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Daily Press Guidance - August 11, 1997

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1

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1

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1

Daily Press Guidance

Monday
August 11, 1997

(For internal use only.)

Press Guidance
Monday, August 11, 1997

Domestic

1. **D.C. Plan** - DC PLAN
2. **Line Item Veto - DRAFT** - LINE-ITEM VETO
3. **Powell** - VOLUNTEERISM

Events

1. **St. Louis** - EVENTS

Economic

1. **Blue Chip Economic Indicators** - ECONOMY

Foreign

1. Middle East
2. China/Taiwan
3. Northern Ireland
4. Southern Lebanon
5. Cyprus
6. Fast Track
7. Trips and Visitors
8. Russian Mir Situation
9. Bosnia
10. Cambodia
11. Korea
12. Landmines

Q and A for the President

The District of Columbia

August 6, 1997

Q. Will you support efforts by Delegate Eleanor Holmes Norton and the Mayor to amend the management reform provisions which they view as anti-home rule?

A. The plan that I proposed for the Nation's Capital was designed to strengthen prospects for home rule to succeed by relieving the city of major financial burdens, including nearly \$5 billion of unfunded pension liabilities, and major managerial responsibilities, including the operation of prisons. I am pleased that Congress included most of my proposals in the budget bill I signed yesterday. In just the first year, the city will receive over \$200 million in financial benefits. I believe my plan will benefit the nation and the citizens of Washington, D.C. for many years to come.

Congress also added to the bill several new provisions which they say will improve the management of the city. We all support better delivery of services for the city's residents, and for the millions of other Americans who visit or work here. But I want to be assured that the management reforms are implemented in ways that are workable in practice, and that they do not become a vehicle for limiting home rule in Washington. As you know, I have long been a strong supporter of increased home rule for the city.

I have asked OMB Director Raines, who is the head of our D.C. task force, to meet with Delegate Norton, Mayor Barry, other elected officials, and the Control Board to review how the new law can be implemented consistent with home rule. If there are problems, he will suggest actions that we might take to address them.

Q: Are the actions that Chairman Brimmer has taken, in terms of replacing the heads of departments, consistent with home rule?

That's one of the issues that I'm hoping Director Raines will discuss with the Control Board and the elected officials. In fact, Director Raines tells me that he has a long-scheduled meeting with the Control Board today. So I would expect that these and other issues will come up.

Q: Will you meet with Mrs. Norton to discuss the issue, as she has requested?

I will decide after Director Raines' meetings whether there is a need for me to have a meeting with the local parties.

happens.

Q If I could just ask on the UPS strike, there are a lot of small businesses out there that are suffering right now as a result of this and they see you standing by, encouraging both sides to go back to the bargaining table, but not really doing anything about it. And some of your critics are saying that's because the labor unions supported you and the Democrats so overwhelmingly over these past few years. Is that a fair criticism of why you're standing aside and not getting directly involved in this strike?

THE PRESIDENT: No. No. Let me urge you all to do one thing, because I think it would be very helpful to the American people generally to know this. If you compare what I did in the American Airlines strike -- which is the only strike I've been involved in recently where I had some authority there -- the airline companies, because they take passengers, are governed by a federal law which gives the President the power to intervene if there is substantial economic danger or damage to the country.

The UPS strike with the Teamsters is not covered by that law. It is covered by the Taft-Hartley Act. If you look at the Taft-Hartley Act, there has to be a severe damage to the country. The test is very different and very high before the President can intervene.

Now, Mr. Lindsey, as he always does in strikes of large national stakes and high interest, has been involved as sort of our mediator, our talking person dealing with all the parties. And we did bring the Federal Mediation Service into this, and we have -- we've done everything we could, both privately as well as publicly, to urge the parties to get back to the table and settle this. I'm very concerned about all the customers and users of UPS and what's happening to them, but I do not believe that it is a fair reading of the Taft-Hartley law, which is the law I have to act under, that the high standard of that law has been met. It's a totally different law from the law that affected the American Airlines case. And I think it's really important that the people understand that.

Go ahead.

Q Mr. President, also put into law yesterday, of course, with the tax and budget provisions was the District of Columbia rescue plan. And there's an extraordinary amount of roiling around and criticism in the city, and I think perhaps around the country, about what's taken to be a trampling of home rule for this nation's Capitol City. As democracy advances in the rest of the world, some folks are worried that it may be receding here. And the fact that Mayor Barry's powers have been reduced to a certain extent, as an unelected control board comes in to make these management reforms and deal with the aid -- and there are some that think that this may be an attack on Mr. Barry, personally, that this is in the legislation. Are you concerned about this to the extent that you're going to try to do anything to follow up on it, talk to Mrs. Norton? I wonder what your reaction would be.

D.C.

THE PRESIDENT: Well, first of all, we've already been in touch with Congresswoman Norton about this in some detail. Let me back up and say that I think on balance the legislation was very good for the District of Columbia because it will have the effect of injecting about \$200 million in cash into the city this year, as the state -- the federal government pays a higher share of the Medicaid

budget of D.C., begins to take over the prisons, begins to assume the pension liabilities.

What I was hoping to do was to remove from the District of Columbia the burdens that normally are borne by a state, but that this city has had to bear; and then to give the local officials more responsibility for the things that a city must do -- run a good school system, keep the streets safe, repair the roads and the highways and the streets and do the other things that the city has to do.

And the Congress, simultaneously, wanted to strengthen the whole reform system that was represented by the Control Board. And it was a congressional initiative and, if you will, a condition of getting the financial relief that the provisions that you mentioned were adopted -- which, among other things, require a joint agreement of new department heads between the Mayor and the head of the Control Board.

D.C.

Here's what I've asked Frank Raines to do. Frank Raines, as all of you know, is representing me in our D.C. negotiations. I've asked him to try to get together with the parties and see if we can find a way to make these appointments consistent with home rule, and that if he finds the situation to be untenable to come back to me with some suggestions about what we should do then.

Let me just say one other thing. There are some very interesting tax provisions in this bill which are similar to the tax credits that we gave generally around the country for people to hire people off welfare, for people who go into the inner cities and the high poverty areas; and then there is, for the first time ever, a zero capital gains on people that start trader businesses in high poverty areas of D.C. So we are trying to rebuild the economic infrastructure of the city, as well. Director Raines is going to try and work through it for me and come back with a set of recommendations.

Q Mr. President, there seem to be several issues blowing in the wind that come back to you -- the issue of the race initiative. You wanted a dialogue on race, and you have a dialogue on race right now -- the black-white issue -- in particular, the issue of an apology for slavery and reparations. Are you hoping that the issue were to go away by giving it to the Race Advisory Board? Because there is word that you would like it go away.

THE PRESIDENT: I don't know that I hope the issue will go away. What I hope the issue -- what I hope will happen is that the issue will not dominate all the other things that need to be discussed about the past, the present and the future. And I gave it to the Advisory Board because I -- after all, the Chairman is one America's most imminent historians and as knowledgeable about this subject as anyone in the country. If I had no Advisory Board, I probably would have called him on the telephone and asked for his opinion when this subject came up. So that's the only reason I asked them to look at it.

But let me say, I think they're doing a good job. We've got our Executive Director in Judy Winston now. We're staffing up. We're going to be moving out around the country. There will be dialogue, there will be research and studies done and there will be policies flowing. And, you know, I've already announced the first major policy under this initiative, which is the \$250 million program to give people -- to defray the costs of college education for people



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

Statement of Lawrence Haas
Associate Director for Communications
Office of Management and Budget

August 6, 1997

Director Raines finds it unfortunate that Mayor Barry has found the need to lash out at a different person each day over his disappointment with the Republican management reform provisions in the balanced budget bill.

He is particularly disappointed that the comments come just as the Director, the Mayor, and Delegate Norton have achieved their 20-year goal of eliminating the unfair financial terms of D.C. home rule.

The future of home rule as well as education, crime prevention, and health care in the District depends more on how the President's plan to relieve the city's financial burdens is implemented than on the Mayor's search for enemies.

PRESIDENT CLINTON ANNOUNCES LINE ITEM VETO OF SPENDING AND TAX PROVISIONS

August 11, 1997

BACKGROUND ON THE LINE ITEM VETO ACT

Today, President Clinton announced that he will line item veto two tax provisions and a spending provision under the authority of the Line Item Veto Act which was signed into law April 9, 1996. Under the Line Item Veto Act, the President is authorized to cancel tax and spending items if he determines that cancellation will:

- (I) reduce the Federal budget deficit;
- (ii) not impair any essential government functions; and
- (iii) not harm the national interest.

In addition to the above, the Act requires the President to transmit to Congress a "special message" explaining his decision to cancel any tax or spending item pursuant to the Act.

The items chosen for cancellation were carefully reviewed by experts at the Department of Treasury and other relevant agencies. The President believes canceling these items will not only achieve savings, but, even more importantly, serve as a deterrent to future attempts to include special interest or poorly drafted provisions that lead to abuse or serve to benefit only a select number of taxpayers or states as opposed to serving the broader public interest.

SPECIFIC ITEMS CANCELED BY THE LINE ITEM VETO

Tax

- **Active Financing Income of Foreign Corporations:** U.S. corporations generally are required to pay current U.S. tax on easily movable income earned by their foreign subsidiaries. U.S. taxation of other income of a foreign subsidiary, such as income earned in a foreign manufacturing or service business, generally, may be deferred until the earnings are paid back to the U.S. Prior to 1987, income earned from an active foreign financial services business, including interest, dividends and certain gains, generally was eligible for deferral. However, in 1986 Congress curtailed deferral opportunities for this income based on concerns about financial services entities' ability to shift income to tax-haven jurisdictions. *The canceled item would have allowed a small number of major U.S. banks, financing companies, insurance companies and securities firms to avoid current tax on their income from overseas operations. While the primary purpose of the provision was proper, it was drafted in a manner that would have permitted substantial abuse and created major tax loopholes for these companies.*

Estimated Fiscal Effect of Cancellation: \$317 million over five years. (Treasury Estimate)

- **Deferral of Gain on Certain Sales of Farm Product Refiners and Processors:** Under current law, an individual may defer recognition of gain on the sale of certain stock in a corporation to an employee stock ownership plan (ESOP) or an eligible worker-owned cooperative, provided the individual reinvests the proceeds in certain other property. Gain is recognized later, when the individual taxpayer disposes of the replacement property. To qualify for this treatment, a number of requirements must be met to safeguard against abuse. *While the President wants to encourage value-added farming through the purchase by cooperatives of refiners or processors of agricultural goods, he feels compelled to veto this provision based on two narrow, but important grounds:*
 - (1) *The canceled item would have extended the existing deferral for ESOPs to the sale of stock in a qualified refiner or processor of agricultural goods to a farmers' cooperative, but without the safeguards applicable to ESOPs to ensure that the deferred tax is eventually paid.*
 - (2) *This provision failed to target its benefits to small- and medium-size coops.*

The President will continue to support more targeted and efficient means of promoting value-added farming that are not susceptible to abuse.

Estimated Fiscal Effect of Cancellation: \$98 million over five years. (Treasury Estimate)

Spending

- **New York Medicaid Provider Tax Exemption:** In the past, Federal Medicaid spending increased dramatically because some states used disproportionate share hospital payments and related special financing mechanisms such as levying taxes on health care providers to effectively lower their share of Medicaid spending. Some states have used the dollars intended for Medicaid for state projects such as buildings, roads and bridges. In 1991, Congress limited the growth in Medicaid spending by enacting legislation to restrict the ability of states to use certain types of provider taxes as their share of Medicaid spending. Congress required that provider taxes be uniform and broad-based in order to qualify as a state's "matching" funds. *The canceled item would have given preferential treatment to only New York, by allowing that State to continue relying upon impermissible provider taxes to finance their Medicaid program. This preferential treatment would have increased Medicaid costs, would have treated New York differently from all other states, and would have established a costly precedent which would -- if extended to all other states -- cost taxpayers \$3.5 billion.*

Estimated Fiscal Effect of Cancellation: \$200 million over 5 years. (CBO Estimate)

BACKGROUND ON 79 TAX AND SPENDING PROVISIONS SUBJECT TO LINE ITEM VETO

Under the Line Item Veto Act, the Joint Committee on Taxation (JCT) is responsible for identifying "limited tax benefits". In general, the list of 79 items has been identified by JCT as "limited tax benefits" because JCT has determined either that (1) they are revenue-losing provisions that will have 100 or fewer beneficiaries in any fiscal year, or (2) they are transition rules that will benefit 10 or fewer taxpayers in any fiscal year.

Of the 79 provisions identified as limited tax benefits,

- approximately one-third represent Administration initiatives;
- approximately 40 percent represent provisions that have a basis in sound tax or social policy, or were important to certain members of Congress and were agreed to in the spirit of bipartisan cooperation; and
- approximately 25 percent represent reasonable transition relief-- ensuring that new changes in law don't unfairly harm taxpayers who relied on prior law.

Press Guidance

August 11, 1997

POTUS MEETING WITH GENERAL POWELL

- President Clinton and Vice President Gore met with General Powell for about 45 minutes in the Oval Office to discuss follow-up efforts for the Summit For America's Future, which took place in Philadelphia last April.
- General Powell briefed the President on new developments in the public and private sectors as well as non-profit commitments. Highlighting states who are planning their own follow-up summits across the country and companies, such as Oracle, who continue to make considerable commitments.
- The President was very engaged and discussed how he continues to talk about the goals of the Summit in various speeches across the country (most recently at the Conference of Mayors in San Francisco).

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St. Louis

* Tomorrow, the President will highlight the success of welfare reform nearly one year after signing the welfare law and address how the new balanced budget will continue this progress. The President will also note the continuing success of the Welfare to Work Partnership, which now includes over 500 businesses, and the Partnership will announce more ways to help companies all across the nation hire people off welfare.

* The President will also praise the public-private partnership growing in St. Louis where over 100 companies have accepted his challenge to hire welfare recipients including MID.TEC -- a consortium of 250 small-to-medium sized manufacturers in St. Louis that provide machine training for low-income individuals and welfare recipients to train them for specific jobs on a plant floor. The event is being held at the **future training facility** for MID.TEC.

* Congressman Gephardt will greet the President at the airport and travel with us throughout the day. The event is **NOT** in the Congressman's district but in Congressman Clay's district who is out of town. The President will also be joined by Governor Carnahan, Mayor Harmon of St. Louis, and Senator Kit Bond at the welfare to work event. At the luncheon for the Democratic Business Council, Governor Carnahan will make remarks followed by Congressman Gephardt followed by the President.

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

August 11, 1997

MEMORANDUM FOR MICHAEL MCCURRY

FROM:

JEFFREY A. FRANKEL



SUBJECT:

Blue Chip Economic Indicators, August

****Embargoed Until Sunday, August 10****

The Blue Chip August consensus edged down its forecast for real GDP growth in 1997 by 0.1 percentage point to 3.4 percent, slightly below the forecast in Administration's upcoming Mid-Session Review (MSR).

- The panel lowered its unemployment rate forecasts for both 1997 and 1998 by 0.1 percentage point, to 5.0 and 5.1 percent, respectively.
- The panel revised down its forecast for CPI inflation in 1997 to 2.5 percent, 0.2 percentage point lower than the Administration's MSR forecast. However, the panel's forecast for CPI inflation in 1998 remains 0.3 percentage point higher than the Administration's MSR forecast.
- The panel's forecast for real GDP growth in 1998, at 2.2 percent, was unchanged from the previous month.

Blue Chip August 1997 vs. Administration Forecast

ECONOMIC INDICATOR (percent, year over year)	Year	Blue Chip August forecast	Administration 1997 Mid-Session Review
Real GDP growth (chain-weight)	1997	3.4	3.5
	1998	2.2	2.0
Nominal GDP growth	1997	5.6	5.5
	1998	4.7	4.5
CPI change	1997	2.5	2.7
	1998	2.8	2.5
Unemployment rate (annual avg.)	1997	5.0	5.0
	1998	5.1	5.2

MIDDLE EAST PEACE PROCESS

August 11, 1997

Q: Has Dennis Ross made any progress yet?

A: First steps have been taken, but the meetings are only the beginning of a process.

They need to produce results – we will be monitoring the situation closely.

Q: The President and Netanyahu both insist that security issues must be addressed first, but Arafat wants the agenda broadened – isn't this causing an impasse?

A: No. Chairman Arafat has indicated that a high priority should be placed on security. We need to make sure this is translated into action.

Q: Is the US pressing Israel on the payments and closure issues?

A: We're concerned about security, but we are also concerned about actions that undermine the authority of the Palestinian Authority and make it harder to cooperate on security.

Israel has legitimate security needs that must be addressed. We expect the Palestinian Authority to intensify their efforts.

Israel has assured us that the closure and other measures are temporary.

Q: Do you support the right of the Israelis to go into the "Zone A" of the territories?

A: We are not going to answer a hypothetical – but as we said, what matters now is that the focus is on security cooperation between the parties – it's in their mutual interest to work together.

Q: What about the situation in southern Lebanon – isn't this troubling?

A: A year ago we put a mechanism in place – the Israeli Lebanon Monitoring Group – to deal with these tensions. The group met all day Sunday along the border.

Q: Has the President talked to Ross?

A: The President has been briefed by Deputy National Security Advisor Jim Steinberg, who has stayed in regular communication with Ross – he was briefed on Saturday and again this morning.

Q: When do you expect Dennis Ross to return to the United States?

A: We don't expect him to be out there very long, but no decision has been made yet.

Q: When will Secretary Albright go?

A: We expect Secretary Albright to travel to the region assuming there is progress in the security area.

Q: How can Ross negotiate with any leverage if it's known that Albright will go?

A: Secretary Albright's trip is predicated on progress in the security area – so they are mutually reinforcing.

Q: What about Arafat calling on Saddam and the other Arab leaders to join in a summit?

A: Saddam has no useful role to play in the Arab Israeli peace process.

Q: The Palestinian Authority has called for conscription – isn't this a violation of Oslo?

A: Clearly this is time for all parties to cool their rhetoric, and not take actions that undermine confidence.

Q: Isn't Israel crippling Arafat and the PA?

A: First, let's be clear. Fighting terror is in the interest not only of the Israelis but also the Palestinian people. Terrorists seek to destroy the peace process, which is the only vehicle for both parties to achieve their goals.

Q: Do you believe that Israel's decision to construct a neighborhood at Har Homa triggered the current impasse?

A: The focus at the moment should not be on trying to blame one party or another for the current impasse. The focus must be on improving security cooperation so that we can refocus on returning to the negotiating table – the only way to peace.

Q: What if Israel persists in its unilateral actions like Har Homa?

A: The immediate issue is restoring an adequate level of security cooperation.

That said, it's hard to have a credible environment when the parties are taking steps that are seen by the other to be prejudicing the outcome of negotiations.

Q: What if the security situation doesn't improve and Palestinians don't take the necessary steps?

A: Failure to act against terror will only deepen the current crisis and prevent us from getting direct negotiations re-started.

Security and peace go hand in hand. We can't have real peace without security nor can we have security without peace.

Without addressing the political issues, however, it's impossible to see how we're going to get back on track.

Q: Isn't the only real difference in the situation the advent of Bibi Netanyahu? Isn't he the problem and the cause of the violence?

A: We don't agree. The pursuit of peace has been in the strategic interest of the government and people of Israel since the founding of the state and regardless of who headed the government.

We have worked with every Israeli government to achieve that objective and we are working closely with Prime Minister Netanyahu as well.

Q: Why did the President decide to send Secretary Albright at all?

A: Once steps are taken on the security front, it's important to continue our efforts to energize the broader Israeli-Palestinian political process. At that point, it will be important for Secretary Albright to engage the parties directly.

We have some ideas to share with the parties on the path necessary to get back to the table. It's essential that they find a way to accelerate the permanent status negotiations as well as continue the implementation of the interim agreement.

Q: Do you have a US plan to deal with permanent status?

A: No. There is no US plan for permanent status.

The U.S. cannot impose a durable peace on the parties; Israelis and Palestinians need to engage directly on them.

But it is important that they get this process started and accelerate it; we're prepared to help with this effort.

Q: Are you pushing to revise the Interim Agreement, and do away with further redeployments, in favor of accelerated permanent status?

A: No. In fact, implementation of the interim agreement must move forward as well.

What I'm saying is that accelerating permanent status, in an effort to have Israelis and Palestinians reassure one another on where they're heading, could serve to anchor the entire process.

Q: Given your new focus on permanent status, what's your position on a Palestinian state?

A: That's an issue for the parties.

Israelis and Palestinians agreed to address the future status of the West Bank and Gaza in permanent status negotiations.

Indeed, these negotiations are designed to produce a mutually acceptable outcome.

Q: Do you think the peace process can really get back on track – isn't all of this futile?

A: No. We totally and thoroughly reject that proposition. It's not futile for two reasons – one, most Israelis, most Palestinians, most Arabs want the peace process to go forward, want it to succeed. And as long as that is true, it won't die. And second, the alternative is unthinkable. We have seen the alternative this week in Jerusalem. It's death and carnage. That is unacceptable to the Israelis, it's unacceptable to the Palestinians, it's not good for the region, it's not good for the United States. We will not let this process die. There is no acceptable alternative to peace. The process has had many ups and downs. We will persevere.

So it is important to have perspective. The Arab-Israeli negotiating process has been exposed to terror and violence. Yet it survives.

It survives not because of some artificial reason, but because Israelis and Palestinians want to find a way to end their conflict through negotiations.

The terrorists understand this and want to destroy this process.

Q: What about a Syrian-Israeli peace – is that important to your Administration?

A: Yes. We support a *comprehensive* settlement of the Arab-Israeli conflict based on UNSC 242 and 338, including land for peace.

This clearly includes a peace treaty between Israel and Syria as well as Israel and Lebanon.

Obviously at the moment our priority is focussed on getting Israeli-Palestinian negotiations back on track.

But we'll continue to explore how best to create a basis for resumption on these tracks as well because we know that an Israeli-Syrian peace agreement is critical to a comprehensive peace.

Q: The President and the Administration have been criticized for not being personally involved in the peace process and Arafat has called on you to intervene to save the peace process – he says that this would be the only way out of this crisis. Will the President go?

A: There is no issue on which the President have been more actively and continuously involved from 1993 on. (This year: Hebron, visits of leaders to Washington in Feb-Mar, sent Ross to region two times, continuing contacts with leaders)

This is not an easy problem with a simple solution. From the beginning this process has had ups and downs – triumphs and tragedies. We are in this for the long haul.

We must constantly make judgments about how to engage in the most effective way. Usually, that is privately.

The objective is not theatrics, but results.

Q: Is there a relationship between the raid last week in Brooklyn and the bombing in Jerusalem?

A: We have drawn no conclusions to that effect, but there is an intensive on-going investigation involving the efforts of the NY Police Department, the FBI, the State Department and others from the intelligence community, so I'm not going to comment.

Q: One of those arrested in the Brooklyn raid had been detained three times while trying to enter the U.S. without proper documentation, and then he requested political asylum saying he'd face persecution in Israel where he was regarded as a terrorist. How could he have remained in the United States with apparent impunity?

A: The facts are under review – so I don't want to comment further on that.

Q: Newt Gingrich has said that the U.S. should be tougher on terrorism. Do you think you have done enough?

A: We believe fighting terrorism is a priority of increasing importance, and we have worked to step up our efforts against terrorism.

Last year we submitted a supplemental budget request for \$1.2 billion to fund counter-terrorism efforts in police departments, the FBI and the Secret Service.

The President also introduced anti-terrorism legislation to give us better tools to combat terrorist organizations. The Anti-Terrorism Act of 1996 makes it unlawful to contribute funds to organizations designated as terrorist organizations, and it sets up new, expedited provisions for the removal of those thought to be terrorists.

Q: Do you support the Saxton bill that would cut off our assistance to the Palestinians if they can't curb terrorism? What about the lapse in the Middle East Peace Facilitation Act (MEPFA)?

A: We will address the proposed legislation next month when Congress reconvenes.

However, the bulk of our assistance is for projects which directly affect the Palestinian people, and for projects which advance good governance and the rule of law —important objectives which the Congress strongly supports.

Q: What is your view on Arab efforts to condemn Israel in the UN Security Council?

A: The UN is the wrong place to debate these issues.

The parties should get back to the table directly.

Q: What is the U.S. reaction to the request for a transit visa for Taiwan's President Lee Teng-Hui?

A: The United States will consider this transit request (through Hawaii on the way to Central America, with return stop in Hawaii) as we do all transit requests by Taiwan leaders. We look to the issue of the safety, comfort and convenience of the traveler. We have not yet issued the visa, but we do not anticipate any difficulty in doing so.

Background

The Administration has taken the position from the onset of these negotiations that China's accession to the WTO must be on the basis of solid commercial terms that open its market to the rest of the world. Fundamentally, the pace of China's accession will depend upon its willingness to undertake substantial economic reforms.

Q: Why is the Administration now saying China's offers are insufficient?

A: We have said all along that China must undertake comprehensive reforms in areas ranging from market access to subsidy practices. Whether China now comes forward with substantial meaningful reforms is the key issue. We have recently concluded a round of bilateral negotiations with China and a round of multi-party talks at the WTO. China has indicated that they intend to put forward a new round of offers in early September. We will evaluate their proposals when they come forward.

Q: Does the current round of investigative hearings have an impact on the talks?

A: Our objectives in seeking fundamental economic reforms in China have been consistent and clear from the beginning of this process. Our trade negotiators approach this issue from the question of how to accelerate reform and bring China into the international trading system with all of its multi-lateral trade rules. A comprehensive reform package will sell itself on its own merits.

Q: Do you concede that there will not be any new developments on China's WTO accession at the leaders meeting in October?

A: The answer to this question will be determined by the actions China chooses to take. There is no question that we have limited time in front of us, but the pace of the negotiations will be determined on the basis of whether China comes forward with new substantive reform proposals.

Q: If you can't even get the Chinese to do what they need to do to get into the WTO, what do you hope to accomplish with the Jiang visit later this year?

A: First of all, need to make clear that our commitment to bringing China into the WTO is unchanged. Working diligently with Beijing through regular negotiations to bring that about under what we call "commercially viable" conditions. That has two important aspects: compliance with the international trade rules that are accepted by all WTO members; and bilateral arrangements that provide for improved market access for U.S. products in China.

Complex negotiations that involve difficult decisions for China as it continues transformation from command to market economy. Important progress has been made since we intensified these negotiations last year, and hope it will continue. Both sides need to be flexible and creative as we work toward acceptable agreement.

Visit of President Jiang not a "WTO summit." Have many issues to discuss, most importantly being the regularization and normalization of strategic dialogue at the highest levels.

The U.S.-China relationship one of the most important foreign ties that we have; its development will have a profound impact on the world we live in the 21st century. President Jiang and I will be discussing that relationship in all its complexity, including economic and trade issues, non-proliferation, environmental cooperation, human rights and global and regional issues of importance to both sides.

Q: Any readout from Jim Steinberg's meeting with Adam Ingram?

A: Jim Steinberg met yesterday with Adam Ingram, Northern Ireland Minister for Security and Economic Development.

They had a very positive meeting. Discussion focused on the Northern Ireland peace process and ways to build on the progress of the recent ceasefire in the multi-party negotiations slated for September.

They also agreed that greater attention needed to be given to questions of economic development, as the essential ingredient for long-term stability.

If pressed: The involvement of Sinn Fein in the multi-party talks was discussed and the two agreed that the August 6 meeting between Sinn Fein leader Gerry Adams and UK Minister for Northern Ireland Mo Mowlam was a positive step.

Q: Did the Administration give Sin Fein assurances regarding visas for Sinn Fein leaders, access to the White House, fundraising in the United States, and suspension of IRA deportation cases, in the event of a renewed IRA ceasefire?

A: After Gerry Adams announced that he would recommend to the IRA that it reestablish the ceasefire, we informed Sinn Fein officials that in the event of a cease-fire, we would be prepared to take appropriate confidence-building measures to support the ceasefire and the peace process.

We are not going to go into detail about those confidence-building measures.

I will note that Sinn Fein official Joe Cahill was recently granted a waiver to visit here in early August. (NOTE: Following the IRA ceasefire in August 1994, we provided visas to Sinn Fein officials, including Joe Cahill.)

Q: Will you grant Adams a visa? What about fundraising?

A: Hasn't applied but note that Adams was granted visa waivers during earlier ceasefire. I would also note that Sinn Fein is a legal political party in both the UK and Ireland. Its leaders are free to travel and fundraise in both countries.

Q: What about the deportation cases?

A: Not going to go into specifics of possible confidence-building measures.

Q: What will happen to the peace process now that the UUP has voted against the decommissioning proposal at the Belfast talks today?

British and Irish governments have expressed commitment to process, to negotiated settlement. Do not see negative vote as in any way end of process but how they take it forward is up to them, to Senator Mitchell and his colleagues and the parties involved.

Q: What is Senator Mitchell's role?

Senator Mitchell is chairing the talks in Belfast.

Q: What is the current status of fighting in southern Lebanon?

A: One Katyusha rocket struck a synagogue in Northern Israel, slightly injuring one person. (FYI: two others suffered shock upon learning of the event)

We condemn such attacks and are concerned about the escalation of violence in the region over the last several days, particularly in the civilian casualties it has produced.

We have been in contact with all parties directly to express our concern about the recent violence, and have urged maximum restraint.

Q: Wasn't this just the latest attack in a cycle that began when Israeli forces killed 5 Hizballah members and other attacks that have resulted in civilian casualties? Who is to blame?

A: There can be no excuse for the recent Katyusha Attack on civilians.

The US supports the sovereignty, independence and territorial integrity of Lebanon.

At the same time, the US supports the Israeli right to defend itself from attacks directed against its citizens and the security of its northern border.

The Israel-Lebanon monitoring Group, which has helped to diffuse tensions in the area since its inception in June 1996, will meet Sunday to discuss the recent violence.

We support the ILMG's work. It is the proper venue for dealing with violence.

Q: You say urging restraint, but what are you doing to end the flair ups? This one has cost thirteen lives so far.

A: The security of the Israeli-Lebanon border must be insured through lasting arrangements.

We believe this can be done best through direct discussions and agreements between the parties.

Turkish Cypriot Agreement with Turkey on "Association Council"

Q: What is your reaction to the August 6 announcement by Turkish Cypriot leader Denktash and Turkish FM Cem on the economic and security integration of Northern Cyprus with Turkey? What impact will this have on next week's UN-sponsored Cyprus settlement talks in Montreaux, Switzerland?

A: We are aware of the joint statement issued by Mr. Denktash and Foreign Minister Cem.

The U.S. strongly supports the U.N. in its efforts to secure a settlement of the Cyprus dispute.

We do not think this announcement was helpful, and we don't want to see any steps taken which undermine the U.N. negotiation process or which move toward the permanent partition of the island.

Our goal, and the goal of the international community, is settlement of this dispute. We urge the parties to take only those steps that advance a solution.

Q: How important is Fast Track?

A: As the President has made clear, we will seek legislation from Congress to secure fast track trade negotiating authority. We believe such authority is important to help us continue the successful work of the President's first term.

Every President since Ford has had fast track authority for key periods with bipartisan support. The reasons for it now are more compelling than ever. International trade is increasingly important to our future. Over the next decade, the global economy is expected to grow at three times the rate of the U.S. economy. Over the past four years, one-quarter of our economic growth came from trade - and exports created 1.4 million new jobs. In a world where over 95% of the world's consumers live outside the U.S., we must export to sustain growth at home.

Fast track authority will permit us to continue the work of opening markets around the world through the WTO and other global institutions. For example, trade authority permitted us to secure the recent Information Technology Agreement, which will open a \$500 billion global information technology market. In 1995, 3.3 million U.S. jobs were supported by \$90 billion in exports of these products.

Without fast track authority, we risk sitting on the sidelines while other countries open markets to their products or set new trading rules contrary to U.S. interests. Since 1992, in Latin America and Asia alone, other countries have reached 20 preferential trade agreements without us. We must be active. We have nothing to fear. The U.S. is already the most competitive, the most open and most successful large economy in the world.

In the fall, we will offer a fast track proposal to Congress and seek passage in both the House and Senate.

Q: What is the purpose of the President's meeting with members of Congress?

A: The President expressed the need for fast track to ensure U.S. competitiveness in the global economy. Fast Track is about expanding opportunities for U.S. exports and making sure the U.S. sets the rules and conditions for trade that are advantageous to U.S. workers and businesses. The Administration's trade agenda is focused on exactly those areas where the U.S. is most competitive -- telecommunications, technology, professional services, agriculture, biotechnology, and critical manufacturing sectors.

Q: Why does the Administration keep meeting with Members without presenting a proposal?

A: The only way to succeed in securing fast track authority is to build the broadest consensus possible before we head into the fall. It is important for Congress to have a clear understanding of why we need fast track, and the President used last week's meeting as an opportunity to do that.

Q: Why did the President meet with these particular Members?

A: Amb. Barshefsky and other members of the Administration have met with over 170 members over the last few months. The President's meeting today is part of an effort to personally address questions from those Members about trade and the need for fast track. This meeting is one of a number of meetings the President will have with Members in the coming months.

Q: What are the chances of the Administration securing fast track authority?

A: We realize this will be a divisive battle, but the more Congress understands that fast track is necessary for U.S. competitiveness in the global economy, we believe they will support renewed fast track authority for the President. We can not afford to have the rest of the world march on by while we pass up opportunities for U.S. workers and companies.

There are three fast track related activities taking place this week at the White House:

1. President will officially nominate Jay Berman and Vicki Radd to head the Administration's fast track effort.

[Jay has had a long and distinguished career in Washington as the Chairman and CEO of the Recording Industry Association of America and has been particularly active on ensuring that US intellectual property rights are protected around the world. Vicki has been an Chief of Staff to Erskine Bowles most notably coordinating the Summit of the Eight in Denver. She will be working with Jay on coordinating this priority.]

2. Erskine briefed the Cabinet on the President's commitment to fast track on Wednesday afternoon and has asked that the Cabinet be available to speak out and work on this issue in the future.

3. On Thursday, the President will meet with congressional members to talk about why fast track authority is in the national interest.

General Points:

- The President is clearly committed to securing fast track authority this fall. This will be one of the Administration's top priorities and the President and his Cabinet will work hard on articulating both to the American people and the Congress why fast track authority is vital to the nation's long term economic prosperity.

- Fast track is at the heart of the President's effort to prepare the American people for the challenges of the 21st century. A central pillar of the President's economic strategy has been aggressively creating opportunities to advance America's job growth, productivity and overseas trade.
- And it has worked: longest sustained period of growth of all our G-7 partners (25% of which was driven by exports), 12 million new jobs, unemployment under 5%--a 25 year low and sustained low inflation.
- Securing fast track authority is critical to continue this economic expansion and maintain America's leadership position in the world.

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

July 28, 1997

- President's visits to Brazil, Argentina and Venezuela rescheduled to October 12-17.
- APEC Summit in Vancouver November 24-25.

Q: Press reports have mentioned October 28 as a possible arrival date for PRC President Jiang Zemin's State visit to the U.S. What can you tell us about plans for the visit?

A: President Clinton and President Jiang earlier agreed to an exchange of state visits. Our two governments are discussing plans for President Jiang to visit the U.S. before the end of this year.

RUSSIAN MIR SITUATION

August 8, 1997

On August 7, the Russian replacement crew successfully docked with the Mir. The Mir crew continues to service the primary oxygen generation system, which has been down for a week. They are currently relying on oxygen-generating canisters, and there is a supply sufficient for about two months on board. Mir's other major systems are operating well at this time.

Talking Points

- We have been monitoring Mir's oxygen situation for some time and do not consider it to be an immediate problem. Highly reliable backups are in use, and work to restore the primary oxygen-generating system continues.
- The current schedule for crew replacement and repair is as follows:
 - o August 14 Original Russian crew returns to Earth. (U.S. astronaut Michael Foale to remain aboard Mir.)
 - o August 20 Internal spacewalk to reconnect power cables from damaged module. (Foale to remain in Soyuz capsule.)
 - o Sept. 3 External spacewalk to inspect -- but not repair -- damaged module and solar arrays. (Foale may participate.)
 - o Late Sept. (pending NASA review) Launch of Shuttle with U.S. astronaut David Wolf to replace Michael Foale. Shuttle could carry parts needed for repair of Mir.
- The President is being kept fully informed of the situation by his Science Advisor, Dr. Jack Gibbons.

Q: Is NASA still planning to send David Wolf to replace Michael Foale?

A. At this time, Wolf is scheduled to replace Foale aboard Mir in September. The final decision on whether he will stay aboard will depend on restoration of power from the damaged module and on the results of NASA's internal and external reviews of Mir safety.

Q: Isn't it finally time to end our participation in the Shuttle-Mir program?

The Shuttle/Mir program is only one facet of our space cooperation with Russia. Our missions on the Mir are giving us a great deal of knowledge and experience on how to live and work aboard an operational space station, especially in unexpected situations - something we will want to fully understand before we send up our own international space station. We are taking the decision on whether to send the next U.S. astronaut (David Wolf) to the Mir one step at a time. We will be watching the results of the repair space walk on August 20 and will rely on NASA to make a decision on how we should proceed based on their technical and safety analysis of the situation.

Meeting with Milosevic

- The Holbrooke-Gelbard team met with Milosevic on Friday and both Milosevic and Krajisnik on Saturday. They explained to Milosevic that support for Plavsic is evident that ordinary Serbs are fed up with the corruption and suppression of the Pale clique.
- The team warned Milosevic that his continued disengagement and non-cooperation by Pale could have disastrous results, including for the FRY.

Did Holbrooke Tell the Serbs of Plans to Capture Karadzic?

- The team made very clear that Karadzic must go and that that we will not be satisfied until he faces trial at the Hague. We told the Serbs that we are considering every option until Karadzic is brought to justice.

(If pressed, will not go into further details of private meeting)

Is SFOR is planning to detain Karadzic or other indictees?

- 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.
- We are considering a full range of options to facilitate delivery of war criminals to the Hague. We continue to press the Parties to live up to their obligation to turn over war criminals.
- SFOR is authorized to detain war criminals encountered in the course of its regular duties and if the tactical situation permits. The recent SFOR operation to detain war criminals in Prijedor conformed to this mandate. Any indicted war criminal would be subject to detention in such circumstances.

(if pressed, cannot comment on possible future operations)

Holbrooke-Gelbard Team with Izetbegovic/Tudjman

- Team made important progress on implementation, including signing of agreements by Croatian and Bosnian Presidents which demonstrated a positive spirit of cooperation. Agreements cover return of refugees (including bringing to justice those who attacked refugees earlier this month), cooperation on war criminals, and measures to strengthen Federation institutions.

- These commitments are a positive step. Now we will be looking for swift action by the parties to implement the agreements.

Holbrooke-Gelbard Team with Joint Presidency

- Team also made progress with the Joint Presidency and the Council of Ministers
- The Joint Presidency approved the allocation of Embassies among the three ethnic groups. Of note, the Serbs will choose the Ambassador to the United States. The three Presidents also approved remaining details on the Standing Committee on Military Matters, which will be critical to transparency and confidence building.
- We expect concrete action by each of the Parties to fully implement these and other commitments under the Dayton Accords.
- All assistance, every benefit will be conditioned on each party's performance; we will actively seek to penalize those who fail to honor their commitments.

New Policy towards police?

- On August 8, General Shinseki (COMSFOR) announced a new policy for the control and restructuring of Special Police in Bosnia in accordance with Dayton. Special police that have not been certified by the IPTF – and therefore have not been restructured – will be treated as military forces in accordance with Annex 1A.
- This policy will speed democratic police reform.

(if asked about details of new SFOR rules for police, refer to DoD; for details on IPTF police restructuring, refer to State)

SFOR's efforts on Helping Refugees

- Helping refugees is an essential element to the successful implementation of the Dayton Agreement.
- We are pleased to see that SFOR troops continue to make a difference on the ground, creating a secure environment for refugees to return home.

(If asked about June 98)

- As we've said before, the present operation will have run its course by then. We should be discussing in the meantime what, if any, involvement the United States should have after than.

Recent Attacks on SFOR

- We take seriously the spate of incidents aimed at SFOR and other parts of the international community in Bosnia.
- Any effort to intimidate the international community is unacceptable.
- Together with our NATO partners, we are making it clear to appropriate authorities that this must cease.
- (if asked) We are not going to discuss hypothetical consequences.

RS Power Struggle/Plavsic Expulsion from SDS

- 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 is clearly an attempt to avoid implementing Dayton.
- We are not surprised that the SDS and President Plavsic have parted ways. This does not in anyway change to powers or authorities of President Plavsic. We hope and expect this can help foster the start of a genuine democratic process in Republika Srpska and a viable opposition to the hard-line nationalist leadership of the SDS.
- 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 different cities in Republika Srpska in support of President Plavsic. The Bosnian Serb people are clearly fed up with the corruption and repression of the Pale leadership.

Has the policy changed on SFOR ending its mission in June 1998?

- The President has repeatedly said that the SFOR mission will end in June 1998.
- The critical question is what we do between now and then. We have to focus our energy on assisting the parties with full implementation: common institutions, refugees, economics, war criminals and police training.
- What role, if any, NATO plays, in or out of Bosnia, after June 1998 has not been decided — let alone what role we would play.

If asked whether we absolutely ruling out United States troops in Bosnia after June 1998

- SFOR's mission should end on schedule in June 1998. US political and economic engagement will continue well beyond that.

- It is too soon to speculate as to what, if any, role there may be for NATO following the completion of SFOR's mission. Our focus is on intensifying civilian implementation across the board so that parties themselves can assume greater responsibility for their own future after SFOR's mission is completed.

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.

Background: The Cambodian parliament voted overwhelmingly to replace Prince Ranarridh as First Prime Minister with former Foreign Minister Ung Huot (OONG HOO-UT) , and to strip Ranarridh of his parliamentary immunity from prosecution, thereby exposing him to a military court trial on charges of weapons smuggling and collusion with the Khmer Rouge should he attempt to return to Cambodia. The action was well-scripted and controlled, and the 42 parliamentary members of Ranarridh's FUNCINPEC party who remain in Cambodia (out of 58, the others being in self-imposed exile) voted overwhelmingly with the 50 members of Second Prime Minister Hun Sen's Cambodian People's Party (CPP) and other smaller parties to provide the constitutional majorities required. In his acceptance speech, Ung Huot reiterated his commitment to free and fair elections in May 1998, and specifically asked the United States to restore an aid program that would benefit the electoral process.

Q: What is your reaction to the decisions by the Cambodian parliament to strip First Prime Minister Ranarridh of his parliamentary immunity and replace him with Ung Huot?

A: We regret this move. We continue to believe that, given the unsettled situation in Cambodia, the reports of fear and intimidation of opposition members who remain in-country, and the significant number of parliamentarians who are in exile (including the leaders of the three opposition parties), this vote was taken under conditions that cast doubt on its being a true representation of the will of the Cambodian parliament.

We are deeply concerned that certain irregularities in the procedure have called into question whether it was done in a manner consistent with the Cambodian constitution. For example, King Sihanouk, who also remains outside Cambodia, has not endorsed the change.

Until such time as all Cambodian parliamentarians are free to return to Phnom Penh without fear of personal harm or intimidation, we believe this vote lacks legitimacy.

The stripping of immunity from Prince Ranarridh and the bringing of charges by a military court are not conducive to the return of parliamentarians.

We continue to support the ASEAN initiative, which is intended to bring about reconciliation between different Cambodian parties, the return of exiled parliamentarians, and the holding of free and fair elections in 1998.

We will work with our ASEAN partners and other concerned states to advance the goal of free, fair, and fully participatory elections in 1998. We have sent Desaix Anderson to Asia this week to consult with governments in the region on next steps to resolve the political crisis.

Q: Does that mean you refuse to recognize the Cambodian government?

A: The United States recognizes states, not governments.

Q: Will you restore aid programs to the new Cambodian government, as requested by Ung Huot?

A: The U.S. Government suspended portions of its assistance program to Cambodia in the wake of the events of July 5-6. We hope to continue providing assistance that addresses basic human needs, promotes democratic processes, and strengthen the respect for human rights. None of these programs provides funds to or through the Government of Cambodia; our aid goes through NGO's or private contractors. We are also consulting with other donor countries on the issue of support, including observers, for the 1998 national elections. The genuine intent of the Cambodian government to establish the conditions under which free and fair elections can be held next year will be a factor in our future decisions.

Q: Will you work with the new government?

A: We will maintain diplomatic relations with Cambodia. Our principal goal, however, will be, --the holding of free and fair elections in 1998 to restore Cambodia to compliance with the Paris Accords and the Cambodian constitution.

We respect and appreciate Ung Huot's determination to hold free and fair elections in 1998.

Q: Can you comment on Secretary Albright's statements in Singapore about Pol Pot and his recent show trial by the Khmer Rouge?

A: The United States continues to attach great importance to bringing Pol Pot and other Khmer Rouge leaders to justice for their atrocities against the Cambodian people.

We regard the recent show trial of Pol Pot and three of his Generals, and Pol Pot's sentence of life under house arrest, to be a legal farce.

We are continuing actively to explore with our friends and allies in the international community, including at the United Nations, various options for bringing Pol Pot to justice before some form of international tribunal should he be delivered into the custody of responsible authorities.

Given the current confused state of affairs in Cambodia, it would be premature and imprudent to speculate publicly on what might be the best type of forum for such procedures. But no one in Cambodia should be under the illusion that our determination to pursue those options is diminished because of the Khmer Rouge show trial of Pol Pot.

Q: Does the Khmer Rouge trial of Pol Pot raise a defense of double jeopardy for Pol Pot and the three generals?

A: No. In our view the show trial clearly does not invoke the principle of double jeopardy, both because of the show trial's obvious flaws and because it has no effect whatsoever on an international prosecution of Pol Pot and Khmer Rouge leaders.

Q: Does the United States support the establishment of an international criminal court?

A: Yes. The President has long expressed his support for the establishment of a permanent international criminal court that meets our requirements for effectiveness, due process, and broad participation by countries across the globe. The United States is actively engaged in U.N. negotiations currently underway. We are working very hard to finalize the text of a statute for such a permanent court and moving on to a diplomatic conference.

Note to Briefer : A permanent court would not have retrospective jurisdiction, and thus could not prosecute Pol Pot for atrocities of the 1970's.

Q: Should Secretary Albright have met with Cambodian representatives during her recent trip to Kuala Lumpur for meetings with ASEAN countries.?

A: The Secretary made repeated efforts to arrange a meeting in early July with the two co-Prime Ministers in conditions that were acceptably secure. We were well aware of the deteriorating security situation in Phnom Penh. In the end, Ranariddh and Hun Sen refused to meet with her, indicating that they both were more focused on their internal struggle than on accepting advice from the international community. Cambodia was represented at the meetings in Kuala Lumpur which the Secretary attended; she did not meet separately with Cambodian officials.

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 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.

Q: Will you support Ranariddh in mounting an armed opposition 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 Cambodia's government.

Q: Do you support ASEAN's mediation role with Phnom Penh?

A: We strongly support the efforts of ASEAN to mediate with Hun Sen in an effort to restore implementation of the Paris Accords. We and ASEAN share the objectives of stopping the violence, maintaining the coalition government and ensuring the May 1998 elections are free and fair. We will remain in regular and close contact with ASEAN over the coming days.

Background for Four Party Preparatory Talks:

The Chinese, North Korean and South Korean delegations will be led by a vice or deputy minister of Foreign Affairs. The U.S. delegation will be headed by Chuck Kartman, Principle Deputy Assistant Secretary of State. The U.S. delegation will have representatives from the NSC, JCS, OSD, and State Department. The tentative schedule calls for the U.S. delegation to have bilateral consultations with South Korea and China on Monday, with the four party preparatory talks beginning Tuesday, August 5, at Columbia University. The purpose of the talks is to reach agreement on a venue, date and broad category agenda topics (1. discussion of a new, permanent peace mechanism to replace the Armistice, 2. Tension-reduction and confidence building measures).

Q: What is the status of talks in New York?

A: Though the talks have been suspended after agreement on the agenda could not be reached, they will begin again in mid-September.

Q: Did the North Koreans use the Nunn-Laney visit to send a message to the U.S. or South Korean governments? How would you characterized their discussions?

A: Following their trip to North Korea, Sen Nunn and Ambassador Laney provided both the U.S. and South Korean governments a brief overview of their discussions and observations. As their press statement released in Seoul indicates, they had frank and useful discussions with both Ministry of Foreign Affairs and Korean Peoples Army officials about promoting peace and stability on the Korean peninsula. We note that Sen Nunn and Ambassador Laney emphasized the value of four party talks and the need for the North to undertake economic and agricultural reforms to solve its long-term difficulties..

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 are participating 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.

Q: What is the significance and status 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. We have made final site arrangements at the working level among all four participating countries and anticipate the August 5 preparatory talks will begin as scheduled.

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 recently has issued a statement welcoming the agreement reached June 30. 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.

Q: Human Rights Watch released a report on Landmines. Any response?

A: Remain fully committed to a global ban on the use, production, stockpiling and transfer of anti-personnel landmines.

Want to achieve this goal as soon as possible.

Must end the worldwide suffering caused by these hidden killers.

[If needed:]

We welcome the Ottawa Process. Believe the work underway there and the work underway in the Conference on Disarmament reinforce each other.

Q: What happened at the July 16 meeting on landmines?

A: In January, when the President announced that the U.S. would pursue a ban on anti-personnel landmines through the Conference on Disarmament, he also decided that we would assess our progress after the second part of the CD session had ended on June 28.

We are now in the process of taking stock. At the July 16 meeting senior officials exchanged views on the state of play with respect to negotiating a ban on anti-personnel landmines and prospects for achieving our goal of a comprehensive, global ban on anti-personnel landmines.

No conclusions or decisions have been reached.

The Administration will continue to review the issue.

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.

Q: Has there been any further progress in the CD?

A: The third part of the 1997 CD session just opened today, July 28.

A key activity this session will be the work of the special coordinator. He will pursue consultations on a possible mandate for negotiations on a ban on anti-personnel landmines.

We look forward to early progress.

This CD session lasts until September 10.