaining Khmer Rouge and their participation in the Cambodian Government?

A: We have no prescribed solutions to the situation in Cambodia. We do not support the participation of the Khmer Rouge in the Cambodian Government. Among other things, it would make our relations more difficult on legal grounds.



STATEMENT ON CAMBODIA

JUNE 22, 1997

The recent political instability in Cambodia threatens to set back peace as well as the democratization process which Cambodian people established under the auspices of the UN in 1993. We, the Leaders of the Eight, strongly appeal to all Cambodian leaders to bring about political stability, civil order, and economic reconstruction through the enhancement of democratic principles and good governance and to demonstrate their commitment to holding a free and fair election by setting a specific date.

We welcome the Japanese Prime Minister's initiative, supported by the French President, to dispatch special envoys to Cambodia to communicate their sense of deep concern that we all share to the leaders of Cambodia. Japan and France will inform us of the outcome of their mission.

Q: What action do you plan to take on the latest Iraqi blocking of weapons inspectors?

We take such incidents very seriously.

They violate Iraqi obligations to cooperate fully with inspections to detect WMD.

Pleased that UNSC passed strong resolution condemning this obstructionism and warning of further sanctions if it continues.

Q: Can you confirm reports that Secretary Albright telephoned the Pakistani Prime Minister, Nawwaz Sharif, regarding the arrest and bringing to the United States of Mir Amal Kansi?

A: Mir Amal Kansi's arrest was an important victory for US efforts to combat terrorism.

It demonstrated the determination of the United States to bring to Justice those who attack Americans, however long it takes.

Many US Government officials were involved in this successful operation.

However, we are not going to get into the specifics about who was involved or who was contacted.

Q: What is the reaction to the return and arrest of the suspect in the 1993 CIA shootings?

A: Express our deep appreciation to the FBI, CIA, and the Departments of State, Justice and Defense for their extraordinary work in bringing Mir Aimal Kansi to the United States.

The men and women who participated in the effort to bring Kansi here showed great courage in carrying out this mission.

The success in apprehending Kansi demonstrates that we are determined to do what is necessary to track down terrorists and bring them to justice.

The United States will not relent in the pursuit of those who use violence against Americans to advance their goals -- no matter how long it takes, no matter where they hide.

Today, our thoughts are also with the families of the victims. Although nothing can restore their loss, we hope that the prospect of justice in this case will bring them a measure of comfort.

Q: Where are we one year after the Khobar bombing?

A: One year ago today, a terrorist bomb exploded in front of Khobar Towers in Dhahran, Saudi Arabia, killing 19 Americans. We share the special grief this day brings to the families of the airmen who died a year ago.

Since then, we have made every possible effort to bring those responsible to justice, a process that is still ongoing. As we have pursued this investigation, we have received cooperation from the Saudi authorities. We have enhanced our military security by moving our facilities in Saudi Arabia, with substantial Saudi cooperation and funding.

We will continue to give this investigation top priority and will not rush. Just as we did in the cases of the Iraqi planned assassination of former President Bush and in the Pan Am 103 investigation, we will take all the time necessary to complete a thorough investigation. Because this is an ongoing criminal investigation, I cannot comment on the details of our current activities.

Q: Many reports are pointing the finger at Iran. Is this where your investigation is leading? If Iran or those under Iranian influence prove responsible will we react militarily?

A: As this is an ongoing criminal matter, I cannot comment on our investigations. Nor will I comment on what action we may or may not take in a hypothetical situation.

Q: One year later, not one commanding officer has been court-martialed or even fired for their negligence in allowing 19 of those under their command to be killed. Where is the accountability?

These matters are still under review by the Secretary of Defense, who said just two weeks ago that he is in the process of going through the Downing report, the General Record report and the IG report. I refer any further questions to the Defense Department.

Q: Will U.S. forces in the region be on increased alert during the anniversary period?

A: USCENTCOM continues to monitor and enhance force protection measures to minimize potential risk to U.S. forces in the region.

SAYEGH
June 23, 1997

Q: Can you confirm that Sayegh is linked to Khobar? Did you make a deal for his extradition?

A: The Canadian government decided to deport Sayegh to the U.S. The deportation was based on the fact that the U.S. was the last country he had been in prior to entering Canada.

He has arrived in the U.S. and been taken into custody. I cannot comment further on this matter.

GINGRICH/RADIO FREE ASIA

June 20, 1997

- Sandy Berger and the President have both indicated our willingness to work with Congress to expand international broadcasting to China to 24 hours per day.
- We believe that the free flow of information and ideas is critical, and is an important component of our human rights policy.
- Thus we are prepared to work closely with Congress on plans to expand international broadcasting to China, including Radio Free Asia.

Q: What is the Administration's reaction to Senate passage of the U.N. arrears bill?

A: There is much in the bill that the Administration supports. The agreement to pay more than \$800 million in U.S. arrears to the UN is a major step forward.

Appreciate good-faith efforts that Helms, Biden, and others made on this issue.

The bill contains provisions that cause us concern. As the legislative process moves ahead we will work with Congress on them.

Q: The United State's summit partners have been critical of the arrears package. Comment?

A: I believe that overall the package is an important step in the right direction.

We know that persuading other UN member states to embrace these reforms will be a challenge for U.S. diplomacy.

Are confident the UN members will agree that a reformed UN will be stronger, more effective, and more relevant, and they will support this initiative.

We believe UN needs to embrace extensive reforms if it is to remain relevant in meeting the challenges of the next century – many of which we are addressing here in Denver.

DEMOCRATIC REPUBLIC OF THE CONGO (EX-ZAIRE)

June 18, 1997

REPORTED HUMAN RIGHTS ABUSES

Q: What is the U.S. doing about reports of human rights abuses in Congo (ex-Zaire)?

A: The allegations are of grave concern to the United States. There are many credible reports from various sources that indicate serious human rights violations have been and in some cases continue to be committed in Congo.

For several months, we have been pressing our concerns with the Alliance leadership and at the highest levels with neighboring governments.

Ambassador Richardson, Assistant Secretary for human rights Shattuck and other U.S. Government officials underscored these points during their mission to the Congo earlier this month.

The U.S. Government has given a clear and consistent message that abuses must stop and that a UN investigative team due to arrive in Congo shortly must be allowed to do its work.

President Kabila committed June 7 to admit a UN team to investigate allegations of killings of refugees by July 7 with an advance team to enter by June 20. We welcome this pledge and expect President Kabila to honor this commitment.

REPUBLIC OF THE CONGO (BRAZZAVILLE)

June 19 1997

Q: Situation/fighting update? Cease-fire agreement?

A: The cease-fire reached Tuesday appears to be holding.

Negotiations in Libreville, Gabon continue, and we hope both sides will continue to seek a lasting, peaceful settlement to recent fighting.

Hashimoto Comment on U.S. Treasuries

[BACKGROUND : On June 23 Prime Minister Hashimoto, responding to questions following a speech at Colombia University, stated his hope that the U.S. will engage in efforts to maintain foreign exchange stability so Japan does not have to succumb to the temptation to sell of U.S. Treasury bills. The Dow dropped 192 points, attributed by observers in part to the Prime Minister's comments.]

Q: What is the White House reaction to comments made by Prime Minister Hashimoto regarding the temptation to sell off U.S. Treasury bills, and the markets' reaction?

A: The Japanese issued a statement last night and we will leave comments to them.

Q: What do you think of the clarification issued by the Government of Japan stating that the Prime Minister regrets that his intention was not accurately conveyed, that his intention is to maintain the consistent policy of the Japanese Government bearing in mind the good relations between Japan and the U.S., and that Japanese authorities will continue to cooperate with the U.S. with a view to maintaining stable foreign exchange rates.

A. We support good relations between our nations, and we do not comment on exchange rates.

Civair

Background: NEC principals decided on Friday that our objective remains open skies, but that we are willing to discuss a transition agreement that results in open skies. Japan has steadfastly opposed an open skies agreement, and has resisted a transition agreement as well. Northwest, holding the largest share of the U.S.-Japan passenger market, wants the USG to stand firm for a pure open skies agreement. Other U.S. carriers, including United, Delta, American and Continental, do not want to await a pure open skies accord if it means foregoing a deal that significantly expands opportunities for them in the near term.

We are taking a firm position on violation of FedEx rights. The Department of Transportation had threatened sanctions in July of 1996, but had not imposed them. Principals feel it is important to send a clear signal that we will not wait forever for this to be resolved.

Q: What is the U.S. position in civil aviation negotiations with Japan?

A: We expect talks between the United States and Japan will resume shortly. The United States continues to seek a fully liberalized open skies civil aviation regime with Japan in a reasonable time frame.

Q: What does this mean for Federal Express? Are their rights being violated?

A: The U.S. position has not changed. We continue to believe that Japan has violated FedEx rights under our 1952 aviation agreement with Japan. It is important that this issue be resolved soon.

[Note to Briefer : Do not refer to him as the Foreign Minister, call him by name.]

Q: Is Taiwan Foreign Minister John Chang visiting the U.S.? What is he doing?

A: John Chang is visiting the Western United States for programs with two private organizations.

It has been our practice to allow Taiwan authorities to visit the U.S. for private activities. Mr. Chang's predecessor Fred Chien also visited the United States at the invitation of private organizations.

Mr. Chang will not visit Washington.

We consider this to be a routine element of our unofficial relationship with Taiwan.

Q: Did the Chinese protest Chang's visit or his activities in the U.S.?

A: The Chinese government has expressed concern over Mr. Chang's visit. We have explained our policy.

Q: Has Chang been here before?

A: Mr. Chang last transited the U.S. in December.

If pressed:

Q: Will he be meeting with USG officials?

A: We have no plans to meet with Mr. Chang.

Q: **What is the U.S. reaction to the Taiwanese military exercises, including live firings, just before the Hong Kong reversion?**

A: The Taiwan military exercises are part of regularly planned training, are taking place over the island, are at a low-level of forces activity and are not seen as provocative. Reactions from countries in the region to the training are restrained.

U.S. High Performance Computers/China

Q: What has the Administration determined about the reported shipments of 46 "supercomputers" to China?

A: We require companies to keep specific records of all high performance computer shipments, which we are reviewing. If problems are identified with any of these shipments, we have the legal and administrative means to address them and I can assure you we will use that authority.

Trade

Q: What is your position on the Republican package of non-trade incentives to push China toward democracy? Why hasn't the Administration come up with similar proposals?

A: Our position on renewal of normal trading status for China is clear: We favor a clean, straight renewal of MFN status. MFN is not a referendum on China policies; other tools are available to us to address concerns such as human rights and support for democracy.

We, in fact, have taken several steps to encourage China to improve its human rights practices. For example, we instituted the "best business practices" award to encourage American firms to support human rights improvements in China; we worked with Congress to establish Radio Free Asia, which is now broadcasting to all of China objective programs on world events; and we have imposed sanctions when needed (intellectual property rights, seizures of guns, rifles).

Of course, beyond the MFN debate, we always are ready to work with Congress to craft a consensus on our China policy objectives. For example, and as we have indicated, we are prepared to work with Congress on expansion of international broadcasting to China and on development of programs to promote the rule of law and civil society.

Q: Human rights activists plan protests for July 1, a New Hong Kong Voice of Democracy group will be formed, and a poll shows 60% of Hong Kong citizens fear erosion of rights. Will this affect our China policy, MFN?

A: It matters to us that the people of Hong Kong retain their civil liberties and open economy -- because we hold these principles in common with them. China has made important commitments to maintain Hong Kong's freedom and autonomy. Our nation has a strong interest in seeing those commitments kept.

The United States is doing its part to keep faith with the people of Hong Kong. We have negotiated agreements that will safeguard our presence and continue our cooperation. We

will work with the new Hong Kong government to maintain a productive relationship that takes into account both its changed relationship with China and its promised autonomy. We will closely monitor the transition process and the preservation of freedoms that the people of Hong Kong have relied on to build a prosperous, dynamic nation.

The transition process did not begin and will not end on July 1. But as it unfolds, one thing we must not do is take any measures that would *weaken* Hong Kong just when it most needs to be strong. And no step would more clearly harm Hong Kong than reversing the course we have followed for years by denying normal trading status to China.

Many do expect demonstrations and protests to take place at the time of the transition ceremonies. We and others in the international community have expressed our hope these demonstrations will be peaceful and that the Hong Kong police will exercise restraint in monitoring the demonstrations.

The view of many in Hong Kong is that the likelihood of violent demonstrations is low and that the intent of the demonstrators is to signal to all that Hong Kong people will stand up to preserve their political and civil liberties. We share these concerns, and strongly believe that the people of Hong Kong should be permitted to express their views freely.

China-Iran Missile Sales

Q: Secretary Albright has confirmed that China has sold C-802 anti-shiping missiles to Iran. Why hasn't the administration imposed sanctions against China under the Iran-Iraq Arms Nonproliferation Act of 1992 (aka the Gore-McCain Act)?

A: We take these arms transfers very seriously because they pose a direct threat to our interests and allies in the region. We have raised our concerns with China on numerous occasions.

The law requires economic sanctions against countries that provide "destabilizing numbers and types of advanced conventional weapons" to Iran. At this point, we have not concluded that the C-802 missiles provided to Iran from China meet the standard of "destabilizing." We will continue to review the situation to determine whether the requirements of the law have been met.

Q: Does the President plan to travel to Poland following the Madrid Summit?

A: The President is considering possible stops in Europe following the Madrid NATO Summit, including a stop in Warsaw, in response to a standing invitation from President Kwasniewski.

[(If asked about a possible trip to Romania) The President is also considering a stop in Bucharest, in response to an invitation from President Constantinescu.]

These stops, if they occur, would be in addition to the President's stop in Copenhagen which is already planned for the period around Madrid.

NATO ENLARGEMENT

Q: Why the big push for NATO enlargement if the citizens of the potential new members are ambivalent, as the Washington Post reported?

A: In Poland, by far the largest country in the region, 90 percent support NATO membership. Polish support has remained consistently high for years and has tended to grow as knowledge of NATO increases.

In Hungary, the latest (Gallup) poll shows that 61 percent support NATO membership. We don't know why the Post didn't note this latest, significant information. Support in Hungary is growing as awareness of NATO's implications deepens.

In the Czech Republic, a clear plurality supports NATO membership, though support there is less than in the other two countries. We believe, as do Czech leaders, that support for NATO will grow as the debate progresses.

Q: Some Allies have reacted very negatively to your decision on NATO enlargement. Do you think you will have trouble convincing them of your decision and reaching consensus?

A: NATO is a consensus organization. Initial differences of perspective are natural and we will develop a strong NATO position in the days and weeks ahead. I am sure that by the time of Madrid we will have a consensus on 3.

Q: How do you answer critics who say Romania and Slovenia should be included too?

A: We have said all along that we would judge aspiring members by their ability to add strength to the alliance and their readiness to shoulder the obligations of NATO membership.

Poland, Hungary and the Czech Republic most clearly meet those criteria -- and have currently made the greatest strides in military capacity and political and economic reform.

As I have repeatedly emphasized, the first new members should not and will not be the last. We will continue to work with other interested nations, such as Slovenia and Romania, to help them prepare for membership. Impressed with the efforts of Slovenia and Romania, want to keep the process going so that they too will be in a position to join. Other nations are making good progress -- and none will be excluded from consideration.

We look forward to working with our NATO allies to reach agreement on this important issue.. Will seek to work through some differences (e.g., French support for Romania) before Madrid. Final NATO decision will reflect consensus of all 16 NATO members.

Q: But why not Slovenia/Romania?

A: They have made good progress, and we look to them to consolidate these gains.

Q: Some Allies have reacted very negatively to your decision on NATO enlargement. Do you think you will have trouble convincing them of your decision and reaching consensus?

A: NATO is a consensus organization. Initial differences of perspective are natural and we will develop a strong NATO position in the days and weeks ahead. I am sure that by the time of Madrid we will have a consensus on 3.

Q: How do you answer critics who say Romania and Slovenia should be included too?

A: We have said all along that we would judge aspiring members by their ability to add strength to the alliance and their readiness to shoulder the obligations of NATO membership.

Poland, Hungary and the Czech Republic most clearly meet those criteria -- and have currently made the greatest strides in military capacity and political and economic reform.

As I have repeatedly emphasized, the first new members should not and will not be the last. We will continue to work with other interested nations, such as Slovenia and Romania, to help them prepare for membership. Impressed with the efforts of Slovenia and Romania, want to keep the process going so that they too will be in a position to join. Other nations are making good progress -- and none will be excluded from consideration.

We look forward to working with our NATO allies to reach agreement on this important issue.. Will seek to work through some differences (e.g., French support for Romania) before Madrid. Final NATO decision will reflect consensus of all 16 NATO members.

Q: But why not Slovenia/Romania?

A: They have made good progress, and we look to them to consolidate these gains.

Spolar Article

Q: Any response to Spolar's article?

A: We have looked carefully at the Polish military as well as the other CEE countries that want to join NATO.

We have found that while the Polish military must take additional steps to meet NATO standards, it is well-disciplined, highly motivated and its equipment generally well maintained. Its army is capable of mounting an effective defense against a range of threats.

We look forward to discussing these issues in detail, including with the Congress, as the process of NATO enlargement proceeds.

Madrid Summit

Why NATO Enlargement is in America's National Interest

At its Madrid Summit on July 8-9, NATO will invite additional states to join the North Atlantic Alliance. Here are reasons why NATO enlargement serves America's national security interests:

1. Enlargement will make NATO stronger and better able to address Europe's security challenges.

- Europe remains a vital American interest. Europe's fate and America's future are joined. We fought two world wars and the Cold War in part to protect the security of Europe and the transatlantic area. Taking wise steps now will strengthen our common security, enhance NATO's ability to address Europe's future security challenges and reduce the possibility of another conflict.
- Stronger collective defense. NATO's core mission remains the collective defense of NATO territory. A NATO that embraces Europe's new democracies -- with capable militaries and a commitment to improve them -- will be better able to fulfill its basic mission.
- Greater ability to address new security challenges. NATO also is addressing Europe's new security threats, from weapons proliferation to ethnic conflict to terrorism. Enlargement increases the number of states willing to share these responsibilities. Central European countries that want to join NATO have already contributed troops and bases to NATO's efforts in Bosnia and have stated their intention to do their part in NATO's security mission in the future. Combined with the Partnership for Peace and NATO's new constructive partnership with Russia, a larger Alliance will be better able to address the new security challenges of the 21st century.
- Past enlargements made NATO stronger. NATO has enlarged three times before -- adding Greece and Turkey in 1952, West Germany in 1955 and Spain in 1982. Each time, the Alliance benefited from the addition of states committed to the security of the transatlantic area and prepared to contribute to it. Current efforts to enlarge the Alliance will have the same result.

2. Enlargement will help secure the historic gains of democracy in Europe.

- Part of a broader effort to build a new Europe. As President Clinton has stated since 1994, we have an opportunity, for the first time in history, to build an undivided, democratic and secure Europe. NATO can now do for Europe's east what it did for Europe's west -- provide a secure climate where freedom, democracy and prosperity can grow. Such a Europe would be a stronger and better partner in trade, investment, diplomacy and other aspects of security. While other institutions play a role -- including the European Union, OSCE, and others -- NATO remains the keystone of America's involvement in transatlantic security.

- Bolsters progress toward strong democracies and free markets. Joining NATO helped Italy, Germany and Spain reintegrate into the democratic community. Now, the very prospect of NATO membership has encouraged Central European states to continue and deepen their democratic and market reforms. Already, states in the region have strengthened civilian control of their militaries, improved relations with ethnic and religious minorities and accelerated economic privatization -- in part to improve their prospects for membership in and cooperation with NATO.
 - Improves and protects the business climate for American firms and workers. Our economic ties with Europe are among the most significant in the world and Europe's fastest-growing economies are now in Central Europe. Growing European markets will yield benefits for American exporters and export-industry workers. The stabilizing effect of NATO enlargement and its encouragement of free market reforms will help create a better long-term environment for trade, investment and economic growth in Central Europe. The resulting prosperity will benefit the United States, as did Western Europe's American-assisted recovery after WWII.
3. **Enlarging NATO will encourage prospective members to resolve their differences peacefully.**
- NATO enlargement is helping to resolve potentially dangerous conflicts. When he signed the NATO Treaty in 1949, President Truman said that if NATO had existed in 1914 or 1939, it would have prevented the hostilities that tore the world apart. NATO has helped reconcile former adversaries like France and Germany and helped moderate tensions between Greece and Turkey. Today, the prospect of NATO's enlargement has made Europe safer by encouraging the new democracies to improve their ties. Many countries have already reached agreements on border and ethnic issues that otherwise might have become sources of tension (Hungary-Romania, Poland-Lithuania, Poland-Ukraine, Slovenia-Italy, the Czech Republic-Germany).
4. **Enlarging NATO will erase the artificial line in Europe that Stalin drew, bringing Europe together in security.**
- Eliminates gray zone of insecurity. NATO enlargement will help prevent emergence of a gray zone of insecurity in a region where past insecurity has helped generate the century's worst conflicts. While not all interested European states will be invited at Madrid to join the Alliance, NATO will keep the door open for future members; the first to join shall not be the last. Enlargement, combined with other arrangements like the Partnership for Peace and NATO's new relationship with Russia and Ukraine will yield security benefits beyond NATO's own borders. By contrast, a decision *not* to enlarge NATO would suggest a permanent acceptance of the Cold War dividing line.

- An enlarging NATO is forging a more constructive relationship with Russia. During the Cold War, NATO and Russia were nuclear adversaries. A new NATO, as it prepares to add new members, has also laid the foundation for constructive partnership with a new, democratizing Russia. An important part of that new relationship is the NATO-Russia Founding Act. That document creates a new Joint Council for NATO-Russia consultations, coordination and, when possible, joint action.
- Insecurity is more expensive. NATO membership involves solemn security commitments and financial obligations; like all the other elements of American security, it is not cost- or risk-free. But history shows that the cost of inaction is much higher. The Pentagon estimates that NATO enlargement will cost the U.S. \$150-200 million per year over the next decade. But when the U.S. failed to address Europe's security challenges after World War I, we paid a terrible price in blood and treasure.
- American leadership. NATO enlargement constitutes a tangible expression of America's commitment to remain engaged in Europe and to exert our leadership in efforts to build a safer and more prosperous transatlantic area for the 21st century. This is part of a larger strategy that we must pursue to put behind us the darkest moments of the 20th century and fulfill the possibilities of the 21st.

MIDDLE EAST PEACE PROCESS

June 17, 1997

Q: Your announcement on aid for Jordan seems to be the only U.S. activity related to the peace process. Have you decided to step back from active engagement?

A: The United States has a fundamental interest in pursuing a just, lasting and comprehensive peace in the Middle East. That has been our consistent objective over many years. During difficult moments, it is easy to forget that some very significant progress toward that goal has been made.

The framework in which that success was achieved has been a credible, direct negotiating process between the parties. That is what is lacking we lack now, and what we, the Egyptians, and the parties themselves are working to restore.

Obviously, for such a process to succeed, there must be a 100% effort to discourage and prevent terrorism. It is essential that the Palestinian Authority leave no doubt that it is committed to fighting terror and that it neither encourages nor tolerates it.

The parties need to return to the serious give and take of negotiations. We can help them with that, but we cannot do it for them.

They need to take each others' interests into account and they need to avoid actions which preempt negotiation, especially on those difficult permanent status issues that they have agreed to deal with in negotiations.

We have done a lot in recent weeks and months to help them understand each others' interests and needs. They will need to take the tough political decisions that can put them back on the road to credible negotiations.

Q: So you are essentially ruling out an American initiative in which you would present your own ideas on how to deal with the tough issues?

A: We are going to stay involved in this process as one of the highest foreign policy priorities of the Administration. We cannot and will not impose solutions -- that approach just doesn't make sense. This is not an academic project. It's one thing to write studies and papers that reflect a certain view of a new reality; it's quite another to carry out the painstaking diplomacy necessary to effect change.

I'm not ruling out the notion of the United States presenting ideas to the parties on how to treat certain issues. That has been part of our role and it will continue to be. But the focus still has to be on the parties themselves nurturing a credible negotiating process in which it is possible to address difficult issues constructively and have some decent chance of reaching agreement.

Q: Do you believe Israeli intransigence on Har Homa and its efforts to expand settlements should be viewed as the main problem holding up progress now?

A: We've made our views very clear about actions that tend to preempt negotiations on permanent status issues.

We are not going to spend a lot of effort blaming one party or the other. We frankly need to see less focus on blame and more focus on efforts to restore serious engagement by the parties.

Q: What is your reaction to the confrontation between IDF soldiers and Palestinian youths in Hebron?

A: Our position is very clear that no benefit can be gained in the peace process through violence.

For concrete progress to be made in the process both the Palestinian and the Israeli leadership should return to the negotiating table to discuss their differences.

Q: Do you have any update on the peace process?

A: The Egyptian initiative to intensify Israeli-Palestinian dialogue is continuing.

We are in close contact with Egyptian as well as the Israeli and the Palestinians on the Egyptian initiative.

Q: Is the U.S. role is marginal at this time? When will you become more active?

A: We're staying in close touch with the Egyptians, as well as the Israelis and Palestinians. We support the Egyptian efforts. Keep in mind that it's the parties themselves who need to restore the kind of confidence and trust necessary to move this process forward.

Q: Any reaction to the Netanyahu plan on dividing up the West Bank? Do you view this as a serious proposal?

A: Not going to comment on particular ideas or proposals. The key is for the parties to get back to a credible negotiating process.

House Resolution on Jerusalem as Capital of Israel

Q: Any reaction to the House resolution reaffirming the view that Jerusalem is the Capital of Israel?

A: Our views on this issue are of course very well known. The President has made it clear on numerous occasions that we are simply not going to be drawn into a public discussion of this sensitive issue, an issue which the parties themselves have agreed to deal with in their permanent status negotiations.

The focus needs to be on getting the Palestinians and Israelis back to the negotiating table to deal with their differences in a credible and constructive way. This sort of resolution doesn't help, it simply detracts.

Current

(If asked about videotape of Russian Justice Minister Kovalev in a sauna)

- Allegations of misconduct by foreign government officials for that Russian government to address, would be inappropriate for us to comment.

Russian Duma Passes Restrictive New Law on Religion

- Understand new law on religion passed by Duma; now goes to **Federation Council (upper house of parliament)**. **In all contacts with Russians, we will reiterate our conviction that guarantee of freedom of religion essential to democratizing society..**
- In Denver bilateral with Yeltsin, the President expressed our concern about implications of new law, stressed our view that freedom of religion should not be restricted; Yeltsin indicated he would look into issue.

Russia and the Paris Club

- Welcome agreement reached today between Russia and Chairman of Paris Club on principles for full Russian participation; marks another milestone in Russia's integration in international economic community.
- At Helsinki, Presidents Clinton and Yeltsin set goal for Russia membership in Paris Club in 1997. Today's agreement makes that possible. Russia to become member when Paris Club approves agreement at next meeting, probably within month.
- Russia will join the world's creditor nations to work in coordinated way to grant debt relief to developing countries committed to reform; fitting that agreement reached on eve of Summit of the Eight; shows Russia maturing as partner.
- Not appropriate to disclose financial details at this point; can say Russia has agreed to adjust their claims as basis for entry and will then offer countries same rescheduling or reduction terms as Paris Club.
- Russia's claims on developing countries will be adjusted to take into account the difficulty of including Soviet era claims, the relief Paris Club creditors have already provided, the debtor countries' poverty levels and the special circumstances where the Soviet Union was the predominant military creditor.
- Pleased that Russia will take special measures to forgive military debt.

- Agreement puts Russia on the same standing as rest of Paris Club; ensures all members will not collect from pariah states. Important that Russia will not benefit from collecting pariah debt while Paris Club foregoes.
- Probably in a few months. Paris Club expected to approve today's agreement at next meeting, probably within month; also still need to work technical details on debt levels.

Yeltsin not to attend NATO Summit

- As President told Yeltsin last month in Paris, we would welcome his participation in first meeting of EAPC -- EuroAtlantic Partnership Council -- to held that day; believe his presence would underscore Russia's important role in European security.
- President reaffirmed at Denver that decision was Yeltsin's to make -- and that U.S. would respect whatever decision Yeltsin reached.

Ukrainian President Kuchma Dismisses Prime Minister Lazarenko

- Seen reports that President Kuchma has appointed new Acting Prime Minister during Prime Minister Lazarenko's illness; have no further information; such personnel decisions are for President Kuchma to make, not for us to comment.

NATO-Russia

- Summit of NATO heads of state and government and Russian President Yeltsin held May 27 in Paris to sign Founding Act. Milestone agreement -- lays basis for robust and growing partnership between NATO and Russia.
- 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.
- See Russia as partner of NATO in shaping more secure, stable and undivided Europe. That is good for United States, Russia and Europe.

Prospects for START II Ratification by Russian Duma

- Believe Yeltsin committed to START II ratification by Duma -- without conditions.
- START II ratification in both U.S. and Russia's best interests -- provides for stabilizing reductions in strategic forces, reduced costs, and opens the door to negotiations on further reductions in "START III," as agreed in Helsinki.

- Ratification of START II by Russia remains an essential prerequisite to begin START III negotiations toward further reductions in nuclear forces.

DPRK Visit to Cooperative Monitoring Center in Albuquerque

Q: Why were North Koreans taken to the Cooperative Monitoring Center?

A: The North Koreans were taken to the Cooperative Monitoring Center to provide them a broader exposure to the role that arms control treaties have played in conflict resolution. As the U.S. and other countries begin a process of negotiation to reach agreements with North Korea, it will be helpful if the North Koreans understand that treaties have verification requirements which both sides have to accept. One approach is to demonstrate how arms control treaties have been negotiated and verified in other regions such as the Middle East or Europe.

Q: Could the North Koreans have gained access to classified materials?

A: No, the Cooperative Monitoring Center is an unclassified facility which is not located within Sandia laboratory of Kirtland Air Force Base. The CMC was set up specifically to train and assist foreign countries in reaching arms control settlements. In addition, the agenda for the meeting was carefully worked out after the inter-agency review by officials of the State Department, Defense Department, ACDA, and the Department of Energy.

Q: What other countries have visited the Cooperative Monitoring Center?

A: Delegations from many other countries have visited the CMC including Israel, Egypt, Jordan, India, Pakistan, Russia, China, Japan, and South Korea.

Q: What is the Cooperative Monitoring Center?

A: The Cooperative Monitoring Center was set up to facilitate the use of arms control as a way of settling regional disputes. After thirty years of experience with arms control negotiations and verification, the U.S. has experience and technical expertise that can be helpful to other states in resolving their international disputes without war. In many of these disputes, the U.S. itself is not a party, but acts as a mediator or facilitator as in the Middle East Peace Process. The CMC is a facility which can provide training and familiarity with the process of arms control negotiation, verification, and the use of technology to facilitate cooperative verification.

U.S./ROK/DPRK Talks

Q: Can you provide an update of the U.S. and ROK efforts to obtain DPRK agreement to begin the four party talks?

A: On June 30th meetings will take place in New York on the Deputy Assistant Secretary level (above the working group level).

[Note to Briefer : These talks are in preparation to an anticipated meeting in Geneva tentatively scheduled for August 5th.]

Working-level meetings between the U.S., ROK, and DPRK continue periodically in New York to discuss the details of setting up the four party process, to which the DPRK has agreed in principle. These working level talks are useful and we expect them to continue.

Q: Can you provide some more general background about these working-level trilateral talks?

A: The U.S., ROK, and DPRK agreed in April to continue working-level discussions aimed at realizing the U.S.-ROK proposal for four party peace talks.

The purpose of these meetings is to continue discussions at the working level to realize four party talks. The North Koreans are interested and willing to discuss it, but we have not yet reached an agreement to actually enter these talks. We will work patiently to realize this goal, through working meetings and other contacts. These diplomatic contacts are moving in the right direction, but we do not expect to have something new to report after each meeting.

Q: Any information regarding food aid to North Korea?

A: The U.N. World Food Program is announcing a plan to send 130,000 metric tons of food targetted at helping children. The United States has responded to these programs in the past, and we expect to in the future.

TRIPS AND VISITORS

- Australian Prime Minister John Howard to meet with President Clinton at the White House on June 27.
- 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 November 24-25.

Visit of President Aliyev of Azerbaijan

Background: The President wrote Aliyev May 10, inviting him to visit Washington, "perhaps in late July or August." Amb Kauzlarich delivered the letter to Aliyev on Saturday, who promptly had the part regarding the invitation read to the Azeri press.

- POTUS has invited Aliyev to visit Washington; date TBD, possibly in the late summer.

Visit of President Shevardnadze

Background: VOA informs us that the Georgian state news agency is reporting that Shevy is coming here in August to see Clinton.

- The President wrote to Shevardnadze on May 31 (letter presented on June 2 by Amb. to Shevy) inviting him to DC for a meeting sometime in August (date to be tied down in near future). Shevy accepted the invitation on the spot.

World Bank and IFC Loans to Croatia

- We have secured a delay in consideration of a \$30 million World Bank loan to Croatia and are consulting with allies and other World Bank board members about the loan. We have made clear to the Croatians that U.S. support for multilateral lending and assistance will be conditioned on Croatian cooperation on Dayton implementation issues.
- The U.S. did not object to the \$13 million International Finance Corporation loan to Croatia (considered on June 9) because of the recent positive actions taken by the Croatian Government in this regard, including opening the Brcko bridge and commitments on inter-ethnic reconciliation, including full implementation of the amnesty law.
- We made clear to the Croatians that we expect follow-through on these and other Dayton obligations commitments, such as better cooperation on war criminals, in advance of other IFI votes on Croatia. Since Croatia has not met these expectations, we have serious concerns about proceeding with this loan at this time.

Croatian Elections/Annexation of Bosnia?

- We are concerned that the recent elections in Croatia were not democratic and fair. Clearly, Croatia still has a way to go before it can be considered a democracy.
- Croatia will continue to have only limited access to international assistance and international institutions until it demonstrates a commitment to democracy and fully cooperation with the efforts toward peace and reconciliation in Eastern Slavonia and Bosnia.

War Criminals

- We continue to remain deeply concerned with the slow progress on war crimes front in Bosnia. **The recent start of the trial of Tihomir Blaskic by the International Criminal Tribunal is another small step toward justice in Bosnia, a key ingredient to long-term peace.** We will not be satisfied, however, until all indicted war criminals stand trial at the Hague.
- 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 asked whether we can withdraw in mid-98 without apprehending war criminals

- We are trying to reinvigorate implementation of Dayton across the board so that conditions for self-sustaining peace can be established before end of SFOR's mission.
- Bringing indicted war criminals to justice is one of our chief priorities among the many challenges we face. We are increasing pressure on the parties to comply with their obligation under Dayton to cooperate with the Tribunal.

Bosnia Implementation Plan

- At the President's direction, we have recently conducted an extensive policy review and developed a Bosnia implementation plan aimed at reinvigorating U.S. and international efforts to bring self-sustaining peace to Bosnia. A key conclusion of our review is that Dayton remains the only viable framework for long-term peace.
- Secretary Albright briefed our re-energized approach to our Contact Group partners and the parties at the Peace Implementation Council Steering Board Ministerial on May 30. She followed up on her recent travel to the region by further pressing the parties hard on their obligations. **The President also raised these issues with his counterparts at the Summit of the Eight this past weekend.**
- Both Allies and the parties welcomed our renewed efforts to ensure timely, concrete progress on implementation. **The Summit of the Eight leaders released a statement reinforcing to the parties the need for improved performance in areas such as war crimes, public security, refugee returns and joint institutions.**
- Dayton's continuing success is evident in the substantial progress we have made since we began the implementation effort: stopping the fighting, separating the warring factions, holding successful national elections, creating joint institutions, making great strides in economic reconstruction, and gradual momentum on freedom of movement and return of refugees and displaced persons.
- The implementation plan is a detailed step-by-step road map aimed at creating a self-sustaining peace beyond June 1998, establishing courses of action and benchmarks in all priority implementation areas.
- Priority areas are:
 - bringing war criminals to justice;
 - improving indigenous public security capabilities to maintain law and order;
 - preventing a resumption of fighting after SFOR departs by promoting military balance through completion of train and equip program and arms reductions;
 - advancing development of democratic, self-sustaining joint institutions and promoting the rule of law;
 - securing consistent progress on the return of refugees and displaced persons and the ability of all Bosnians to move freely throughout the country; and
 - enhancing economic reconstruction, inter-entity commerce and accelerated distribution of economic assistance to all areas of Bosnia;

- The plan calls for a strategy to develop and apply greater incentives and other forms of leverage to give the parties a stake in implementing Dayton and to overcome their differing visions of Bosnia's future. We will link cooperation with Dayton with all aspects of our implementation effort using economic, political and every other form of leverage we have available.
- 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 take heart in all that we have accomplished and re-focus our efforts in order to finish the job.

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 recently announced delivery order of 116 refurbished howitzers and 21 heavy equipment transporters from U.S. Army excess stocks to Bosnia is part of the ongoing program to meet the defense requirements of the Federation, as identified shortly after Dayton, and within the parameters of the Bosnia arms control agreements.
- 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 last week, are the agreements between Presidents Izetbegovic and Zubak on a joint Federation Military Strategy and on key commands.



STATEMENT ON BOSNIA AND HERZEGOVINA

JUNE 22, 1997

We, the Leaders of the Eight, reaffirm our commitment to full implementation of the Peace Agreement, and to the goal of Bosnia and Herzegovina becoming a single democratic, prosperous and multi-ethnic nation. We welcome the accomplishments since the 1995 Peace Agreement. Significant challenges remain but we are determined to accelerate the implementation of the Peace Agreement and to reinforce the progress made in the last eighteen months.

We firmly endorse the political declaration adopted at the Sintra Ministerial on May 30, 1997, and join the Steering Board in demanding intensification of effort by the Parties toward fulfillment of their obligations under the Peace Agreement. To ensure that all the Parties are held accountable, our full assistance will be contingent upon their own full implementation of all aspects of the Peace Agreement. We pay tribute to Carl Bildt's outstanding contribution as High Representative to the cause of peace and reconciliation in Bosnia and Herzegovina. We welcome his successor, Carlos Westendorp, and promise him our full support.

We are working to create conditions for a self-sustaining peace. We support the mission of the Stabilization Force (SFOR) to help provide a secure environment by June 1998. We will continue to provide materials and financial support for the International Police Task Force's efforts to restructure, train and equip police, in order to establish public order and safety for all the Bosnian people consistent with international democratic standards.

Some elected officials are harmfully blocking key aspects of economic reconstruction, delaying international assistance. We welcome Friday's parliamentary approval of essential economic laws, but delays in doing so and failure to approve an International Monetary Fund program caused further postponement of the needed Donors' Conference. When the Parties meet the necessary conditions, we are prepared to implement the full reconstruction program and to support considerable debt reduction by the Paris Club.

The authorities in Bosnia and Herzegovina must uphold fully the right of refugees and displaced persons to return to their homes in a peaceful and orderly manner. We will support those communities that work cooperatively to support returns. Those who fail to do so will lose access to economic assistance.

There must be justice in Bosnia and Herzegovina if peace is to endure. Both Bosnian entities, as well as the Federal Republic of Yugoslavia and Croatia, have obligations

under the Peace Agreement to cooperate fully with the International Criminal Tribunal for the Former Yugoslavia. Those indicted must be turned over to the Tribunal and to stand trial. Full access to economic and other assistance, as well as integration in regional and international institutions, is dependent on compliance with these obligations.

All authorities in Bosnia and Herzegovina must work to accelerate the development of democratic institutions, including accelerating efforts to establish independent news media. We shall contribute the necessary support for the conduct of municipal elections.

We urge the national, entity and local authorities to make Brcko an early example of implementation of all aspects of the Peace Agreement.

We remain concerned that Croatia and the Federal Republic of Yugoslavia, the regional signatories to the Peace Agreement, are not demonstrating a stronger commitment to the peace process. They must also make significantly greater progress to meet international standards of human rights, democratic processes, media freedom and treatment of minorities and refugees. Further progress towards integration in European and international institutions will depend on improvements in these areas.

The international community will maintain a long-term engagement in Bosnia and Herzegovina and in the Balkan region as a whole. We are prepared to continue to help the states of this region, but our continued commitment is not unconditional. We call upon the leaders of Bosnia and Herzegovina, Croatia and the Federal Republic of Yugoslavia to meet their responsibilities and obligations, and to work for a democratic, stable and secure future for their citizens.

Q: What does this new agreement on decommissioning mean?

Understand British and Irish governments have reached agreement on a strategy for handling the thorny issue of decommissioning in the Belfast talks. Congratulate them on progress toward substantive negotiations. Hope this will allow talks to move forward.

Q: Is there hope for the peace process with violence escalating, marching season approaching?

A: Time is now to get inclusive talks going that will lead to just and lasting settlement. get the peace process started. Sinn Fein can only participate on basis of unequivocal ceasefire.

As President said, ball is in Sinn Fein's court.

As height of marching season approaches, appeal to fair-minded peace-loving people of Northern Ireland not to let men of violence push them into sectarian confrontation.

MURDER OF POLICEMEN IN LURGAN JUNE 16

- We are outraged by the callous murder of two policemen in Northern Ireland and extend our deepest sympathy to the families of the two slain officers.
- The IRA has claimed responsibility for this brutal act of terrorism. There can be no reason, no excuse, no apology for these heinous crimes.
- The vast majority of the people of Ireland, North and South, have repudiated violence and murder. They know that a just and lasting peace can only come about through painstaking dialogue and negotiation. The true heroes and patriots are the many people of both communities who work tirelessly and peacefully for reconciliation and understanding.
- We will continue to do all we can to support their efforts and the efforts of the political leaders participating in the Belfast peace talks.

PEACE PROCESS

- The British Government has taken strong steps to make clear its desire for an inclusive talks process leading to lasting settlement of the conflicts. We fully support the position the British and Irish Governments have taken that Sinn Fein cannot participate in the talks until the IRA declares and implements an unequivocal cease-fire.

- Belfast peace talks chaired by Senator Mitchell, which reconvened June 3, offer only way to achieve just and lasting settlement to conflict. Change can only come through dialogue and negotiation, not violence.

CONTACT WITH SINN FEIN

- The President has many times called on the IRA to end the violence and declare an unequivocal cease-fire. Committed to remain actively engaged in search for just and lasting peace.
- The U.S. maintains contact with all parties to reinforce this message and to support the two governments' efforts to move the process forward.
- Also keep in direct, frequent touch with British and Irish officials.
- We do not go into detail on our diplomatic contacts in support of the peace process..
- If pressed:: We will keep open channels of communication to Sinn Fein as long as we believe that is helpful to the peace process.

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.

ON WHETHER IRA NEEDS TO DISARM BEFORE JOINING TALKS

- 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

June 24, 1997

Q: What is your reaction to the recent GAO report criticizing the government's Gulf War illnesses-related research efforts and specifically suggesting that health problems experienced by Gulf War veterans may have been caused by exposure to chemical or biological weapons?

A: **Will not be satisfied until we have all the answers possible, all the facts available. If evaluation of the GAO report -- not yet released -- indicates that any shift in emphasis or additional research needed, these decisions will be taken.**

We welcome the GAO's contribution to the other efforts currently underway to increase our understanding of Gulf War veterans' illnesses and provide them with the most effective care and treatment possible.

We plan on carefully reviewing the report and getting the reactions of the Presidential Advisory Committee and the agencies concerned. Any new findings and recommendations will be carefully considered for incorporation into the ongoing research and medical care programs.

I think it is important to note that the PAC has played a critical role in initiating and overseeing this process, and that many of the efforts currently underway were a direct response to PAC recommendations.

From the day I took office I have been committed doing the right thing to help our veterans. I view the GAO report in the same spirit: as another opportunity to shed light on the best possible program to help our veterans. My hope is that this new report will be helpful to further improve our ability to help the veterans who served their country in the Persian Gulf.

Q: Recent developments suggest that GAO, DOD and the PAC have significant differences of opinion on the causes of Gulf War illnesses. What does this mean to veterans?

A: First and foremost, I support all efforts -- by the agencies involved, by the PAC, and by Congress -- that may contribute to improving current programs for our Gulf War veterans.

In terms of any differences of opinion at this stage, remember that Gulf War illness causation issues are numerous and complex, and the research available to date is limited -- which is why the ongoing government research program encompasses more than 106 projects.

Finally, once, the agencies and the PAC are in a position to comment more specifically on its conclusions and recommendations, any new findings will be carefully factored in to the ongoing research and medical care programs.

Q: Rep. Bernie Sanders of Vermont released a letter signed by 86 members of the House calling for the Presidential Advisory Committee on Gulf War Illnesses to reassess its conclusion that the illnesses reported by Gulf War veterans were likely caused by war-related stress in the face of “clear” evidence that exposure to a wide variety of chemicals in the Persian Gulf may be a significant factor in Persian Gulf illness. Has this Congressional request undermined the PAC’s ability to provide credible oversight to the government’s efforts relating to Gulf War illnesses?

A: We appreciate Rep. Sanders’ and Congress’ interest in getting to the bottom of the difficult question of Gulf War illnesses. As you know, the President had consistently pledged to leave no stone unturned in helping affected veterans.

The Presidential Advisory Commission’s conclusion that stress was a likely cause of illnesses reported by Gulf War veterans was based on a thorough review of the scientific literature available at the time, and was accompanied by a call for a substantial new research program looking into a number of other risk factors in addition to stress, including low-level exposure to chemical warfare agents, multiple chemical sensitivities, and infectious diseases, among others. Such a program -- encompassing over 106 projects between DoD, VA and HHS -- is now underway, and the PAC deserves a great deal of credit for providing its impetus.

As the new research and more thorough investigative efforts by the various agencies produce results, the PAC will continue to play a critical role as an independent guarantor that the overall program meets rigorous standards of scientific and clinical effectiveness.

Q: What is your reaction to the study published earlier this month in the New England Journal of Medicine showing no evidence that Persian Gulf veterans face increased risk of having children with birth defects?

A: We welcome publication of this first-rate study addressing an important concern of the men and women who served our nation in the Persian Gulf.

The study compared the birth records of children born at military hospitals to virtually all of the nearly 580,000 active duty military members who served in the Persian Gulf with those of a parallel group of 700,000 military personnel who were not deployed to the Gulf. The results should reassure all Persian Gulf veterans, whether or not they have experienced possible Gulf War-related illnesses, that their family planning can proceed without worry about second-generation health problems related to Persian Gulf service.

We also note that this study is just one element in a large and comprehensive research program being conducted by many researchers in coordination with DOD, HHS, and VA. Additional research designed to address other important health concerns in a thorough and credible manner remains in progress, and we look forward to communicating future results to Persian Gulf veterans as soon as they become available.

Q. 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 my decision in JAN 97 to extend the PAC 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 my 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...

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

A. The PAC has a critical role to play -- we are relying on their expertise and independent assessments to enhance program quality across the full spectrum of government programs.

Discussion of PAC extension would be premature at this juncture given the many initiatives still underway and length of time remaining in the initial extension (31 OCT 97).

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

A. Overall, to date -- (1) DOD & VA toll-free help lines; (2) 80,000+ free medical exams; (3) care for all Gulf War veterans who are sick (whether or not a diagnosis has been possible); (4) 26,000+ compensation claims approved; (5) special legislation paying disability for Gulf veterans with undiagnosed illnesses, with an extension of the presumptive period for undiagnosed illness compensation forthcoming soon; (6) thousands of pages declassified; and (7) 90+ federally-sponsored research projects completed or underway.

U.S. ENRICHMENT CORPORATION

June 13, 1997

Pleiades

Q: Is the U.S. Government aware that a group of investors called Pleiades has expressed an interest in buying the U.S. Enrichment Corporation?

A: Yes, we are aware that Pleiades has expressed an interest in USEC as have some other organizations. However, since the Government has not yet determined the method by which USEC will be privatized and has not, therefore, received bids from potential purchasers, we have not evaluated any organization interested in purchasing the Corporation.

Q: Is the U.S. Government aware of allegations that the Pleiades group has close ties to the Russian Federation, specifically MINATOM?

A: Yes, we are aware that the Pleiades group has ties to Russia. While we have made no determination as to how these ties would impact the viability of a Pleiades bid for USEC, any prospective buyer of the Corporation will be evaluated to ensure that USEC is not "owned, controlled, or dominated by an alien, a foreign corporation, or a foreign government" per the restrictions of the Energy Policy Act, Section 1502(a)(2).

Q: Would the U.S. Government allow the sale of USEC to be made to any group with close ties to a foreign government?

A: Having close ties to a foreign government would not automatically disqualify a group. As required by the USEC Privatization Act, any prospective purchaser would have to prove they are not "owned, controlled, or dominated by an alien, a foreign corporation, or a foreign government" per the restrictions of the energy Policy Act, Section 1502(a)(2). If Pleiades or any other organization ultimately makes a bid to purchase the Corporation, many USG agencies will be involved in determining whether the bidder is qualified to purchase USEC. The National Security Council, the Departments of Defense, State, Treasury, and Energy, the Nuclear Regulatory Commission, and others will be involved in evaluating potential bidders.

Q: Would the buyer of USEC also own the rights to the AVLIS technology and other potentially sensitive technology? How would the U.S. Government ensure that such information was properly safeguarded?

A: Any organization purchasing USEC would also purchase the rights to the AVLIS technology and they would be involved with other sensitive technologies. As a result, prospective buyers must be able to hold the necessary security clearances. Before any classified information could be transferred to a purchaser of USEC, facility and individual security clearances would be required. Failure to receive such clearances would preclude prospective purchasers from acquiring USEC.

Q: What are the requirements which will be placed on a prospective buyer of USEC with respect to the maintenance of a domestic uranium enrichment capability?

A: The USEC Privatization Act, in Section 3116, added a limitation to the Atomic Energy Act which states the NRC cannot issue a license or certification of compliance to USEC or its successor if it is determined that the "Corporation is owned, controlled, or dominated by an alien, a foreign corporation, or a foreign government" or that "the issuance of such a license or certificate of compliance would be inimical to the common defense and security of the United States or the maintenance of a reliable and economical domestic source of enrichment services."

Q: What is the status of privatization? Why has it taken so long?

A: The Administration has nearly finished a comprehensive review of all aspects of the privatization. This includes completing actions such as the stabilization of the important Russian HEU contract.

Once the process has commenced, the sale could be consummated in about six months.

Q: How do you intend to sell USEC?

A: The privatization plan recommended by USEC to the President involves a dual-path process, with each path pursued in parallel.

1) The *Merger-Acquisition (M&A) path* will evaluate offers from qualified companies or groups to buy USEC.

2) The *Initial Public Offering (IPO) path* will evaluate the sale of USEC securities to the public.

WHY IMPORTANT? WHY NOW?

- Africa is on doorstep of new era of growth, promise and opportunity. Most hopeful period in Africa since just after independence. Economies growing, democracy spreading, many conflicts ending.
- Major Administration goals for Africa:
 - 1) U.S. committed to defending US against threats to our national security i.e.: regional instability, terrorism, crime, narcotics, weapons proliferation, environmental degradation, disease.
 - 2) promote Africa's full integration into the global economy by:
 - galvanizing sustainable development through private sector-led growth and continued development assistance;
 - working to resolve conflicts
 - promoting and sustaining democracy.
- Among top priorities for Africa is promoting implementation of reformed policies that will accelerate growth and economic development in Africa.

BIPARTISAN EFFORT

- President welcomes leadership of many members of Congress on integrating Africa into the global economy.
- Event tomorrow will affirm commitment to work w/Congress to pass swiftly comprehensive, forward-looking new legislation to promote increased trade and investment in Africa.
- This unified bipartisan effort represents unprecedented agreement within USG on importance of Africa and need to work with African governments in a substantive and collaborative partnership to build economic and human potential of the continent.
- This domestic effort is tied closely to the efforts we will undertake later this week at the Denver Summit -- Africa major agenda item.
- Indicative of continuing commitment by the President to the continent:
 - committed to trip to Africa in Second term
 - continuing engagement on conflict resolution (African Crisis Response Force Initiative, Liberia, Angola)
 - working for growth and partnership with Africa for 21st century (Binational Commission w/South Africa, trade initiative)