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Daily Press Guidance

**Wednesday
July 16, 1997**

(For internal use only.)

Press Guidance
Wednesday, July 16, 1997

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2. Meeting with Walter Dellinger - Justice
3. Rubin Letter re: Community Development Financial Institutions (CDFI) Fund - Budget
4. Weld Statement - Appointments
5. TWA Flight 800/Air Safety - Transportation
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7. DC Manager - DC Plan
8. Americorp Funding - Americorps
9. Budget - Budget
10. NAFTA - FOREIGN

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MEETING WITH WALTER DELLINGER
JULY 16, 1997

- * The President met with Solicitor General Walter Dellinger today for about ten minutes at Mr. Dellinger's request in anticipation of an announcement Mr. Dellinger intends to make this afternoon regarding his future plans.
- * Without stealing his thunder, I want to express on behalf of the President his thanks for Mr. Dellinger's extraordinary service to this Administration and to the nation.
- * Mr. Dellinger's intellectual and courtroom skills are unsurpassed, and he will be very much missed by this Administration and by the President personally.

IF ASKED IF RESIGNATION IS OVER POLICY DIFFERENCES (AS DESCRIBED IN
RECENT NEW YORKER ARTICLE)

- * Mr. Dellinger has wanted for some time to return home to North Carolina, and he's decided that this is the time.
- * I'm not aware of any policy differences, and I think anybody who imputed his resignation to policy issues would be making a mistake. I can't speak for Mr. Dellinger, but the President believes Mr. Dellinger has been an excellent advocate on behalf of this government. He's shown common sense and superb judgment. The President has been extremely pleased with his work, and they had an excellent and very cordial meeting today.

TOIV
Consultation with Ruff

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

The Honorable Jerry Lewis
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Lewis:

As you consider funding for the Community Development Financial Institutions (CDFI) Fund in the context of the VA/HUD Independent Agencies appropriations bill, I wanted to take this opportunity to urge you to fund CDFI at the President's full \$125 million request for FY 1998.

I am aware that Members of Congress have raised concerns with regard to the administration of this program. We view these concerns with the utmost seriousness, and we are currently reviewing them. The Department has begun implementing measures that address needed improvements and will continue to take steps responsive to congressional concerns.

I remain strongly convinced that all CDFI award decisions were based solely on merit. The CDFI Fund is implementing programs that are very important to the well-being of our nation. In the first round, the CDFI Fund selected 31 community development financial institutions serving 46 states and the District of Columbia to receive \$37.2 million in loans, equity investments, grants and technical assistance.

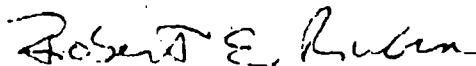
CDFI Fund awardees are expanding access to credit, creating jobs and rebuilding neighborhoods in communities around the country. The CDFI Fund's investments have already leveraged more than \$50 million in non-federal matches, and the CDFI Fund estimates that over the long-term, these funds will leverage approximately 10 to 20 times the amount awarded.

In the first round of the Bank Enterprise Awards Program, the CDFI Fund selected 38 banks and thrifts in 18 states and the District of Columbia to receive \$13.1 million in grant awards. These grants have encouraged \$126 million in lending and financial services to distressed neighborhoods.

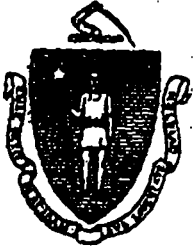
Applicants were reviewed using a rigorous investment analysis. The CDFI Fund evaluated factors including track record and financial strength; management team; business plan; non-federal matching funds; and community development impact.

The bipartisan Budget Agreement between the congressional leadership and the President provides funding at the level proposed in the President's budget, and includes the CDFI Fund as a protected priority. I urge you to adhere to the agreement and help revitalize our nation's economically distressed communities by funding CDFI at the \$125 million level for FY 1998.

Sincerely,



Robert E. Rubin

**THE COMMONWEALTH OF MASSACHUSETTS****EXECUTIVE DEPARTMENT**

STATE HOUSE • BOSTON 02133

(617) 727-3800

WILLIAM F. WELD
GOVERNOR**MARCO PAUL CELLUCCI**
LIEUTENANT-GOVERNOR**Statement by Governor William F. Weld**
Tuesday, July 15, 1997

Several weeks ago, President Clinton stated his intention to nominate me to be ambassador to Mexico.

In the past several days, Senator Kerry and others have suggested that because the chairman of the Senate Foreign Relations Committee has stated his opposition to my candidacy, alternative diplomatic assignments might be the wiser course.

I am here today to say that I would not accept another assignment and that, more to the point, I intend to stand and fight for the Mexico ambassadorship.

Let me clear about one thing: Senator Helms' opposition has nothing whatsoever to do with drug policy. It has everything to do with the future of the Republican Party. In plain language, I am not Senator Helms' kind of republican. I do not pass his litmus test on social policy. Nor do I want to. And if my long-held advocacy for a Republican Party that is open and inclusive imperils my prospects to go to Mexico City, so be it. If my words here today imperil my prospects, so be it.

I have read some news reports suggesting that the White House may be backing down from nominating me for Mexico City because of Senator Helms' opposition.

I hope and expect that this rumor and speculation does not represent the President's thinking. I hope and expect that the President does not plan to give in to ideological extortion. I hope and expect that the President will join me in a fight worth fighting.

And if he does not, then let the President himself say so.

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- From FAA
Chewed Aikey/DoT

Flight 800 Q & A
July 15, 1997

Q What is the latest on the investigation into the cause of the Flight 800 accident?

A The National Transportation Safety Board is the lead agency for accident investigation and in determining probable cause. The FAA's role during an accident investigation is twofold. First, ^{FAA} we must assist the NTSB in conducting its investigation in any way we can. And, second, the FAA must fulfill its responsibility to ensure continued airworthiness through its own investigations to ensure that safety is being maintained throughout the aviation system. No probable cause has yet been identified, but the NTSB is conducting more tests and sponsoring additional research. → over 100 FAA employees
over 15,000 hours
FAA We will work closely with the NTSB on analyzing the results.

Q Why hasn't the FAA adopted the NTSB recommendations?

A The FAA advised the NTSB that its recommendations, specifically those concerning center wing fuel tanks, proposed major changes in airplane fuel tank design and fuel management that could have sweeping potential impacts. The NTSB's proposals could affect approximately 5,400 aircraft in the U.S. alone. More importantly, we do not have sufficient information to determine whether the recommendations will improve safety without imposing unknown risks. The NTSB agrees that additional scientific data is needed and is conducting flight tests as well as laboratory tests. The results will be carefully analyzed by the NTSB and the FAA.

Q What is the disagreement between the FAA and the NTSB?

A Both agencies agree that we need to do more. Where we differ is a small technical disagreement on the analysis of fuel flammability data and the appropriateness of short-term procedures. That is why the FAA issued its April 3 *Federal Register* notice soliciting research and other data that would analyze the efficacy of the board's recommendations. Comments are due Aug. 1, 1997, and the FAA will carefully evaluate them for appropriate follow-up actions. In addition, the FAA is sponsoring a September conference on the nature and flammability of jet fuel and jet fuel vapors. At the same time, the NTSB is conducting additional tests and sponsoring more research to learn more about fuel vapors. The results will be carefully analyzed by the NTSB and the FAA.

-more-

Q Should travelers be concerned that this kind of accident could happen again?

A When you look at the history, before and since, it shows that this accident was a very rare event. There have been only two explosions of Boeing center wing fuel tanks in more than 130 million hours of flights. The industry, the NTSB, and the FAA have done such a good job that the accidents that happen are caused by rare events, which makes it even more difficult to find the cause. More resources have been applied to finding a cause for this accident than any other aviation accident, and the search for the cause continues. Even with these rare occurrences, flying is incredibly safe.

Q What are the results of the White House Commission on Aviation Safety and Security?

A In the wake of the Flight 800 tragedy, the President appointed the White House Commission on Aviation Safety and Security to undertake a broad analysis of measures that government and industry could take to prevent such occurrences in the future. The Flight 800 accident accelerated many security improvements already underway in the domestic aviation security system and provided the impetus for significant funding. Vice President Gore chaired the Commission, and its membership acted swiftly and decisively to formulate an ambitious set of recommendations dealing with safety, security, air traffic control modernization, and assistance to the families and friends of victims. We have embraced those recommendations as a blueprint for action at the FAA and have developed an aggressive timetable for implementation.

Q Does Flight 800 raises new concerns about safe operation of older aircraft?

A Long before the accident, the FAA designed and implemented a comprehensive program to ensure that older aircraft, including some older Boeing 747s, continue to meet the agency's rigid safety requirements. The older the aircraft gets, the more frequent and more thorough scrutiny it receives. The White House Commission on Aviation Safety and Security recommended that the FAA continue its aging aircraft program and that the program be expanded to include more emphasis on wiring in addition to structure. The FAA has embraced this addition.

DRAFT

July 16, 1997

As you gather to mark the first anniversary of the tragic loss of TWA Flight 800, Hillary and I once again extend our deepest sympathy, and we join you in remembering your loved ones. We met many of you last summer at this time, and each of you has remained in our thoughts throughout the past difficult year.

I know that mere words are of little comfort, but I hope that you can draw strength from one another and from the knowledge that, thanks to your hard work, counsel, and compassion for others, I was able to sign legislation last October to assign a single government office the task of assisting families in circumstances similar to your own. Now these families will be able to turn to the National Transportation Safety Board as the sole authoritative government agency with the responsibility and capability to respond to their needs in the aftermath of such disasters.

We hope you will be comforted as well by the knowledge that, even as we share your sorrow on this solemn anniversary, we also recommit ourselves to do everything possible to prevent another such tragedy. Hillary and I are keeping all of you in our thoughts and praying for your peace of mind.

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BC/NTSB/MAH/JAD/jfc
(7.twa.msg)

(Corres. #3594257)

(Event: 7/16/97)

cc: Presidential Messages, 91 OEOB

CONTACT LIZ COTHAM, NTSB, 202-314-6205

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FOR DISPATCH

THE WHITE HOUSE
Office of the Vice President

For Immediate Release
July 15, 1997

Contact: 202-456-7035

**VICE PRESIDENT GORE HIGHLIGHTS
NEW NASA AND FAA AVIATION SAFETY TECHNOLOGY**

**The Vice President receives update on White House Commission
on Aviation and Safety and Security Recommendations**

WASHINGTON -- Vice President Gore today (7/15) viewed four new technologies developed by NASA and FAA that will make flying safer and received an update on improvements to aviation safety and security.

"No matter how safe aviation is, we must make it even safer," said the Vice President. "A key to that is giving new tools to the people flying, maintaining and directing our planes. Today, we've had a glimpse of those new tools."

Most of the technologies reviewed and demonstrated at Dulles Airport were developed by the NASA Aviation Safety Program, a \$500 million partnership that includes NASA, the FAA, the aviation industry and the Department of Defense. NASA Langley Research Center in Hampton, Va., is leading the safety program.

Joining the Vice President at Dulles Airport were Transportation Secretary Rodney Slater and NASA Administrator Dan Goldin. The technology showcased included:

- ◆ The Trace Detection System -- This system, which is designed to check all baggage going on a commercial flight, is being purchased and put into use by the FAA. Contracts have been awarded for over 500 systems.
- ◆ The Non-Destructive Evaluation System: This system is designed for finding cracks in aging aircraft. It is currently being commercialized for use in maintenance inspections.
- ◆ The Taxiway Navigation and Situational Awareness System: This system allows pilots to navigate on the ground in virtually zero visibility conditions. It will be tested at Atlanta Hartsfield Airport in August.
- ◆ The Cockpit Weather Information System: This system gives pilots advanced information in an interactive touch-screen format, which is not used today. NASA is about to begin in-flight testing in a United Airlines DC-10.

In an update given to the Vice President on the implementation of recommendations from The White House Commission on Aviation Safety and Security, a report from Secretary Slater noted that "work is underway on every recommendation made to the Department."

Slater wrote, "Although the final Report was issued less than six months ago, the Department has already dedicated considerable resources and effort to implementing its recommendations. We have a comprehensive, specific implementation plan with deadlines, and the senior leadership of my office and the FAA meet monthly to review our progress.

"The Commission demanded action. We listened, learned and acted."

Some of the recent steps taken to increase aviation safety and security include:

- ◆ The FAA adopted a new set of rules requiring all airlines, no matter how big or small, to operate under a single level of safety -- the highest level possible.
- ◆ Using new procurement rules, the FAA is fielding new air traffic control technology faster and at less cost. For example, a new computer system for the busiest air traffic control centers was delivered ten months ahead of schedule and \$3 million under budget.
- ◆ FAA has moved to require smoke detection and fire suppression in the cargo and baggage compartments on large aircraft. FAA intends to complete the rulemaking by the end of 1997.
- ◆ 54 new explosives detection systems have been purchased. Newly purchased units are now in two airports and installations are underway in other cities.
- ◆ An initial deployment of other types of advanced equipment began with the installation of trace explosives detection devices in Atlanta last year and continues today at several major airports. The FAA Integrated Product Team plans to award contracts to purchase over 480 trace explosives detection devices and about 20 automated dual energy X-ray machines, plus a quadruple resonance device.
- ◆ The commission stressed long-term safety improvements could only be achieved through renewed and expanded commitment by all involved in aviation. Some of the recent commitments have included the offer by American Airlines and others of incentives for parents to place their children in safety seats; the improvement to the rudders of older 737s by Boeing, in conjunction with the FAA and the NTSB; and the upgrading flight data recorders by of Southwest Airlines.
- ◆ The FAA has hired 375 additional inspectors to increase security oversight at airports across the nation.

"This week marks the anniversary of the crash of TWA flight 800 and I want to make sure that all those lost loved ones know that our thoughts and prayers are with them. I think that they know how hard the NTSB and the FBI are working to bring their investigation to a conclusion," said the Vice President. "And I want them to know that the President and I, Secretary Slater, Administrator Goldin and all of the people at the FAA and NASA are working just as hard to make flying as safe and secure as it can be for all Americans."

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Q&As - INS Institutional Hearing Program (IHP)

Contact: Eric Andrus, 202/514-8080 • 7/16/97

Q. The GAO reported in Congressional hearings yesterday that INS is only deporting about 30 percent of the criminal aliens serving time in state and federal prisons. **A.** Actually, the number of criminal aliens serving time is up by 37 percent through the initiatives in FY 96 and 97 to boost the INS Institutional Hearing Program (IHP). That GAO study was based on 1995 data, before the program was significantly expanded.

Q. Why isn't the IHP program used more to deport criminal aliens? **A.** It's being used in record numbers now because of those new resources. This year, up to 50 percent of the criminal aliens serving time in state and federal prisons will get deportation orders while serving time. Most of the remainder will start the deportation process while still in prison. We've significantly expanded the program in the federal system and in the seven state prison systems that have most of this country's criminal aliens. We're building toward our goal to identify and get final deportation orders on 100 percent of the deportable criminal aliens in state and federal prisons while they're still serving time.

Talking Points

- The goal of IHP is to identify and get final orders of deportation on criminal aliens while they are still serving time in prison. This allows them to be deported immediately after they complete their sentence, reducing INS detention costs and improving public safety. IHP is a cooperative effort between INS, the immigration courts (Executive Office of Immigration Review) and the states.
- The IHP today is more successful than ever at getting deportation orders on criminal aliens serving time in federal and state prisons. This means more criminal aliens are being deported as soon as they are released from prison.
- IHP deportations are up 37 percent over last year, a direct result of administration efforts to build the program during FY 95 and 96. More than 9,400 criminal aliens have already been deported this fiscal year through the IHP.
- IHP is at 76 sites in 40 states, the District of Columbia and Puerto Rico, including 11 Federal Bureau of Prisons locations.
- INS plans to develop a centralized data base of IHP criminal aliens and reduce IHP staff attrition. The agency will also work to improve its relationship with the states who have IHP, a key factor in the success of the program.

- Since 1995 the administration has established enhanced IHP Programs in the federal prison system and the seven state prison systems that represent more than 85 percent of all criminal aliens in prison. These enhancements include additional funding and staff for INS and the immigration courts. They also include special agreements with federal and state prison systems to consolidate prisoner intake and release points and consolidate immigration hearing locations.

IMMIGRATION AND NATURALIZATION SERVICE

FACT SHEET

3/27/98

Institutional

The Institutional Hearing Program (IHP) is a joint effort of the Immigration and Naturalization Service (INS), the Executive Office for Immigration Reform (EOIR) and federal and state correctional agencies to conduct deportation proceedings for convicted criminal aliens while they are serving their prison sentences.

The goal of the IHP is to complete all administrative review prior to completion of the alien's sentence, significantly reducing INS detention costs and threats to public safety by effecting immediate deportation upon completion of sentence.

Currently, there are 71 IHP hearing sites in 40 states, the District of Columbia and the Virgin Islands.

Enhanced IHP

Enhanced Institutional Hearing Programs include additional funding and INS and EOIR staff and special agreements with state and federal prison systems for consolidated prisoner intake sites, centralized immigration hearing locations, and consolidated prisoner release sites so that INS can efficiently and effectively remove deportable criminal aliens from the United States when they complete their sentences.

- Enhanced programs began in 1994 as a key element in the Clinton Administration's strategy for improving immigration enforcement. Enhancements initially were targeted to five states - California, Florida, Illinois, New York and Texas - and expanded to seven by including Arizona and New Jersey in FY 1996. Overall, these states account for 81 percent of the foreign-born state inmate population which numbers 75,242 nationwide.
- Prior to FY 1996, IHP enhancements were approved and have been operating in California, Florida, Illinois, New York, Texas and nine federal Bureau of Prisons facilities.
- In FY 1996, IHP enhancements are now implemented in New Jersey and are being planned for Arizona later in the year.
- Beginning in July 1996, INS will operate the Texas IHP through a single intake, processing and release site.
- The proposed FY 1997 budget includes resources for IHP enhancements in the states of Massachusetts and Washington.
- In FY 1995, 9,557 criminal aliens were removed through the IHP, a 37 percent increase over the previous year.
- Under a plan for enhancing the federal IHP, which was signed on March 7, 1996, to be implemented through the end of FY 1997, the Bureau of Prisons (BOP) will be

Prepared by the Office of Public Affairs (202) 514-2648

assigning nearly all foreign-born alien prisoners to a short list of BOP prisons designated as IHP intake and hearing sites. Their cases will be reviewed by INS investigators at those sites and, as appropriate, deportations proceedings will be concluded. When they finish their sentences, criminal aliens in federal custody will then be released at specified sites close to international airports or other transportation points to facilitate their removal.

Budget Resources for Criminal Alien Removals

- **FY 1996 Approved Budget** - As part of INS' overall \$140 million alien removal budget, which includes 1,406 new positions and a range of detention and deportation resources nationwide, 577 new staff are devoted to increasing INS' capacity to detain and remove deportable criminal aliens from the United States. Some of these resources will go to the enhanced IHP and a further portion will be allocated to other initiatives with local law enforcement agencies to assure removal of criminal aliens. Among these are county jail projects, designed mainly to deal with prisoners whose sentences are too short to process them through an IHP. Funding also will be applied to creation of a modern transportation network and a computerized detention space management system to maximize the efficiency of INS alien removal efforts.
- **FY 1997 Budget Request** - Includes 49 positions and \$8.1 million in funding in FY 1997 to further expand the IHP to include the next two states most affected by illegal immigration: Massachusetts and Washington, whose correctional facilities annually incarcerate an estimated 2,100 and 1,340 foreign-born prisoners, respectively.



Lawrence J. Haas
07/16/97 11:28:35 AM

Record Type: Record

To: April K. Melody/WHO/EOP

cc:

Subject: DC talkers

Talking Points:

The Administration and the Debate Over Helping the District of Columbia

July 16, 1997

* We are very pleased that the congressional leadership has gotten personally involved in trying to fashion an acceptable bill as soon as possible.

- They pulled the key Members together, and we are holding a series of meetings with them.
- We are meeting, at Member/staff levels, on pensions, prisons, Medicaid, taxes, and so on.
- Lately, the meetings have been taking place virtually every day.

* Frank Raines is working closely with the leadership and individual members.

- Leading the staff effort for Raines are:

- Carole Thompson-Cole (the Administration's special advisor for DC),
- Ed DeSeve (OMB controller and acting OMB deputy director for management),
- Michael Deich (an OMB PAD).

* We are hopeful of getting an acceptable bill as soon as possible.

If you are asked how the bill will get done (in reconciliation, etc.):

We want to see an acceptable bill as soon as possible. We're not going to try to dictate the legislative process.

If you are asked about, as part of talks over a DC bill, that Congress create a city manager:

Congress has jurisdiction over the District, and we do not have a role in discussions over that issue.

GUIDANCE ON AMERICORPS FUNDING

JULY 16, 1997

(Last night, on a voice vote, the House voted to cut in half FY98 funding for Americorps (down to \$201 million from \$402 million in FY97). Our request for FY98 is \$549 million in order to provide 11,000 Americorps volunteers for the America Reads program.)

- * As you know, we have made it clear to the Congress that the President's senior advisors would recommend that he veto any legislation that terminates the Corporation for National and Community Service or eliminates AmeriCorps.
- * There are many in Congress who know how strongly the President feels about making it possible for thousands of young Americans to help their fellow citizens by teaching them how to read, providing them with health care, cleaning up their parks and cities, and a host of other activities, as they earn for themselves an opportunity to attend college and make the best of their own lives.
- * For some reason, perhaps because it's so important to the President, this program that does so much for people has become a frequent target of the Republican Congress.
- * We would have thought they would have learned their lesson, but let me make it clear if they have not. The President will not accept this kind of cut in AmeriCorps.

WILL HE VETO THIS?

- * Well, again, I think I've made it pretty clear how the President feels about this. Congressman Jerry Lewis has indicated that he knows how strongly the President feels about it, and as the Chairman of the subcommittee, he's interested in putting together a bill that will be signed into law.
- * So we're hopeful that when push comes to shove, they will reject the views of those in the Congress who have never supported AmeriCorps, and provide an appropriate level of funding for this important program.

TOIV
Chow

GUIDANCE ON BUDGET/MEDICARE/LINE-ITEM VETO
JULY 16, 1997

Medicare Means Testing

- * The President made it clear yesterday that he supports the concept of means-testing, and he could support it as part of this legislation.
- * However, he does not believe it should be allowed to endanger the bipartisan budget agreement.
- * In yesterday's meeting with the Congressional leadership, bipartisan opposition was expressed on the House side to including means-testing in this legislation -- in fact, bipartisan opposition was expressed to the concept of means-testing.
- * So the President's view is that we should continue to explore whether means-testing is a viable option in the current legislation, but he is well aware of the potential pitfalls given where both Democrats and republicans in the House stand on this issue
- * The President continues to have some concerns about the specifics of the Senate proposal for means-testing.
 - * First, he believes it makes no sense to create a huge new bureaucracy in the Department of Health and Human Services to administer a premium change that the IRS is capable of administering.
- * **According to a news report today (Congress Daily), the CBO has analyzed this issue and determined that creating a new bureaucracy would cut by more than half the additional revenues that we would supposedly to be collecting through means-testing.**
 - * In addition, we are concerned that premiums not be set so high that they drive people out of Medicare, since those leaving would inevitably be the wealthiest and healthiest recipients, and that would have a detrimental impact on the pool of insured recipients.

Line Item Veto

(An article in today's Wall Street Journal suggests that there may be some opportunities to use

the tax provisions of the line-item veto legislation to veto some “rifle-shot” provisions of the tax bill that benefit very few taxpayers.)

- * We haven’t seen any actual legislation reach the President’s desk that has tax provisions in it since the line-item veto went into effect.
- * When the time comes, we will obviously look at the tax legislation, along with the spending provisions of the reconciliation bill.
- * As we have said before, the President thinks this can be an effective tool to root out waste when the time comes.

TOIV

Chow, Haas (Line-item is from Haas)

NAFTA AFTER THREE YEARS

NAFTA is an integral part of a broader growth strategy that has produced the strongest U.S. economy in a generation, including sustained investment, low unemployment, healthy job creation, and subdued inflation.

- Since 1993, exports have contributed nearly one third of our economic growth — and have grown three times faster than overall income.
- Under NAFTA, exports to Mexico have grown 36.5 percent and exports to Canada have grown 33.6 percent to record levels. Jobs supported by exports to Canada have gone up by 189,000 and jobs supported by exports to Mexico by 122,000. Export jobs generally pay 13 to 16 percent more than the national average.

Several studies conclude that NAFTA has contributed to America's economic expansion, boosting net exports with Mexico and U.S. income, investment and jobs.

- A new study by DRI estimates that NAFTA boosted real exports to Mexico by \$12 billion in 1996, compared to a smaller increase in imports of \$5 billion, controlling for Mexico's financial crisis. According to this study, NAFTA contributed \$13 billion to U.S. real income and \$5 billion to business investment in 1996.

Before NAFTA was signed, Mexico had one-way free trade into the United States, benefitting from duty-free access on over half of its exports to the United States. Under NAFTA, Mexico's tariff cuts have been 5 times greater than ours, levelling the playing field.

- Before NAFTA, U.S. barriers to Mexico were already low at 2.07 percent. Mexican barriers were much higher, averaging 10 percent.
- Since NAFTA was signed, Mexico has reduced its average applied tariffs on U.S. imports by 7.1 percentage points, compared with U.S. reductions of 1.4 percentage points.

NAFTA has given Americans a competitive edge over European and Japanese rivals, helping American suppliers capture share in Mexico's import market.

- Increases in the U.S. share of Mexico's import market are indicative of NAFTA's effects, since they control for factors affecting foreign suppliers similarly, such as Mexico's recession.
- Since NAFTA went into effect, U.S. suppliers have seen their share of Mexico's import market grow from 69.3 percent to 75.5 percent, reflecting a 10 percentage point tariff advantage over foreign suppliers. Mexico's share of American imports has risen from 6.8 percent to 9.3 percent.

By helping to lock in economic reforms, NAFTA contributed to a rapid recovery in Mexico following the most severe economic recession in decades, and protected American exports and jobs.

- Following Mexico's 1982 financial crisis, Mexican output did not recover to pre-crisis levels for five years. In 1995, Mexican economic output rebounded to pre-crisis peaks by the end of 1996.
- Following Mexico's 1982 financial crisis, Mexico raised tariffs by 100 percent, and American exports to Mexico fell by half and did not recover for seven years. In 1995, Mexico continued to implement its NAFTA obligations even as it raised tariffs on imports from other countries. As a result, American exports recovered in 18 months and were up 37 percent by the end of 1996 relative to pre-NAFTA levels, even though Mexican consumption was down 3.3 percent.

Pittsburgh/Chicago Press Guidance
July 16, 1997

Tomorrow the President will travel to Pittsburgh, PA to address the NAACP annual convention and then to Chicago, IL to address the National Association of Black Journalists convention. (You should also be aware that there are local press reports of the KKK protesting outside the convention center in Pittsburgh during the President's remarks)

* Following up on his remarks at the University of California-San Diego, the President will continue his dialog on race tomorrow in both speeches. The President will discuss the importance of recognizing the diversity in our nation and the goal of being One America as we head into the 21st century. He is likely to touch on issues that the NAACP has been discussing in their meetings this week.

* The President will also talk about ways we can work to improve urban and rural schools across the country and the importance education plays in improving these communities. (See DRAFT fact sheet attached)

Drafted: J. Green

DRAFT-DRAFT-DRAFT

Attracting and Preparing Tomorrow's Teachers: Investing in Quality for the 21st century

President Clinton proposed today a \$350 million initiative to attract talented people of all backgrounds into teaching at low-income schools across the nation, and to dramatically improve the quality of training and preparation given to our future teachers. This new initiative will help bring nearly 35,000 outstanding new teachers into high-poverty schools in urban and rural areas over five years, will support 10-15 national models of excellence for teacher preparation, and will help upgrade the quality of teacher preparation at more than 150 institutions of higher education in partnership with local schools. The President's initiative will help recruit and prepare teachers nationwide to help our neediest students succeed in the 21st century.

A national challenge: bringing talented, dedicated, and well-prepared teachers to classrooms across the nation -- especially in our poorest schools.

This nation will need two million teachers hired over the next decade to accommodate rapidly growing student enrollment and an aging teaching force -- 350,000 of which will be needed in our highest poverty schools.. High-poverty urban and rural schools will experience the most severe shortages and present the greatest challenge in hiring new teachers.

This nation and the new economy will require our teachers to meet higher standards than ever. Because all of our students will need to achieve much higher standards than ever before in order to succeed in the new economy, our teachers must also meet higher standards than ever. Fortunately, we have learned a lot about what it takes to be a high-quality teacher -- good teachers know their subject areas well and understand how to meet such critical challenges as motivating students to learn, maintaining disciplined classrooms, helping students master basic skills and challenging academic material, involving parents in their children's education, and making effective use of technology in the classroom. But effective strategies for recruiting and preparing teachers are needed to ensure that the demand for many more teachers does not undermine quality.

Urban and rural schools serving high percentages of poor students face especially serious challenges in their teaching forces, with many teachers arriving without the preparation needed to succeed. ___ in ten teachers in urban schools leave the school within three years, and ___ in ten math teachers in urban schools neither have a college major or minor in math. Yet, students in poor urban or rural schools depend heavily on the quality and consistency of their teachers.

This nation has an opportunity to get it right: recruiting and preparing tomorrow's teachers can enhance the success of efforts to improve schools for decades. All of the most promising efforts to improve schools -- from raising educational standards to bringing technology into our schools to helping children to

read by the end of the third grade -- depend on good teachers and good teaching. This nation has an important window of opportunity over the next few years to affect educational quality for decades.

Meeting the challenge -- recruiting 35,000 outstanding new teachers into high-poverty schools across the nation and improving the preparation and training of future teachers nationwide. The President's proposal will help recruit nearly 35,000 teachers over five years; meeting nearly 20% of the need for new teachers in high poverty urban and rural communities.

"National Teaching" Fellowships to help talented people from all backgrounds go to teach in our nation's poorest schools. The President's initiative will provide grants to institutions of higher education with high-quality teacher preparation programs, in partnership with local schools and others, to offer scholarships and other support to prepare prospective teachers who commit to teach in underserved urban or rural schools for at least 3 years. Scholarships could cover costs of tuition, room, board, and other expenses of completing the teacher preparation program -- as well as some costs of mentorship or additional preparation for scholarship recipients in their first two years of teaching.

Scholarships for young people and adults making a career change into teaching. Eligible scholarship recipients would include undergraduate and graduate students, former military personnel, education paraprofessionals or teacher aides desiring full teacher certification, and other mid-career professionals looking to enter into the teaching profession.

A commitment to bringing outstanding new teachers into high-poverty schools. Eligibility would be limited to those making a commitment to teach in high-poverty schools for at least three years. Scholarship recipients who do not complete the full three years would repay the institution of higher education from which they received their teaching credentials.

Strong local partnerships to prepare future teachers well. Scholarships would be awarded by partnerships involving institutions of higher education, local schools, and others that recruit and effectively prepare talented people of all backgrounds to teach in underserved schools. Partnerships would compete for five-year grants to support the scholarships and related activities.

Supporting national models of excellence for teacher preparation that will provide direct assistance to help 150 institutions of higher education better prepare tomorrow's teachers.

Supporting 10-15 national "lighthouse" models of excellence to demonstrate world-class strategies for preparing future teachers. Five-year grants would be awarded through a highly competitive process to institutions of higher education

operating the highest quality teacher education programs in partnership with local schools and others. These “lighthouse” models would set the highest standards for preparing new teachers.

Drawing on research and best practices, and holding institutions of higher education accountable for performance. Grant recipients would draw on research and best practice for preparing future teachers, including such critical strategies as: forging strong links between schools of education and their universities’ departments of arts and science, providing future teachers with mentors and structured opportunities for teaching in elementary and secondary school classrooms, and incorporating the use of educational technology into teacher preparation. Continuation grants will be given to institutions making demonstrable progress toward clearly defined objectives.

Helping improve the preparation of future teachers at 150 institutions of higher education across the nation. Each institutions receiving a “lighthouse” grant would commit to using most of these resources to help ___ other institutions of higher education and local school systems improve their teacher preparation programs.

Per Julie Green

**PRESIDENT, VICE PRESIDENT ANNOUNCE
STRATEGY FOR "FAMILY FRIENDLY INTERNET"**
July 16, 1997

Today, President Clinton and Vice President Gore announced a strategy for making the Internet "family friendly," following a meeting with industry executives, members of Congress, and leaders of organizations representing teachers, parents, children, and librarians. This strategy is designed to give parents and teachers the tools they need to prevent children from getting access to inappropriate material on the Internet, and to guide them towards high-quality educational resources.

The President and Vice President believe that the Internet is a powerful educational tool for our children. All over America, students are using the Internet to follow the Pathfinder mission to Mars and conduct research using the Library of Congress. But there is clearly material on the Internet that is not appropriate for children. In the wake of the Supreme Court's decision on the Communications Decency Act, America needs a strategy for protecting children and creating a safe, educational environment on the Internet that is consistent with our First Amendment values.

The President emphasized that government, industry, parents and teachers all have an important role to play in achieving the goal of a family friendly Internet in the following ways:

The Administration will continue to enforce laws to protect children on-line. The Supreme Court's decision on the Communications Decency Act did not affect U.S. laws against obscenity, child pornography, and on-line stalking. The President made clear that the Administration remains committed to the vigorous enforcement of federal prohibitions against the transmission of child pornography and obscenity over the Internet and other media, and the use of the Internet by pedophiles to entice children to engage in sexual activity. Recent steps by law enforcement include:

- FBI has increased its staff committed to computer-related exploitation of minors by 50 percent in the last three months, and has established a task force that specializes in computer child pornography and solicitation cases.
- The U.S. Customs Service has used the Internet to crack down on child pornography, and has seen an increase in convictions from 35 in FY1995 to 90 in FY1996.
- The Attorney General's Advisory Committee is providing training for law enforcement and prosecutors around the country, so that they can keep up with the

latest computer technology.

Industry will provide blocking, filtering, and labeling technology for parents and teachers that is widely available and effective. Netscape announced that they plan to include Internet filtering technology in the next major release of their "browser" -- the software used to access the World Wide Web. This technology, known as the Platform for Internet Content Selection (PICS), allows parents to choose from a variety of ratings systems to block sites that are inappropriate for children. Microsoft has already incorporated this filtering technology in its browser. Combined, Microsoft and Netscape account for more than 90 percent of the browser market.

All major commercial online services, as well as over 145 regional and local Internet Service Providers in more than 40 states, now offer their customers filtering software either for free or for a small fee. This software allows parents to block objectionable material, and may have other features, such as the ability to limit the amount of time that a child spends online, or prevent a child from typing personal information (e.g. telephone number, street address) in an online chat-room. Major computer manufacturers such as Acer, Apple Computer, Compaq, IBM and Packard Bell are also "bundling" home PCs with filtering software.

Internet directory companies such as Yahoo, Excite, and Lycos which serve as the "yellow pages" of the Internet, agreed to make it easy for Web site developers to rate their sites appropriately. IBM announced a grant to the Recreational Software Advisory Council - a non-profit organization that has developed a content labeling system for the Internet. Major Internet content providers led by the Internet Content Coalition announced their intention to label their sites.

To support these efforts, the President also directed the Office of Management and Budget, working with the Department of Commerce and the Government Information Technology Services Board, to develop policies for labeling Executive Branch web sites.

Industry commitments include the following:

- **Over 90 percent of World Wide Web "browsers" will include filtering technology.**
- **Major PC manufacturers and Internet service providers serving 85 percent of all Internet users will provide filtering software.**
- **Internet companies are promoting the use of "ratings" for filtering technology.**

--more--

Parents and educators must do their part as well. The President also challenged parents to get involved with their children's use of the Internet. Technology is not a "silver bullet," and is no substitute for parental involvement. To help parents learn how to make the best use of this technology:

- **Non-profit organizations have developed NetParents -- a user-friendly web site for parents**
- **"Librarians Guide to Cyberspace for Parents and Kids"**

By logging on to NetParents (www.netparents.org) -- parents can get information on blocking software that meets their concerns, find out which Internet Software Providers offer this software for free or at low cost, and get tips on "child safety on the information superhighway."

The American Library Association launched an effort called "The Librarian's Guide to Cyberspace for Parents and Kids," that will help parents find positive sites for their children.

This problem will not be solved in a single day. It will require the continued cooperation of industry, government, and groups representing parents, teachers, and children. Industry and non-profit organizations are organizing a summit to be held in the fall that will continue the momentum towards a "family-friendly" Internet.

NETPARENTS - A ONE STOP SHOP FOR A FAMILY-FRIENDLY INTERNET

- Non-profit organizations such as the Center for Democracy and Technology and the Voter Telecommunications Watch have worked together to create a web site for parents who want their children to use the Internet, but who want to ensure that their children have a safe and educational experience.
- The address for the site is www.netparents.org.
- By logging on to the site, parents will have a wealth of information at their fingertips, including:
 - Links to sites that provide positive guidance on material on the Internet that is of high-quality and suitable for children;
 - A list of the blocking and filtering software that is available, with links to the web sites of those companies;
 - A list of major Internet Service Providers that offer blocking software and parental controls for free or at low-cost;
 - A database of local Internet Service Providers that offer blocking software;
 - Tips on "child safety on the information superhighway"; and
 - Descriptions of the rating systems that are currently available.

**Participants in Working Meeting on "Family Friendly Internet"
with Vice President; OEOB Ceremonial Office, 11:00 AM
CLOSED PRESS**

Senator Patrick Leahy
Senator Patty Murray
Senator Ron Wyden
Representative Bob Goodlatte
Representative Bart Gordon
Representative Rick White
Representative Zoe Lofgren
Representative Edward Markey
Representative Anna Eshoo
Representative Rick Boucher
Ernie Allen, President and CEO, National Center for Missing and Exploited Children
Stephen Balkam, Executive Director, Recreational Software Advisory Council
Jerry Berman, Executive Director, Center for Democracy and Technology
Steve Case, President and CEO, America Online
Marilyn Cross, Executive Committee Member, National Education Association
Robert Davis, President and CEO, Lycos Inc.
Tom Evslin, President, AT&T WorldNet Services
Barbara Ford, President, American Library Association
Jay Friedland, Co-founder, SurfWatch
Andrea Ireland, Associate General Counsel, Netscape Communications
Laura Jennings, Vice-President, Microsoft Network
Joseph Kraus, Founder, Excite
Jim Miller, Leader, Technology and Society Domain, World Wide Web Consortium
Kathryn Montgomery, President, Center for Media Education
John Patrick, Vice-President, Internet Technology, IBM
Steve Perlman, President and CEO, WebTV
Lois Salisbury, President, Children Now
Nigel Spicer, President, Microsystems Software, Inc.
Kim Wade, Assistant General Counsel, Children's Defense Fund
Louis Jean White, President, National Parent Teachers Association
Jake Winebaum President, Disney On-line
Jerry Yang, Chief Yahoo, Yahoo!

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

July 16, 1997

MEMORANDUM FOR MICHAEL MCCURRY

FROM: ALICIA H. MUNNELD *ahm*
SUBJECT: Consumer Price Indexes for June, Labor Department
Release, Wednesday, 8:30 a.m.

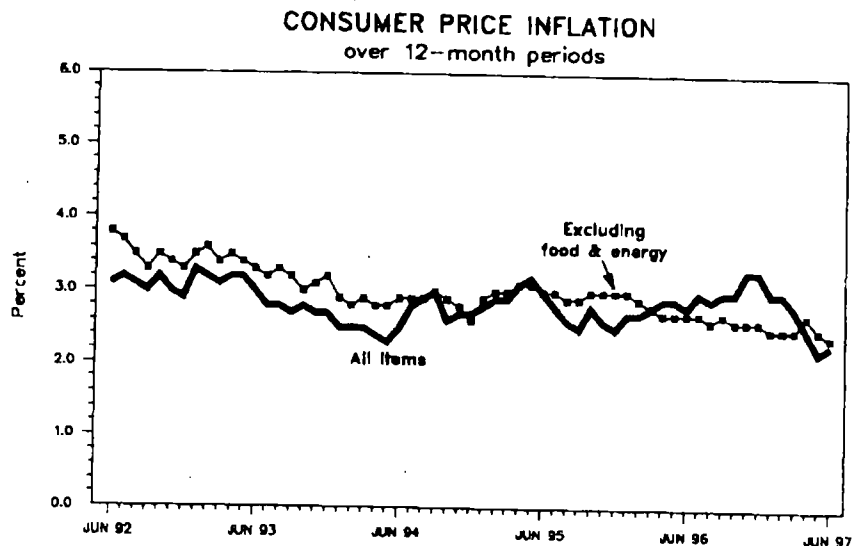
The consumer price index increased 0.1 percent in June,
slightly less than market expectations.

- Energy prices were unchanged, after having declined for the previous 3 months. Petroleum-based fuels continued to decline, but natural gas and electricity prices rose.
- Food prices rose 0.2 percent in June, following a 0.4 percent increase in May.

The core CPI (which excludes food and energy prices)
increased 0.1 percent in June; this was slightly less than market expectations. The index was held down by lower prices for household furnishings, apparel, tobacco, and used cars.

The core CPI increased 2.4 percent over the 12 months ending in June--down from the 2.7 percent year-earlier pace. Over the past 12 months, the total CPI rose 2.3 percent. Over the first 6 months of 1997, the core rose 2.4 percent at an annual rate--the lowest rate for the first 6 months of the year since 1965.

This report, together with last Friday's PPI, indicates that inflation remains under control.



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

July 16, 1997

MEMORANDUM FOR MICHAEL MCCURRY

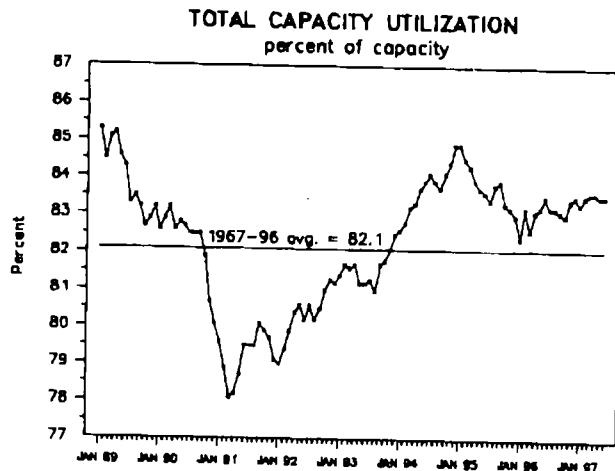
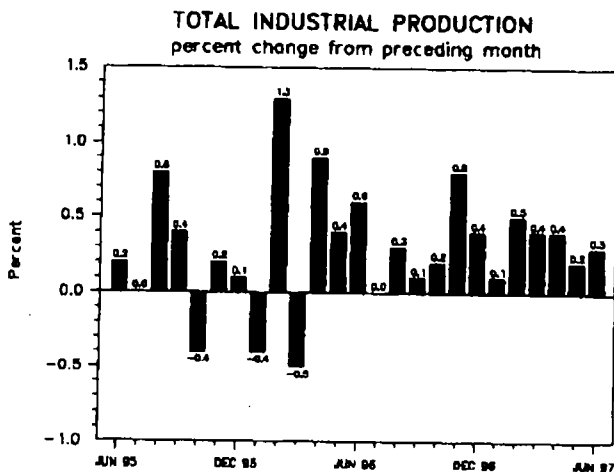
FROM: ALICIA H. MUNNELI *[Signature]*

SUBJECT: Industrial Production and Capacity Utilization in June, Federal Reserve Release, Wednesday, 9:15 a.m.

The Federal Reserve's index of industrial production rose 0.3 percent in June; this was in line with market expectations. The May increase was revised down to 0.2 percent; industrial production was previously estimated to have risen 0.4 percent in May.

- o Manufacturing output rose 0.3 percent in June, reflecting gains in computers, semiconductors, and commercial aircraft.
- o Output of utilities increased following a return to more seasonal weather.

Capacity utilization in June was 83.5 percent, unchanged from May's revised level. The June level was slightly below market expectations, and is approximately equal to the rate associated with steady inflation.



[Background: Today, the President plans (as of 11am it had not been finalized) to certify to the Congress (under Title III of Helms-Burton) that continuing the suspension of U.S. claimants' right to file suit against foreign firms "trafficking" in confiscated properties in Cuba is in the national interest and would expedite peaceful democratic transition in Cuba. In January, the President stated that he expected to renew the suspensions as long as our friends and allies continued their stepped-up efforts to promote Cuban democracy and human rights. Those efforts have continued.]

Q: Will the President continue the suspension of the provisions of Title III of Helms-Burton under which U.S. claimants can sue foreigners "trafficking" in confiscated properties in Cuba?

A: The President allowed Title III to go into force last August but suspended the provision allowing U.S. claimants to file suit in order to give us time to work with our allies on a coordinated multilateral strategy to promote peaceful democratic transition in Cuba.

That strategy has produced unprecedented results. The international community has become more united and more active than ever in its commitment to promote democracy in Cuba.

When President Clinton extended the suspension for six more months in January, he said that he expected to continue suspending in the future as long as our friends and allies continued their stepped-up efforts.

That progress has continued: our friends and allies have taken additional concrete steps to promote democracy ... and the Castro government is more isolated than ever.

Extension of the suspension is the best way to achieve the goals of U.S. policy as well as the Helms-Burton Act -- to accelerate the day that the Cuban people can live in a free democratic society.

Claim that U.S. Persons Linked to Hotel Bombings

[Background: The Cuban government released a statement on Saturday claiming that it had evidence that individuals and explosive devices from the United States were involved in the bombing Saturday of two Havana hotels. The attacks, the most serious in three decades, left three persons injured. FYI, initial rumors that a bomb may have been involved in the crash of a Cuban domestic airplane the night before have faded.]

Q: Any comment on the Cuban claim of possible involvement of U.S.-based individuals in the bombings?

A: We have asked the Cuban government to provide us any information or evidence it may have to support its contention.

Do not have any information linking U.S. persons to the bombings.

We seek a peaceful transition to democracy in Cuba and do not in any way condone the use of violence to achieve that goal.

Most Recent POTUS Q/A's - 7/16/97

Will you continue the suspension of the provisions of Title III of Helms-Burton under which U.S. claimants can sue foreigners "trafficking" in confiscated properties in Cuba?

- allowed Title III to go into force last August but suspended the provision allowing U.S. claimants to file suit in order to give us time to work with our allies on a coordinated multilateral strategy to promote peaceful democratic transition in Cuba.
- That strategy has produced unprecedented results. The international community has become more united and more active than ever in its commitment to promote democracy in Cuba.
- When I extended the suspension for six more months in January, I said I expected to continue suspending in the future as long as our friends and allies continued their stepped-up efforts.
- That progress has continued: our friends and allies have taken additional concrete steps to promote democracy ... and the Castro government is more isolated than ever.
- Extension of the suspension is the best way to achieve the goals of U.S. policy as well as the Helms-Burton Act -- to accelerate the day that the Cuban people can live in a free democratic society.

Are you taking this action to placate our European Allies? What have the Europeans and other countries done to warrant this?

- No. This allows us to work with our allies to come up with a common approach that will advance democracy and human rights in Cuba.
- And I think we have made good progress toward that goal, and I want to consolidate it.

- The EU has reiterated its commitment to condition improvements in relations with Cuba on concrete steps toward democracy and respect for human rights. The EU's humanitarian office has launched a program to foster a shared international vision on promoting peaceful democratic transition in Cuba.
- The leaders of Argentina, Spain, Nicaragua and El Salvador have issued explicit statements calling on Castro to begin a process of democratization.
- European NGOs have formed a new international "Platform on Democracy and Human Rights" in Cuba and held a landmark conference to build consensus on the need for action.
- Business and labor organizations have made progress toward forging "best business principles" for firms investing in Cuba -- in an effort to ensure that investment helps the Cuban people, not the government.

CAMBODIA
July 16, 1997

Background: Yesterday, those members of FUNCINPEC who remain in Cambodia chose Foreign Minister Ung Huot as their candidate to replace Ranarridh as First Prime Minister in Cambodia. That will be confirmed at a FUNCINPEC party meeting later this month. So far, this news has not hit the press, but it can be expected to shortly.

Q: What is the status of events in Cambodia?

A: The situation in Phnom Penh remains calm. Sporadic, low-level violence continues in the northwest. The majority of those Americans wishing to leave Cambodia have already done so. The U.S. Embassy will be down to its reduced staff level by July 20.

[IF ASKED ONLY about US forces at Utapao] U.S. forces in Thailand brought in to assist in case of a need for emergency evacuation will begin redeployment shortly, although other forces in the region will remain available in case of emergency.

Q: [IF ASKED]What is the U.S. view of the appointment of a new First Prime Minister?

A: We have seen reports that Ung Huot has been named as candidate for the post of First Prime Minister. We have seen no indication that FUNCINPEC has met freely and selected successors for Ranarridh either as First Prime Minister or party president.

We are also aware that a number of FUNCINPEC officials and party members have fled the country or have been arrested or killed. We have made clear to the Cambodian Government that FUNCINPEC must be free to operate without interference. We are not persuaded that is the case at this point.

We will not accept the imposition of a "puppet" prime minister. We urge authorities in Phnom Penh to refrain from announcing a new Prime Minister until FUNCINPEC has had a chance to make a reasoned choice, free of coercion and intimidation.

Q: Will this change your policy toward Cambodia? Will it change that of other nations?

A: It does not change our perspective on the events that have taken place. Neither do we think other countries should rush to welcome this new development. Democracy and the Cambodian constitution have been gravely damaged by actions taken in the

past two weeks. Reconciliation and restoration of order will take time and good will on both sides.

We welcome ASEAN's decision to delay Cambodia's entry into ASEAN until a later date. We support the ASEAN consensus that membership for Cambodia depends on respect for the Paris Accords. We also look forward to the mission by three ASEAN foreign ministers to Cambodia intended to attempt a return to the Paris Accords process.

Q: Will U.S. continue to provide economic aid to the Hun Sen government?

A: We have suspended most of our aid programs for 30 days while we conduct an intensive review of all our programs. Some basic human needs programs are still being funded. We are consulting with other donors about their programs of assistance. At the end of the 30 days (August 9), depending on the circumstances at that time, we would anticipate resumption of those programs that provide humanitarian, people-to-people support. We do not intend to resume a full aid program until our five principles are met (end to fighting that overturned democracy; FUNCINPEC free to operate; free and fair elections in 1998; maintain Paris Accords; no Khmer Rouge in the government).

Q: What is the situation in Cambodia regarding American citizens?

A: More than 650 American citizens have left Cambodia over the last few days. All American citizens who were outside of Phnom Penh and wished to leave have done so. Only about 350 Americans remain there, and that number will decline further once Embassy staff have departed?

Q: What about reports of executions and illegal arrests of opposition members?

A: Although many of these reports are vague, we nonetheless are very concerned about this, and have made clear to senior Cambodian leaders that this is unacceptable. We are also concerned about reports of intimidation of Cambodians who have been working to build a civil society, labor organizers and journalists. If we continue to receive reports of this nature, it will have a serious impact on relations.

Q: Will you support Ranariddh in mounting an armed opposition the the Cambodian government?

A: Officially, we still recognize Ranariddh as First Prime Minister, and treated him as such in meetings with senior State Department officials last week. We continue to urge both sides to reconcile differences peacefully, avoid violence, maintain the Paris Accords, and continue plans for democratic elections in 1998. We also remain opposed to any role for the Khmer Rouge in Camobida's government.

Are you stopping aid to Cambodia until there are new supervised elections?

- We're suspending our aid programs for 30 days while we conduct an intensive review. We're talking to other donors about their programs.
- Though it depends on circumstances a month from now, we expect to resume those programs that provide humanitarian, people-to-people support for basic human needs.

KENYA
July 14, 1997

Q: Have there been further disturbances in Kenya following clashes July 7-9?

A: Unconfirmed numbers of students from the Kenya Polytechnic campus near Nairobi engaged in violent protests on Monday, throwing stones, stopping traffic, and shouting demands regarding school fees and constitutional change. Police responded with force -- including tear gas and rubber bullets -- to break up the protest. There is no confirmation of alleged use of any live ammunition. Several injuries were reported in the clash.

Reports have put the numbers of students protesting at anywhere from several hundred to "thousands." The students were reportedly protesting parliamentary legislation that would require the expulsion of students failing to pay their school fees. The political opposition in Nairobi appears to have played no role in organizing this protest, the first major disturbance in Kenya since last Wednesday.

We continue to be concerned about violent confrontations in Kenya, have called again on all parties for peaceful dialogue and are continuing to urge the government to implement meaningful electoral reforms.

BOEING-MCDONNELL DOUGLAS MERGER

July 9, 1997

- Recent press reports indicate that an advisory panel to the European Commission has recommended that the proposed merger between Boeing and McDonnell Douglas should be prohibited. Our understanding is that this is not a final decision and that negotiations between Boeing and the European Union (EU) will continue, with a final decision due later this month.
- We continue to be concerned about statements from the European side that give the appearance that the merger review process has been influenced by political factors or trade policy aims. We have made clear our expectation that the decision on the European side must be made solely on objective antitrust grounds.
- As you know, the independent U.S. Federal Trade Commission, after a lengthy and intensive investigation, determined that the merger would not harm consumers. The FTC on July 1 ruled that the merger would not violate U.S. antitrust law, because it would not lessen competition that otherwise would have occurred in the aircraft industry. This unconditional approval followed an extensive and exhaustive investigation by the FTC, an independent agency whose decisions are not subject to review by the Congress or the President. We hope the EU will give considerable weight to these independent U.S. antitrust authorities' conclusions.
- The Department of Justice has requested consultations with EU competition authorities under our 1991 antitrust cooperation agreement. The purpose of these consultations is discuss factors that Justice believes are highly relevant to the EU's determination but that the EU may not have fully considered.

If asked, "What would happen if the EU denied the merger?"

- It is premature to speculate. We hope the matter will be resolved to the satisfaction of all sides.

Additional information for background use:

- The United States and the European Union share a commitment to sound antitrust enforcement. We have a solid record of antitrust cooperation with one another. This merger is a case involving global markets in which the fundamental antitrust concerns before our respective antitrust authorities should be the same -- whether the merger of these two American companies would harm consumers, in this case the airlines and military purchasers that buy the types of aircraft the companies produce.
- The independent FTC determined that it would not. Key to the FTC's ruling was the conclusion that Douglas Aircraft Company, the commercial side of McDonnell Douglas, no longer exerts a competitive influence in the market for civil aircraft. Of the 40+ airlines interviewed by FTC staff, only two said they would purchase Douglas aircraft in the future. The FTC's chairman told the *Washington Post* that unanimity of opinion among

prospective customers was "stunning" and said it would have made it impossible to sustain any legal challenge to the merger in court.

Most Recent POTUS Q/A's - 7/16/97

Recent press reports indicate that an advisory panel to the European Commission has recommended that the proposed merger between Boeing and McDonnell Douglas should be prohibited. What is the U.S. reaction?

- This is not a final decision, so negotiations between Boeing and the European Union will continue.
- We have expressed our clear expectation that the decision by the E.U. must be made solely on objective antitrust grounds.

Q: Can you confirm that former Senator Nunn and former Ambassador Laney will visit North Korea?

A: Yes, Former Senator Sam Nunn and former American Ambassador to South Korea James Laney plan to pay a private visit to North Korea 20-22 July and South Korea 22-24 July to discuss Korean Peninsula issues.

The trip is private, and is occurring at the invitation of North Korea. U.S. officials have briefed Senator Nunn and Ambassador Laney on Korean peninsula issues. We of course look forward to hearing their impressions on their return.

Q: What is your reaction to recent statements by international groups that the famine in North Korea is worsening?

A: The food shortages in North Korea inflict a horrible cost on the North Korean people who already are suffering from impoverishment. The international community has responded generously to calls for emergency humanitarian assistance, and the United States has contributed some \$50 million to the UN World Food Program appeals.

We will participate in the current WFP food appeal through the contribution of 100,000 tons of food. But the long term answer is not short-term food aid; the North's prospects for agricultural production sufficient to feed itself will only improve through structural economic and agricultural reform. That reform can be greatly assisted through the four party peace talks, which we hope to launch in August.

U.S./ROK/DPRK Talks

Q: The United States and North Korea met in New York July 2 for bilateral talks. What was the substance of the discussions and were there any results?

A: The United States and North Korea met as part of our on-going effort to address issues of concern to both sides, as called for in the Agreed Framework. The talks were not related to the 30 June trilateral meeting between the United States, South Korea and North Korea that discussed four-party peace talks issues. The two sides discussed a wide range of issues, from missile talks and MIA concerns to the food situation in North Korea. The talks were informational in nature and will continue at the working level in the future.

Q: What is the significance of the preparatory talks that were announced in New York?

A: The agreement by North Korea to participate in preparatory talks 5 August in New York is the first real step toward realizing President Clinton and President Kim's offer of peace talks that will lead to a permanent peace on the Korean peninsula. China will join the preparatory talks during which we will establish the venue, timing, procedures and agenda for the plenary session of the four party peace talks.

Q: How long will the preparatory talks last and when do you anticipate the start of the plenary session of the four party talks?

A: We do not have a specific time limit on the preparatory talks. We anticipate each of the four nations involved will come to the talks prepared to work toward the earliest date for the start of the plenary session.

If Asked:

Q: What is China's reaction to the announcement by the United States, South Korea and North Korea that four-party preparatory talks involving China will start August 5, in New York? Has China agreed to participate?

A: China previously endorsed the four-party process and today has issued a statement welcoming the agreement reached Monday. In its statement China agrees to participate in the four-party talks and continue to cooperate and play a constructive role in the process of establishing a peace mechanism for the Korean peninsula. We welcome China's positive statement and look forward to the contribution it will make in the talks.

Q: Has the U.S. interviewed the North Korean defector Hwang? What is your assessment of his information?

A: The U.S. routinely is given access to North Korean defectors by the South Korean government. Trained U.S. intelligence professionals conduct interviews of the defectors. In the case of Hwang, we recently sent a team to Seoul to interview him. We are in the process of evaluating the information Hwang has provided. It would be inappropriate to comment on the substance of Hwang's comments before that evaluation is complete.

Most Recent POTUS Q/A's - 7/15/97

What's your reaction to the incident on the DMZ?

- Our forces in Korea are always in a very high state of readiness.

Why are you sending more aid to North Korea?

- We just announced that we will donate another 100,000 tons of food through the World Food Program, adding to the \$50 million we have already contributed.
- The food shortages inflict horrible suffering on the North Korean people.

[FOR BRIEFER'S USE : A U.S. member of the Joint Commission Observers (JCOs) in Vlasenica, Bosnia (which is in the U.S. sector) was stabbed in the shoulder Tuesday night by an unknown perpetrator. The individual, who is a U.S. Navy Seal, was investigating a noise at the residence he shares with other JCO members when the attack occurred. He fired three shots at the attacker, who escaped. He was taken to Camp Demi military hospital, treated, and released in good condition. Task Force Eagle sent a Quick Response Force to the house. The Quick Response Force and RS police swept the area without results. EUCOM currently assesses this incident to be a criminal act, rather than politically motivated.]

French Objected to Second War Criminals Operation? (NYT)

- **The SFOR action was conducted under existing NATO authority that had been approved by all NATO allies. Having encountered these individuals in the course of their regular duties, SFOR concluded they should detain these individuals; NATO political authorities agreed with that view.**
- **That was the extent of this operation and it is concluded. Of course, any indicted war criminal is subject to detention under these procedures (if encountered in the course of regular duties and the tactical situation permits). All participating SFOR forces operate under these procedures.**
- **All allies are committed to seeing that indicted war criminals are brought to justice.**

(if pressed, cannot comment on possible future operations)

Force Protection/Risk of Bosnian Serb Reprisals

- **First and foremost, our thoughts and prayers go out to the American service personnel, and their families, involved in two unfortunate incidents in Bosnia yesterday, a fatal car accident and a stabbing attack. We care deeply about the safety and well-being of every American serving in Bosnia and elsewhere. EUCOM has assessed that the stabbing was a criminal act so we do not believe there is a connection to war criminals operation.**
- **Tensions remain in some areas of Republika Srpska. SFOR is closely monitoring the situation and has taken necessary precautions. We expect the RS leadership to calm their people and get on with the business of implementing Dayton, including handing over war criminals.**
- **We are concerned about the isolated explosions apparently targeted at international offices. These appear to be isolated incidents. We are grateful no one has been injured.**
- **All the parties must understand that they should not challenge SFOR. We will hold the Parties' leadership responsible for keeping their people under control.**

- They should know we would deal very effectively, very swiftly with a forceful response. We'll do what we have to do to protect our troops.

Is SFOR is planning to detain Karadzic or Mladic or other indictees?
(Dole/Lieberman Press Conference)

- We continue to remain deeply concerned with the presence of war criminals in Bosnia, including Karadzic. We remain concerned about his potential influence -- in violation of agreements that he not be involved in political life -- and will not be satisfied until he is brought to justice in the Hague.
- The recent action by SFOR is an important 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.
- SFOR is authorized to detain war criminals encountered in the course of its regular duties and if the tactical situation permits. SFOR has no plans to hunt war criminals.
- Last week's SFOR operation conformed to what is described above. These indicted war criminals had been encountered in the course of SFOR's regular duties. Of course, any indicted war criminals would be subject to detention in such circumstances.
- It is the Parties who bear the responsibility for turning over war criminals. We continue to press the Parties to live up to these obligations.

Milosevic Named FRY President?

- Yesterday's action by the Serbian Parliament to name Slobodan Milosevic as the new FRY President comes as no surprise and will not change our relationship with Belgrade. It remains that Serbian authorities must do more on a variety of issues before we can make progress with our relationship.
- These issues include facilitating Bosnian Serb compliance with Dayton, cooperating with the International War Crimes Tribunal, and recognizing the rights of the Kosovar minority in Albania.
- Until we see progress in these areas, there will be little if any improvement in the relationship and Serbia will remain isolated from a prosperous and free Europe.

Q: Has the policy changed on Post-IFOR?

A:

1. The President has always said that the SFOR mission will end June 1998. Indeed, that is part of the original NATO decision.
2. It is essential that we focus our energy between now and then on assisting the parties with full implementation: common institutions, refugees, economics, war criminals, and police training.

3. The President has said all along that the international effort to assist civilian implementation is a longer term enterprise. We don't believe the President intended to say anything more.

Q: Are we absolutely ruling out United States troops in Bosnia after June 1998?

A: We expect the SFOR mission to be completed on schedule.

SFOR War Criminals Operation

- SFOR action was conducted under existing NATO authority to detain indicted war criminals that SFOR encounters in the course of its regular duties and if the tactical situation permits. SFOR acted within its mission and mandate. This is not a change to SFOR's mission.
- Nevertheless, this action demonstrates that the international community is determined that war criminals must be brought to justice. The parties must fulfill their obligations under Dayton including turning over war criminals to the Hague.
- The President is satisfied that SFOR acted in a courageous and appropriate manner.

If Asked about Details about Operation:

- Detention of indicted war criminal Milan Kovacevic took place without incident. He has been handed over to the International Criminal Tribunal, arrested and transported to the Hague.
- Indicted war criminal Simo Drljaca, former police chief in Prijedor, fired upon SFOR soldiers as they sought to detain him. One British SFOR soldier was wounded. Drljaca was killed when SFOR personnel returned fire in self-defense. Two male relatives of Drljaca who were with him were detained following the incident but have subsequently been released.
- Both Kovacevic and Drljaca were the subject of sealed indictments for war crimes issued by the Tribunal for complicity in acts of genocide against Bosnian Muslims and Croats in the Prijedor area in 1992.
- SFOR forces regularly encountered these individuals in the vicinity of Prijedor, a township in the British sector, both before and after issuance of the sealed indictment. SFOR concluded they should detain these individuals; NATO political authorities agreed with that view.
- U.S. SFOR forces provided some logistics and technical support to the operation. No U.S. forces participated in the detention, however.

Is this a change in SFOR Procedures for War Criminals?

- The procedures followed in the operation arose by the recent decision of the ICTY to issue sealed indictments for war criminals. The operation was carried out under long standing authority, adapted to the new developments created by the use of sealed indictments.
- Because SFOR was aware that it regularly encountered several of the individuals under sealed indictments, SFOR commanders undertook the preparations they deemed necessary to minimize the risks that could arise from an encounter and from the detention of the individuals in question.

RS Power Struggle

- Last week's detention of indicted war criminals was unrelated to the leadership split within Republika Srpska.
- We continue to monitor the political developments in Republika Srpska and the situation involving Republika Srpska President Plavsic and the Pale hardliners. The challenge to the authority of the elected president was clearly an attempt to avoid implementing Dayton.
- We support the rights of the legitimate democratically elected authorities to exercise their appropriate powers. The OSCE and the High Representative, among other experts, have concluded that Mrs. Plavsic's actions are legitimate and authoritative. We fully accept that judgment. We note that thousands of Bosnian Serbs have taken to the streets of Banja Luka in support of President Plavsic.
- Special Representative Gelbard and the interagency team have been in the region over the past few weeks and have met with Plavsic, Krajisnik and others to stress U.S. concerns. They recently discussed the situation with Allied counterparts in Madrid.
- President Clinton and the other NATO Heads of State in Madrid issued a statement expressing concern over the situation in Republika Srpska and its bearing on Dayton implementation. The statement decried the anti-democratic behavior on the part of the Pale hardliners, including police abuses and denying information on the crisis to the Bosnian Serb people. The leaders agreed that the legitimate authorities and institutions of Republika Srpska must be respected and that Radovan Karadzic should be handed over for trial in the Hague.
- We are calling for a diffusion of tensions and demanding that President Plavsic have full access to media in Bosnia; and for the Special Police to stand-down from the current crisis; and for all police to cooperate fully with the International Police Task Force in restructuring and reform. The international community will not tolerate the use of force or violence as a course of action in the current situation.
- In response to the uncertainty, SFOR has increased its alertness and presence in the Banja Luka area in order to better maintain security and stability.

Amendments for Date Certain Withdrawal from Bosnia

- President's senior advisors have recommended a veto if such a measure were to remain in the Authorization bill after the House-Senate Conference. Even though we have no plans to extend the SFOR mandate past June 1998, requiring a withdrawal from Bosnia by a date certain interferes with the President's foreign policy prerogatives and is counterproductive.
- A withdrawal by a date certain – with no regard for the situation on the ground and progress to be made on civilian implementation – would call into question our commitment to implementation of the Dayton Accords, our reliability as a NATO ally, and our commitment to peace and stability in Europe. To our troops on the ground and those who have served in Bosnia, this legislation would question the purpose and value of their service and sacrifice.

As the President has emphasized, our focus should be on the hard work that needs to be done in the next year on civilian implementation. U.S. political and economic engagement in Bosnia will remain essential after SFOR's mission is done, and we can only succeed if the parties and the international community remain assured of U.S. leadership and commitment

Most Recent POTUS Q/A's - 7/16/97

Is it true that France is objecting to a second operation to nab high-level war criminals?

- Obviously, I am not going to comment on possible future operations. But we have enjoyed close cooperations with the French on all aspects of our shared efforts in Bosnia.

Does the stabbing attack on the American soldier (Special Forces observer) mean that our troops are in increased danger? What are you doing about that?

- Protection for our troops is always a priority. Our security posture is appropriate to the situation on the ground. We are constantly evaluating it and will adjust it if we need to. I am not going to discuss the specifics of our security precautions.

Have you changed your position on the June 1998 deadline?

- I have always said that the SFOR mission will end in June 1998. That was part of the original NATO decision.
- We have got to focus our energy between now and then on assisting the parties with full implementation: common institutions, refugees, economics, war criminals, and police training.
- I have also said all along that the international effort to assist civilian implementation is a longer term enterprise.

Are you absolutely ruling out United States troops in Bosnia after June 1998?

- I expect the SFOR mission to be completed on schedule.

U.S.-Japan Defense Guidelines Interim Report

- We are issuing this interim report to demonstrate the progress we have made thus far in our bilateral review of the 1978 Guidelines for U.S.-Japan Defense Cooperation. With this interim progress report we aim to enhance domestic and regional understanding of U.S. and Japanese intentions as we proceed toward the final report in the fall.
- The current Guidelines were completed in 1978, based on the Cold War threat to Japan at the time. At their April 1996 Summit in Tokyo, as part of the 1996 "Joint Security Declaration," President Clinton and Prime Minister Hashimoto agreed to revise those Guidelines to reflect changes in the strategic situation in East Asia since the end of the Cold War.
- The review will address U.S.-Japan defense cooperation in three areas covered in the 1978 Guidelines:
 - Cooperation under normal circumstances (peacetime)
 - Cooperation in response to imminent/actual armed attack on Japan
 - Cooperation in response to situations in areas surrounding Japan which have an impact on the security of Japan.
- The United States and Japan will examine important functional areas of cooperation that have merged in a post-Cold War context:
 - Normal Circumstances : UN peacekeeping, multilateral defense diplomacy and humanitarian relief operations.
 - Defending Japan against direct attack: command and control, intelligence and logistics.
 - Responding to situations in surrounding areas that affect the security of Japan : minesweeping; rear area logistical support for U.S. forces; enhanced information sharing; use of airfield, ports, and other bases, areas and facilities in a crisis; non-combatant evacuation.
- The Guidelines review is taking place within the overall framework that has guided U.S.-Japan defense cooperation to date. The review is based on the framework of the Constitution of Japan and each nation's rights and obligations under the 1960 U.S.-Japan Treaty of Mutual Cooperation and Security.
- The entire region looks to the U.S. - Japan Alliance as a source of long-term stability. Through a transparent review of the defense Guidelines we will demonstrate that we are forward engaged and ready to cooperate with Japan - within an established and reassuring framework -- should crises arise in the region.
- The U.S. and Japan are prepared to discuss the contents of the Interim Report with our friends and allies throughout the region.

Background

The Defense Guidelines is not new news. The only thing that is happening currently is an internal debate in Japan regarding Hashimoto's decision to deploy C-130s to Utapao, Thailand "in case" they were needed to evacuate Japanese citizens from Cambodia. Hashimoto is getting some flack over this; some in Tokyo are suggesting this foreshadows things to come once the Defense Guidelines are approved. i.e., expanding Japanese military role in the region. We need to stay away from that speculation. The DOD statement out of Hawaii should be sufficient. Mike should reiterate that our expectations for the revised Defense Guidelines are not in conflict with Japan's Constitutional constraints or Japan's policy of not participating in collective defense arrangements. We also need to stay away from speculation about Hashimoto's decision to deploy the C-130's to Thailand. The Japanese are now trying to find a graceful way of redeploying the aircraft to Japan without further embarrassment to Hashimoto. (If pressed for a linkage between the C130 deployment and the Defense Guidelines, we should stress that the C130 decision was a Japanese government decision and the Guidelines are still under review -- we see no connection.)

HOTUNG MEETING

July 15, 1997

Q: Did NSA Berger meet in the fall of 1995 with a UK citizen and Hong Kong resident named Eric Hotung? Was it in exchange for a campaign contribution? Why was the meeting scheduled? What was discussed?

A: Eric Hotung is active in Hong Kong, having authored op-eds and other commentary on developments in Asia. He has had meetings with senior working level U.S. officials during previous visits to the U.S. They have found him to be an individual with some interesting ideas about political developments and prospects in the region.

Sandy Berger's calendar indicates that he had a five-minute meeting with Mr. Hotung on October 4, 1995. [If asked: The meeting was arranged at the request of the White House Political Office, according to Mr. Berger's calendar.]

Mr. Berger has no recollection of the meeting or what may have been discussed at the meeting.

There was nothing improper or inappropriate about such a meeting.

Note to briefer:

According to NBC's Lisa Myers: Hotung's meeting followed a Don Fowler-Doug Sosnick memo of September 20 1995 requesting a meeting for Mr. Hotung with Mr. Berger. The memo indicates he wanted to discuss political developments in Hong Kong, the US/Taiwan relationship, and the US/PRC relationship.

THOMPSON HEARINGS

July 9, 1997

Q: What about Senator Thompson's allegation that White House officials not only knew about possible PRC involvement in campaign funding from an FBI briefing of NSC officials, but knew or should have known from other sources or indicators as well?

A: The issue raised by Senator Thompson concerning the FBI briefing of two NSC officials about China's alleged attempt to fund U.S. political campaigns has already been thoroughly reviewed.

The contemporaneous notes of one of the NSC participants, a career FBI special agent, clearly reflect that the NSC officials were asked not to disseminate this material. The decision not to disseminate, however, was made without reference to the FBI request. Hindsight would have obviously yielded a different decision.

As to the Senator's remarks that the White House had independent access by other means to the FBI-briefed allegations of possible illegal activity, we can find nothing to substantiate his assertion.

Q: What about the Senator's assertion that the PRC has undertaken efforts to influence U.S. elections in violation of U.S. law?

A: As the President said before it would be a very serious matter for the United States if any country were to attempt to funnel funds to one of our political parties for any reason. The Vice President and the Secretary of State brought this issue to the specific attention of the government of China during their visits this spring.

The Department of Justice has an ongoing investigation on these issues; I understand they have drawn no conclusions.

Q.: Did Huang meet with Sandy Kristoff in September '94 on APEC?

A.: At the time, Sandy Kristoff was working for the NEC on APEC issues. In the fall of '94, in preparation for the Jakarta APEC Leaders Meeting, Ms. Kristoff's office handled the logistical arrangements for a number of inter-agency meetings to prepare for the President's trip to Jakarta. These meetings were sometimes chaired by Ms. Kristoff, sometimes by others, e.g. those responsible for scheduling. It is likely that Mr. Huang was cleared into the White House under Ms. Kristoff's name for one of these meetings.

Ms. Kristoff has no recollection of ever having met with Mr. Huang; he played no role in the policy issues that she worked on.

What is your reaction to Sen. Lieberman's statement that appears to support Thompson's allegations that there was an organized Chinese effort to influence Congressional elections?

- I am not going to comment on that. As you know, there is an ongoing investigation.

What about Senator Thompson's assertion that the PRC has undertaken efforts to influence U.S. elections in violation of U.S. law -- and Senator Lieberman's statement in support of that assertion with respect to Congressional elections?

- As I've said before it would be a very serious matter for the United States if any country were to attempt to funnel funds to one of our political parties for any reason. The Vice President and the Secretary of State brought this issue to the specific attention of the government of China during their visits this spring.

Kuwait
July 16, 1997

Q: What can you tell us about the Administration's involvement in the Kuwaiti artillery deal?

A: Yes, the Vice President wrote a letter recommending our equipment.

Yes, we are encouraging the Kuwaitis to buy from us, because we believe we have the best equipment to offer.

IRAN
July 10, 1997

If asked :

Q Any reaction to reports that the Administration is pursuing a new policy on Iran?

A The Administration has not undertaken any new initiative with respect to Iran -- our policy remains unchanged.

From the beginning of the Administration, we have been deeply concerned with Iran's support for terrorism, its efforts to acquire weapons of mass destruction and its opposition to the Middle East process -- and we have taken a number of steps, including tightened sanctions, to put pressure on Iran to change its behavior.

At the same time, we have always said that we are open to a dialogue with Iran, in which all of the issues between us could be discussed. Iran has not been willing to engage in such a dialogue.

The President has said that the election of Khatemi as President is an interesting development and a possible indication that the people of Iran want change. We would welcome change in Iran's policy in the area of concern to us, and we will be watching their actions carefully.

July 12, 1997 Statement by the President

I welcome the decision of the Orange Order and its local lodges to voluntarily call off and reroute the contentious parades scheduled for this weekend. In choosing not to risk confrontation, the members of the Orange Order have taken a significant step. I hope that the people of both communities redouble their efforts to reach accommodation on other contentious parades in a spirit of goodwill and generosity and reject the inexcusable violence that we saw in Northern Ireland today.

The Orange Order's decision and the warm welcome that has greeted it confirm my conviction that the people of Northern Ireland want and deserve an end to violence and confrontation. The people of Northern Ireland have the United States' unwavering support to build on this moment of hope to seek a lasting settlement to the conflict that has divided them for far too long.

Q: Did the President speak with the Irish Prime Minister yesterday?

A: POTUS called to talk to Prime Minister Ahern, establish personal contact on Northern Ireland peace process, as he had with Prime Minister Bruton.

POTUS and Ahern had exchanged letters since Ahern came to power June 26 but this is first call. They did meet in Dublin in 1995.

President keeps in touch with both Irish and British leaders to support their efforts to achieve a negotiated settlement in Northern Ireland. That was subject of this call.

Discussed Irish and British efforts to move talks into substantive negotiations; ideally with Sinn Fein participation on basis of unequivocal ceasefire.

Agreed this is critical period for peace process; President reiterated offer to do whatever he can to help.

Q: Any response to the press conference by members of Congress last week?

A: President deeply concerned about Northern Ireland -- remains actively engaged. Discussed it on numerous occasions Prime Minister Blair recently; kept in touch with former Irish Prime Minister Bruton, as he plans to do with new Prime Minister, Bertie Ahern.

If pressed:

Q: How involved has the Administration been in dealing with the situation?

A: Ahern only in office two weeks; he and POTUS have not talked yet, but POTUS has written.

President believes that negotiations leading to just and lasting settlement are best way forward. Focus of attention should be on talks, peace process, rather than sectarian confrontations

Administration officials remain actively engaged as well -- have been in close touch with officials of two governments and Northern Ireland parties.

If pressed:

Q: Who is the Administration dealing with in Northern Ireland?

A: Not going to go into detail on who or when, but certainly can say we are actively engaged with all key players.

Q: Is the British Government doing enough to move the process forward?

A: Believe British government seeking to move peace process forward; aide memoire of June 13 remains forthcoming offer for Sinn Fein participation in talks on basis of unequivocal ceasefire.

If asked:

Q: Any criticism of Mowlam's decision?

A: NIO Secretary Mo Mowlam has been determined and courageous in seeking to move peace process forward in Northern Ireland. Criticism of her on basis of one difficult decision is shortsighted.

If asked:

Q: Would the Administration support the use of UN peacekeepers in this situation?

A: Do not think that UN peacekeepers appropriate or useful in this context.

If asked :

Q: What about State Department Spokesman Nick Burns' comments regarding the British decision?

A: President did not say he agreed with British decision; we have said only that we understand it was difficult decision and we are not going to second guess British. Burns was speaking personally when he speculated that the decision may have been a good one in light of last year's violence.

Reaction to Events in Northern Ireland

- President following events in Northern Ireland with deep concern, saddened by spectacle of renewed confrontation and violence in Northern Ireland.
- We regret that local residents and marchers failed to reach agreement on contested parade.
- *If pressed on whether we support British decision:* Not going to second-guess decision, which Chief Constable explained was made on security grounds.
- *If asked about Adams call for nightly demonstrations:* Urge both communities to move beyond bitterness and confrontation, focus on avoiding future problems. Political dialogue and communal reconciliation are only way forward for Northern Ireland.
- Goal remains a just and lasting political solution; now more than ever, leaders need to work toward that goal.

Q: Is there hope for the peace process with tensions escalating during marching season?

A: Believe people of both communities want to avoid sectarian confrontation over controversial marches. Applaud determined efforts of British government and Northern Ireland leaders to find solution that will avoid exacerbating tension.

Peace process at critical juncture; confrontation over marches not in anyone's interest. Urge residents and marchers to approach issue with generous spirit, seek to avoid confrontation.

Hope men and women of goodwill from both communities will not allow destructive few to determine outcome.

Q: What do you think of statement Blair made in Parliament June 25 on Northern Ireland?

Welcome Prime Minister's statement and British aide memoire made public yesterday. British Government is making a courageous, straightforward effort to get an inclusive process going on the basis of an unequivocal IRA ceasefire.

We urge the IRA, as we consistently have, to declare and implement ceasefire, and to pursue goals by democratic, exclusively peaceful means.

The talks must go forward, ideally with Sinn Fein on the basis of unequivocal IRA ceasefire, without them if necessary.

Q: What do you think of the joint Anglo-Irish strategy on decommissioning that was unveiled June 25?

We welcome paper by two governments on how to handle thorny issue of decommissioning. Their proposal follows suggestion made in Mitchell Report for decommissioning in parallel with progress in talks.

We urge parties in talks to move forward into substantive negotiations on the basis of the reasonable approach outlined in joint paper.

BELFAST TALKS

- 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.
- If asked: Senator Mitchell has said he will stay on as talks chairman until either a result is achieved or he becomes convinced that no progress is possible.

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.

Most Recent POTUS Q/A's - 7/16/97

What is your reaction to the continuing violence in Northern Ireland? Is the peace process falling apart?

- *Obviously these events concern me a great deal. I am saddened by the spectacle of renewed confrontation and violence.*
- *The important thing now is to return to focusing on the peace process.*

RWANDA
July 16, 1997

Q: Is the U.S. military training the Rwandan military for counterinsurgency activities?

A: No, a 10 man special army operations group is in Rwanda and will begin its training today as part of a Joint Combined Exchange Training (JCET) program lasting until August 30.

This JCET is aimed at professionalizing the Rwandan military. The U.S. Government position is that we should assist those in the leadership of the Rwandan army who are committed to the creation of a smaller, more disciplined and apolitical army.

This exercise will focus on the rule of law, military conduct, human rights, emergency medical care and other forms of leadership training for non-commissioned officers and company grade junior officers.

The instruction will be in the classroom and will train the instructors. The training consists entirely of non-lethal training.

There are no weapons involved and no maneuvers will be conducted.

The JCET program is the second of two such programs, the first occurring in July 1996 and involving 12 U.S. troops conducting similar non-lethal training.

TAIWAN
July 15, 1997

Q: Can you confirm Hong Kong press reports that Lee Teng-hui has requested a transit visa to transit the U.S. enroute to Central America in September? What would the U.S. position be on such a request?

A: We have not received a request from the Taiwan authorities for Lee Teng-hui to transit the United States.

Permission for transits by Taiwan's senior leaders, for the safety, comfort and convenience of the traveler, is granted on a case-by-case basis.

Background For Briefer

- In the Quadrennial Defense Review (QDR) Report, SECDEF requested two more BRAC rounds in 1999 and 2001 in order to increase procurement funding for modernization of the armed forces.
- The President has made previous public statements that he supports the DoD request for two more BRAC rounds.
- BRAC is politically unpopular on the Hill. Some Members of Congress have linked their opposition to the President's 1996 decision to privatize in place two Air Force maintenance depots identified for closing in the 1995 BRAC round.

Points to be Made

- The Administration is very disappointed in the Senate's decision not to allow two more BRAC rounds as requested by the Secretary of Defense.
- Previous BRAC rounds did not reduce DoD infrastructure proportional to reductions in force structure. We are spending millions of dollars on bases we do not need. Those funds are urgently needed to increase procurement in order to ensure that the U.S. armed forces maintain their technological superiority in the 21st century.
- Selecting bases for closure or consolidation is painful, but not nearly as painful as the tragic consequences that could arise if our sons and daughters in the military are forced to fight the next conflict with aging, obsolete equipment.

Questions and Answers

- Q. Some Members of Congress have linked their opposition to the President's 1996 decision to privatize in place two Air Force maintenance depots identified for closing in the 1995 BRAC round. Is the President willing to reverse his decision in order to gain support for additional BRAC rounds?
- A. No. That linkage is based on the false premise that the President's decision in some way interfered with the BRAC process. The 1995 BRAC report clearly stated that privatizing the depots was an option. The Air Force and DoD agreed that privatization had the advantage of avoiding the disruption of services that would occur if their work load were transferred to other depots. The decision to privatize the two depots was entirely consistent with the BRAC Commission's recommendations and therefore is not a valid reason for opposing further BRAC rounds.
- Q. Would the President veto the Authorization Bill because of this?

A. It is too early to be talking veto. The Administration in continuing to work closely with the House and Senate to ensure that authority for two more BRAC rounds is included in the final Authorization Bill.

Q. Do you have any reaction to the claim that DoD cannot accurately quantify the savings from previous BRAC rounds?

A. You will have to refer that question to DoD for the details on BRAC savings. But it is not grounds for deferring future BRAC rounds, which would only result in scarce Defense dollars being spent on bases we don't need and cannot afford. It is also a very short-sighted view. Closing bases does entail expenses, such as for moving military units to other bases and environmental cleanup. So over the short term, the savings are small. But once those one-time, up front costs are paid, DoD is permanently relieved of the costs of maintaining and operating those bases. There is no question that over the long term two additional BRAC rounds would indeed save funds badly needed for procurement.

Most Recent POTUS Q/A's - 7/11/97

Any reaction to the Senate's rejection of your base-closing proposals?

- *In the Quadrennial Defense Review (QDR) Report, Secretary Cohen asked for two more BRAC rounds in 1999 and 2001 in order to increase funding for modernization of the armed forces.*
- *I have already said that I support this request.*
- *I am very disappointed in the Senate's decision to block this request.*
- *We are spending millions of dollars on bases we do not need. Those funds are urgently needed to increase procurement in order to ensure that the U.S. armed forces maintain their technological superiority in the 21st century.*
- *Selecting bases for closure or consolidation is painful, but not nearly as painful as the tragic consequences that could arise if our sons and daughters in the military are forced to fight the next conflict with aging, obsolete equipment.*

LATIN AMERICA

July 10, 1997

If asked about Washington Times story saying we are close to lifting our Latin America arms embargo:

- Our policy remains under review.
- No decisions have been made.

Latin American arms transfer policy

Q: Has the President decided to permit the sale of advanced fighter aircraft to Chile?

A: The President has decided to authorize the state department to issue marketing licenses in order to allow companies who wish to compete for Chile's prospective purchase of advanced fighter aircraft to participate in the process. A decision has not yet been made, however, on whether to permit such sales to Chile.

Q: Does this mean the policy on arms transfers to Latin America is still under review?

A: Yes. In light of the changes underway in Latin America, the administration has been taking a very careful look at its policy on advanced arms transfers to Latin America and whether it should move to a case-by-case review of requests to transfer advanced arms to Latin America. That policy remains under review. However, Chile's process for deciding which fighter aircraft to purchase has already begun. In order not to prejudice U.S. companies from competing for the sale while the policy review continues, the president decided to authorize companies to at least participate in the current technical stage of the bidding process.

Q: What were the president's reasons for this decision and how does it fit in the administration's overall policy toward Latin America?

A: For many years, the united states has exercised a policy of restraint related to arms transfers to Latin America, particularly of advanced weapons systems. This policy of restraint was imposed at a time when military governments dominated Latin America and when there was considerable tension between some Latin American states. The policy reflected U.S. desire to reduce conflict and avoid an arms race in the region.

Now democracy is taking hold in all but one country in the hemisphere, a remarkable achievement, and economic integration and political cooperation are making great advances. As a result, tensions have diminished and the risk of inter-state conflict among neighbors is lower than it has been in decades.

Our main goals in Latin America are to promote and strengthen these democracies, to support the economic and social development of the hemisphere's citizens, to encourage growth, expand trade and assure access for American exports, and to cooperate on counternarcotics and other fields. We are also committed to promoting restraint in arms purchases, confidence-building and transparency measures among countries in the region.

Q: When will the president make a decision on whether US companies can actually sell fighter aircraft to Chile?

A: The administration will continue reviewing the matter and will ultimately make a decision based on several factors, including the sale's impact on regional stability and restraint and consolidation of democracy.

SUPERCOMPUTERS

July 1, 1997

Q: The Administration has just published a list of entities in Russia, China, India, Pakistan, and Israel that require a license for U.S. exports because of potential involvement in nuclear weapons-related activities. Isn't this list too little, too late?

A: Of course not. We have a responsibility to ensure that U.S. technology does not assist foreign nuclear weapons programs. Even where proliferation has already taken place, limiting the flow of technology can limit further development. At the same time, we recognize that the growth and spread of high technology, such as computers, make absolute controls impossible. The list we published is designed to inform U.S. exporters of particular end-users of concern, thereby facilitating other legitimate commercial transactions with these countries.

Q: Why does the Administration oppose Congressional efforts to tighten computer export controls?

A: The President's 1995 decision to streamline computer export controls was based on an assessment of technological trends and national security concerns. In particular, we focused controls on high powered computers to end users of concern. Overall, this new system has worked well. It has facilitated U.S. computer exports for peaceful purposes, while blocking exports to proliferation programs.

Of course, no export control system is perfect. We are already responding to the small number of problems that have been detected. Legal investigations are underway. We have raised the issue with foreign governments at very senior levels. We are taking administrative measures to tighten controls, such as the recently published list of entities.

Additional controls as proposed by some in Congress would not be helpful in maintaining the balance in our current policy between national security interests and economic competitiveness.

U.S. High Performance Computers/China

Q: Is it true that the U.S. is investigating the transfer of a U.S. supercomputer to a Chinese military research and development facility?

A: Yes. This matter is being investigated by the Commerce Department, and we have already raised our concerns with the Chinese government. Obviously, I can't go into the details, but we are taking the appropriate steps to deal with this situation.

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

The Administration revised export controls on computers in early 1996, consistent with our national security and nonproliferation concerns. Systems between 2,000 and 7,000 MTOPS (Millions of Theoretical Operations per Second) may be exported to civil end-users/uses in countries like China without prior permission.

We require companies to keep specific records of all such exports, 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.

Q: Can you comment on the report that a Chinese government weapons development facility has acquired a U.S. supercomputer?

The matter is being investigated by the Department of Commerce. Because there is an active investigation, however, further comment at this time would be inappropriate.

Q: What are the export controls on computers destined for China?

In January 1996, the Administration implemented the following computer export policy to, among other countries, China:

Computers at any level require an export license when the exporter knows, or has reason to know, that the shipment is being made to a facility engaged in the design, development and production of weapons of mass destruction.

Computers up to 2000 MTOPS may be sold to all other end-users in China, including military end-users, without a license.

Computers up to 7000 MTOPS may be sold to strictly civilian end- users for civilian uses, without a license.

Computers above 7000 MTOPS, for all end-users/end-uses, require a license.

Q: Isn't it difficult for a company to know in every case whether an end-user is civilian, or military, or engaged in proliferation activities?

It can be. That is why U.S. exporters have been clearly instructed to contact the Commerce Department when they are uncertain about an end-user.

Q: Doesn't this shipment show that the Administration's computer decision has allowed a serious breach to our national security - namely that a U.S. supercomputer is now helping the Chinese government build weapons?

The Administration's computer policy recognizes the growing worldwide availability of high performance computers. It also recognizes that U.S.-origin computers should not be shipped to certain end users without explicit U.S. authorization.

This was, and is, a reasonable balance to our security and economic interests that was carefully considered and supported by all of the national security agencies involved in the export policy development process, including Defense, State, Commerce and Energy.

An unauthorized shipment of a U.S.-origin computers is a matter for our enforcement officials, and as I noted, an investigation into this matter has been initiated.

Q: Why has the United States sold supercomputers to China to aid in the development of their nuclear weapons program?

The Administration announced in 1995 that it would revise its controls on supercomputers, recognizing that they were becoming more powerful and increasingly available worldwide.

But in liberalizing these controls, the Administration made special provision for licensing supercomputers to China--as well as other countries of proliferation concern--so as to ensure against sales for military end uses.

As a result, we require licenses for military-related computer sales to China for computer in the 2,000-7,000 MTOPS (millions of theoretical operations per second) range.

We also seek to ensure that supercomputers are not diverted to military uses through continuous Commerce review.

We continue to believe that our policy appropriately takes into account that significant changes in computer technology while protecting our non-proliferation goals.

With respect to the development of nuclear weapons, the Chinese have joined the other nuclear powers in a moratorium on nuclear testing. We believe it would be very difficult through computer modeling to acquire confidence in the redesign of nuclear weapons without testing.

Most Recent POTUS Q/A's - 7/11/97

Your administration has announced it will tighten the rules on sales of supercomputers to entities that secretly produce nuclear weapons. Isn't this too little, too late?

- Of course not. We have to make sure that U.S. technology doesn't help foreign nuclear weapons programs. Even when proliferation has already taken place, limiting the flow of technology can limit further development.*
- At the same time, the growth and spread of high technology, such as computers, make absolute controls impossible. The list we published is designed to let U.S. exporters know about the particular "end-users" that concern us without interfering*

with our legitimate commercial transactions with these countries.

Why does your administration oppose amendments to the Defense Authorization bill that would legislate these kinds of export controls?

- My 1995 decision to streamline computer export controls was based on an assessment of technological trends and national security concerns. Overall, the new system has worked well. It has helped increase U.S. computer exports for peaceful purposes, while blocking exports to proliferation programs.
- Additional controls as proposed by some in Congress are unnecessary and could upset the balance in our current policy, which makes sure we are defending both our national security interests and economic competitiveness.

Current

Upcoming Visits

- Kyrgyz President Akayev here; sees Vice President July 15.
- Georgian President Shevdnardze to see President July 18.
- Azeri President Aliyev to see President August 1.

Russian Parliament passes restrictive new law on religion

- New law on religion passed by Duma and Federation Council (upper house of parliament); now with President Yeltsin for consideration.
- President personally raised this issue with Yeltsin (in Denver), 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.
- In all contacts with Russians, we will reiterate our conviction that guarantee of freedom of religion essential to democratizing society.

General

NATO-Russia

- Founding Act signed by NATO heads of state and government and President Yeltsin in Paris May 27 milestone agreement -- lays basis for robust and growing partnership between NATO and Russia.
- See Russia as partner of NATO in shaping more secure, stable and undivided Europe. That is good for United States, Russia and Europe. Now will work with Russia to give real substance to Founding Act.

Prospects for START II Ratification by Russian Duma

- Believe Yeltsin committed to START II ratification by Duma.
- 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.

Most Recent POTUS Q/A's - 7/16/97

What do you plan to discuss with Shevardnadze on Friday?

- I expect we will discuss a range of issues, including economic and political reform in Georgia, the conflict in Abkhazia, and Georgia's participation in the new emerging European security structure -- NATO and EAPC.

RUSSIAN MIR SITUATION

July 16, 1997

Background

According to Russian flight controllers, Mir cosmonaut Vasily Tsibliyev has developed an irregular heartbeat. As a result, Russian officials postponed the practice repair spacewalk, originally scheduled for Tuesday, July 15, for at least ten days. The Mir crew spent the day resting. NASA is still evaluating whether U.S. astronaut Michael Foale will take Tsibliyev's place in conducting the repairs. Foale is fully trained in Russian spacewalk procedures and has performed a spacewalk on the Shuttle. (The original plan had been for Foale to remain in the Soyuz capsule during the spacewalk and repairs.)

Q: Given that the Russian cosmonaut, commander Vasily Tsibliyev, on board Mir is now ill, will U.S. astronaut Michael Foale take his place and conduct the spacewalk to repair the Mir's power supplies?

A: Russian space officials have raised this possibility. NASA is assessing whether it makes sense for Foale to do this, including whether his training is sufficient.

No immediate decision is going to be made until we understand all of the safety implications and consider all of the options, which include:

- Monitoring the commander's health for the rest of the week to determine if he can conduct the mission;
- Delaying the repair until the replacement crew (a 2 Russian, 1 French crew) arrives August 5; or,
- Michael Foale conducting the spacewalk.

At this point, it is important to allow NASA to go through the evaluation process. **NASA's decision is not likely before late in the week.**

Q: Does the United States still intend to fly the next astronaut [Wendy Lawrence] on the Mir? What does this incident mean for the future of U.S. -Russian cooperation in the international space station program?

A: NASA is examining the Mir situation, but the Shuttle-Mir program is only one facet of U.S.-Russian space cooperation. We also have many other areas of continuing space cooperation, including unmanned interplanetary missions, studies of the earth, life and microgravity science research, and aeronautical safety.

We remain committed to the international space station program and Russian participation in it. Our experience on the Mir has provided us with invaluable operational experience in dealing with situations that may arise on a permanently inhabited space station. It has also

strengthened communications between Moscow's ground control and NASA. This will be critical for successful operation of the International Space Station. This incident does not alter our plans for future cooperation.

U.S. Policy on Caspian Energy and Pipeline Development

- U.S. and other foreign companies have actively pursued energy exploration and production opportunities in the countries of the former Soviet Union since 1991, with many of the efforts focused on the Caspian Sea basin.
- A critical issue in the successful commercial development of Caspian Sea energy resources is the ability to transport these resources to world markets. The Caspian's landlocked location far from leading markets for oil and gas makes this concern all the more serious.
- Based on the number of planned oil and gas projects in the Caspian Sea basin (including Kazakhstan, Azerbaijan and Turkmenistan), experts predict that there will be the need for between four and six main export pipelines over the next several decades.
- Since at least World War II it has been U.S. policy to support multiple pipelines for the transport of energy resources in order to enhance energy security. Reliance on a single pipeline for energy transport leaves both the supplier and consumer countries vulnerable to a pipeline shutdown. Besides enhancing energy security, multiple pipelines also encourage competition and foster lower energy prices.
- U.S. support for multiple pipelines from the Caspian Basin has been our stated policy since early 1995. An Administration official speaking with Platt's Oilgram on February 2, 1995 said that "we support multiple routes." On February 24, 1995, a senior State Department official said that "in the short-run there should be a variety of viable alternatives, and that in the medium-to-long-run the resource base in the region should support multiple pipelines."
- State Department press guidance on February 3, 1995 also noted that "we expect eventual production in the Caspian region to require multiple pipelines." A March 9, 1995 State Department message to our embassies in the Caspian region stated that "the USG still believes multiple routes are necessary and that their development will provide additional security for oil companies as they proceed."
- Mike McCurry in describing a telephone call between President Clinton and Azerbaijani President Aliyev in early October 1995 said that "President Clinton expressed his support for commercially viable, early constructed and multiple oil pipelines from the Caspian Sea region."
- In February 1995, the United States endorsed a pipeline route from Baku, Azerbaijan to Ceyhan on the Mediterranean coast of Turkey. State Department guidance on February 3 stated that "we would endorse construction of a pipeline through Turkey. We are not ruling out other routes."

- The U.S. endorsement of the Baku-Ceyhan route did not include an endorsement of any particular route to Ceyhan. February 3 State Department guidance clearly stated that “the U.S. has not endorsed a particular route to Turkey.” Possible routes include lines through either Armenia, Georgia or Iran. We have expressed our opposition to any route through Iran given our policy to oppose projects which could provide Iran with political and/or financial benefits.
- To this day we have not taken a position on which route the Baku-Ceyhan pipeline should take. Our position was and remains today that the route chosen is a decision for private companies and should be based on commercial principles, non-discriminatory access and market-based tariffs. We have strongly resisted efforts by countries and companies to “choose” an export route.
- The State Department’s April 1997 Report to Congress on Caspian Region Energy Development succinctly stated overall U.S. policy on the Caspian. “It is the Clinton Administration’s policy to promote rapid development of Caspian energy resources through multiple pipelines and diversified infrastructure networks to reinforce Western energy security, and provide regional consumers alternatives to Iranian energy.”

June 25, 1997

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

One year ago 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. We have reached no conclusion regarding responsibility for Khobar. Just as we have in other terrorist cases, 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?

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?

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

Q: What is status of Sayegh?

Mr. Sayegh was deported from Canada to the U.S. He is in custody. I cannot comment any further.

Q: Was Sayegh working for Iran? What about reports that he was in Iran at the time of the bombing?

We will not comment on an ongoing investigation.

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.

Most Recent POTUS Q/A's - 7/11/97

Do you accept Sayegh's claims that he was in Iran at the time of the Khobar bombing? What about reports that Sayegh has implicated a high-ranking Iranian intelligence officer in planning attacks on U.S. and other facilities? If Iran or those under Iranian influence prove responsible, will we react militarily?

- *This is an ongoing criminal matter, so I'm not going to comment. And I don't want to say what action we may or may not take in a hypothetical situation.*

Have U.S. forces in the region been put on increased alert?

- *USCENTCOM continues to monitor and enhance force protection to minimize any risk to our forces.*

UN Resolution

Q. What is the US reaction to the vote in the General Assembly yesterday on Israeli settlements?

A. The US voted against this resolution because it detracts from, rather than contributes to, the hard work necessary to re-invigorate the peace process. The resolution contains language relating to economic measures to be taken against Israel for its settlements policies. It also contains an implicit threat to Israel's UN membership. The majority of UN members shared our concern about such provisions. Fortunately, in the final draft they were watered down to the point that they can in no way be construed as binding. However, they remained unacceptable to the US. The US has made clear repeatedly its opinion on the Israeli construction at Har Homa/Jebel Abu Ghneim: it is not helpful to the peace process. President Clinton has said that he would have preferred that this decision was not made. At the same time, we are obliged to say that the Palestinian effort to pass one resolution after another also undermines, rather than builds, the trust and confidence the negotiating parties need.

This resolution will not distract the US from doing its utmost to bring the Israelis and Palestinians back to productive negotiations. We urge both parties to focus their attention on this goal rather than on political declarations.

BACKGROUND - KEY PROVISIONS OF THE RESOLUTION

- **Condemns the failure of Israel to comply with the UNGA's April 25 resolution and again demands an immediate cessation of construction at Har Homa/Jebel Abu Ghneim.**
- **Recommends that member States "actively discourage activities which directly contribute" to Israeli settlement activities.**
- **Demands that Israel make available information that would enable member States to identify exported goods produced in settlements in occupied territory.**
- **"Stresses that all member States, in order to ensure their rights and benefits resulting from membership, should fulfill" their obligations under the Charter.**
- **Recommends that the High Contracting Parties to the Fourth Geneva Convention convene a conference on measures to enforce the convention in the occupied territories.**

Q. The Israeli press is reporting that the situation is about to explode. What is the USG doing about this? What is going on in terms of peace process talks? What did the President mean when he talked in Madrid about new initiatives?

A. The U.S. continues to be actively engaged in facilitating contacts between the Israelis and the Palestinians.

Israelis and Palestinians are meeting regularly in a variety of fora to discuss directly issues relevant to the peace process. We, along with the Egyptians, will continue to help in facilitating these discussions, which continue to offer the best hope of returning momentum to the negotiations.

It is important that the talks take place against a backdrop of security cooperation. In this regard, we are pleased that joint Israeli-Palestinian patrols have resumed in Hebron. We consider this to be a positive sign.

Q. What about the President's comments? What are the initiatives to which he referred in Madrid?

A. As always, we are working closely with the parties and are considering how best to help them move forward. I am not going to get into more details.

Peace Process: Wounding Of Journalists In Hebron

Q. Did Israeli soldiers deliberately target journalists covering the violence in Hebron, and, if so, what is your reaction to such targeting?

A. We have seen press reports of the latest violence in Hebron.

We deplore all the violence that has been taking place in the West Bank and Gaza in recent weeks. We urge the Israeli and Palestinian leaderships to do their utmost to end the violence and settle their differences through political means.

We note that the foreign press association has accused the IDF of targeting journalists covering this violence and that the Israeli Government has denied these accusations.

Peace Process: Palestinian Trampling Of The Israeli Flag

Q. What is the U.S. reaction to Palestinian negotiator "Abu Alaa" (Ahmad Qurai) trampling the Israeli flag during Palestinian demonstrations in Ramallah?

A. As we have said before, the parties need to take each other's concerns into account and avoid actions which might undermine confidence in each others or the peace negotiations.

The parties should instead be focusing on statements and actions which can foster confidence and support forward movement in the negotiations.

Q. But what about the specific action of trampling the flag?

I do not have anything to add to what I just said.

Most Recent POTUS Q/A's - 7/16/97

It looks like you've decided to step back from active engagement in the peace process. Correct?

- Not at all. We work at this every day.
- And we won't stop pressing, because the alternative to a genuine peace process is genuine turmoil.

July 14, 1997

Most Recent POTUS Q/A's - 7/11/97

FINANCIAL TRANSACTIONS WITH COUNTRIES SUPPORTING TERRORISM ACT

What is your position on the House bill sponsored by Rep. McCollum?

- I'm opposed to it. It would deny the Executive Branch the discretion we need to determine, on a case-by-case basis, the most appropriate and effective sanctions to impose against governments that support terrorism.
- We currently have an effective sanctions program against terrorist countries.
- But we need to be able to respond quickly and flexibly to unforeseeable developments and international events. The loss of the ability to tailor sanctions to unique circumstances and situations would undermine our ability to defend our national security and economic interests.
- No list can adequately address the circumstances that could arise in our dealings with terrorist regimes.
- In addition, this bill would interfere with our ability to implement mandatory U.N. Security Council resolutions that impose sanctions, and to carry out our binding international obligations.
- It also could undermine our efforts to serve as an effective intermediary in the Middle East Peace Process and our efforts to promote peaceful change in Cuba through the Cuban Democracy Act, the Cuban Liberty and Democratic Solidarity Act, and other legislation.

HAITI
July 15, 1997

Q: Does the U.S. support extension of the UN mission in Haiti?

A: In a November 1996 letter to the UN Secretary General, Haiti's President Preval formally requested a continued international presence in Haiti for up to one year. In May, he publicly stated that that full 12 month period would be required before the Haitian National Police would be able independently to ensure a secure and stable environment. Based on that request, our assessment of the security situation in Haiti, and our judgement of the pace of progress being made by the Haitian police, we support a continued UN mission in Haiti for an additional four-month period.

UN Reform

Q: What is the US reaction to the proposals for UN reform announced by the Secretary General today?

A: We were very pleased to see the Secretary-General's proposals introduced to the General Assembly today.

We warmly welcomed his initial reform measures in March, and look forward to a careful examination of the details of his latest package of proposals.

While we have not yet had time to review the proposals in detail, the general thrust of improving efficiency, lowering costs, and focusing on core missions of the UN would appear to be headed in the right direction.

We commend the Secretary General for his initiatives, and will study them carefully and pledge our full support to making the process of reform at the United Nations a most effective one.

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 States' 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.

July 11, 1997

Most Recent POTUS Q/A's - 7/11/97

Do you have a position on the UN's negotiations with Kabila over allowing an investigation team into areas where atrocities were reported?

- Secretary General Annan has been handling this. I understand he is preparing to launch his own investigation.
- I support his decision. What is important is that we get the facts about what happened. It is crucial to get an investigative team on the ground as soon as possible.

Leahy Legislation

Q: Senator Leahy has announced that he is introducing legislation further curbing U.S. use of anti-personnel landmines. What is the Administration's position on this new legislation?

A: The President has committed the United States to aggressively pursue an international agreement to ban use, stockpiling, production and transfer of APL, with a view to completing the negotiation as soon as possible.

We are pursuing that goal in the Conference on Disarmament (CD) in Geneva, working to establish a negotiating mandate as soon as possible.

The CD offers the most practical alternative for achieving a global ban. Its membership is broad and geographically representative. It has a proven track record. The CD includes most of the countries which are historically the world's landmines producers. It is precisely these countries which need to be part of a ban to ensure the ban will be effective.

The proposed legislation would prohibit funding for new U.S. deployment of anti-personnel landmines (APL) beginning January 1, 2000.

This would be inconsistent with U.S. APL policy, which seeks a global agreement to ban APL and reserves the option for the U.S. to use self-destructing/self-deactivating APL in military hostilities to safeguard American lives and hasten the end of fighting.

The United States views the security situation on the Korean Peninsula as a unique case and in the negotiation of a global APL ban will protect our right to use APL there until alternatives become available or the risk of aggression has been removed.

We note that the legislation does take into consideration a key element of U.S. APL policy in allowing for the possibility of an exception for U.S. deployment of APL on the Korean Peninsula, provided the President submits an annual report to Congress certifying that new deployments are "indispensable to the defense" of South Korea.

However, this recognition of our security requirement in Korea does not outweigh the disadvantages of the proposed legislation, especially in undermining our strategy of seeking negotiated global ban rather than a unilateral measure.

Q: How significant is the decision yesterday at the Conference on Disarmament?

On June 26 in Geneva the 61 nations of the Conference on Disarmament agreed to set up a special coordinator on anti-personnel landmines. Ambassador Campbell of Australia will serve in this role.

The special coordinator will act as a facilitator to develop a mandate for next steps in negotiations on anti-personnel landmines.

This agreement is an important step forward toward the establishment of negotiations on anti-personnel landmines in the CD.

We look forward to early progress in the next CD session beginning on July 28.

Q: What is your position on the Canadian-led "Ottawa Process"?

A: We welcome the Ottawa Process as providing important momentum toward the common goal of a ban on anti-personnel landmines.

During the visit here of Prime Minister Chretien, this issue was discussed. We and the Canadians agreed to meet to see if we could "narrow our differences."

Pursuant to this agreement, experts met in Ottawa in mid-June. These meetings were a good first step.

A U.S. delegation was present as observers at this week's "Ottawa Process" conference in Brussels. Negotiations on the Ottawa Process treaty text will begin in Oslo in September.

Between now and September we will continue our close consultations with the Canadians and others.

No decision has been made on whether we will participate in the Oslo meeting.

Q: Is there a policy review underway?

A: Now that the first six months of this year's CD session has concluded we are taking stock of our progress there. We are also taking stock of progress in the Ottawa Process.

We want to ensure we remain on the most effective path for achieving the goal the President set forth last year -- achieving a comprehensive ban on anti-personnel landmines that is worldwide.

Q: When will this "stock-taking" exercise be concluded?

A: This assessment will be conducted over the course of the summer.

Most Recent POTUS Q/A's - 7/16/97

Why are you opposing a global ban?

- I'm deeply committed to a comprehensive, global ban on landmines. And we've taken important steps in that direction.*

- The CD in Geneva is the best forum because it includes the majority of landmine producing countries.
- We've seen positive signs of progress in Geneva. These first steps are just a start, but important.
- We're also consulting with the Canadians to ensure that the Ottawa Process is complementary.

Do you oppose Senator Leahy's legislation?

- We share the same goal. He's made a tremendous contribution.
- But we differ on approach. I think the best way to reach a global ban is through a negotiation in which key countries -- those that are part of the problem -- are contributing to its solution.

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.

TRIPS AND VISITORS

- Georgia President Shevardnadze visits POTUS on July 18.
- German President Herzog visits on July 24
- President's visits to Brazil, Argentina and Venezuela rescheduled to October 12-17.
- APEC Summit in Vancouver November 24-25.

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 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.

PANAMA
July 15, 1997

STATE DEPARTMENT PRESS STATEMENT
U.S. AND PANAMA TO BEGIN FORMAL TALKS

Since the visit of President Perez Balladares to Washington in September 1995, the governments of Panama and the United States have engaged in a series of informal conversations concerning the creation of a Multinational Counternarcotics Center (MCC) and the participation of the United States. As part of these contacts, there have been a series of informal meetings between Ambassador John Negroponte and Dr. Jorge Ritter of Panama.

As a result of these exploratory meetings, the two Governments have identified sufficient areas of common interest to proceed to formal talks. Talks will begin during the month of July with a view to concluding agreements on the creation of an MCC and the participation of the United States.

Q. Does this mean that you have reached agreement in principle on a continued U.S. military presence in Panama after 1999?

A. No. We have not reached agreement in principle on a U.S. military presence in Panama, nor on the establishment of a Multinational Counternarcotics Center (MCC). We have held a series of informal discussions about the MCC proposal. The MCC is a novel concept and both sides wanted to be sure we shared similar understandings of how an MCC would work. The final version remains uncertain and will depend on the outcome of the formal talks.

Q. Will the MCC serve as a cover for U.S. military bases in Panama?

A. As envisioned, the MCC would require military support to carry out its counternarcotics mission. The nature and extent of that support will be one of the subjects of the formal talks.

We hope the MCC would enjoy the support and participation of several other countries.

Q. How large will the U.S. military presence associated with the MCC be?

A. The exact size and nature of the U.S. presence will be subjects for the upcoming formal talks.

Q. What is the likelihood that the U.S. and Panama will negotiate successfully and reach formal agreement on the MCC?

A. We're proceeding because both sides believe an MCC could be mutually beneficial, under the right conditions. It is likely that an agreement can be reached, but it is by no means certain. There are still many important details that need to be worked out.

Q. What exactly will be negotiated? what is the purpose and organization of the MCC under consideration?

A. The U.S. and Panama will work toward two related agreements, the first concerning the creation of an MCC and the second concerning the U.S. participation in the MCC. The U.S. views these two agreements as inter-dependent and we will not conclude one without the other.

We believe the MCC could perform two main functions, consisting of an Information Directorate to coordinate the collection, analysis and dissemination of information regarding drug trafficking and related crimes, and a Training Institute to provide training in counterdrug law enforcement.

Q. When do you expect to reach a final agreement?

A. We have not established any artificial deadlines. However, it is fair to say both sides share a determination to proceed as quickly as is prudent and practical.